

**MWH EUROPE LIMITED (formerly known as
MONTGOMERY WATSON EUROPE LIMITED)**

Report and Financial Statements

31 December 2000



**Deloitte & Touche
Verulam Point
Station Way
St Albans AL1 5HE
United Kingdom**

REPORT AND FINANCIAL STATEMENTS 2000

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REPORT AND FINANCIAL STATEMENTS 2000

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R G Cole
K A Farrer
R J Schofield
G P Garrione
M A Tolaney
R Uhler

SECRETARY

G Collingwood

REGISTERED OFFICE

Terriers House
201 Amersham Road
High Wycombe
Buckinghamshire
HP13 5AJ

BANKERS

Barclays Bank plc
PO Box 41
High Wycombe
HP11 2BQ

SOLICITORS

Taylor Joynson Garrett
Carmelite
50 Victoria Embankment
Blackfriars
London
EC4Y 0DX

AUDITORS

Deloitte & Touche
Verulam Point
Station Way
St Albans
AL1 5HE
United Kingdom

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

ACTIVITIES

On 26 June 2001 the company changed its name to MWH Europe Limited. MWH Europe Limited (formerly Montgomery Watson Europe Limited) is the holding company of a group of consultant engineering companies engaged in the areas of water supply, pollution control, waste disposal and environmental management.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The company recorded an improvement in its operating performance during 2000 as shown on page 6. The directors are confident that the company will progress satisfactorily in 2001.

The only remaining principal subsidiary undertaking of Montgomery Watson Asia Limited (a wholly owned subsidiary undertaking of MWH Europe Limited) was Montgomery Watson Environmental Pty Limited at 31 December 2000. Montgomery Watson Hong Kong Limited, Montgomery Watson Engineering Consultants (Singapore) Pte Limited and Montgomery Watson Australia Pty Limited were sold on 31 December 2000 to Montgomery Watson Asia Holdings Limited (an associated company which is not consolidated) at fair market value of \$3,826,000.

DIVIDENDS

The directors do not recommend the payment of a dividend (1999: nil).

DIRECTORS AND THEIR INTERESTS

The directors who served during the year are listed below. No director had any interest in the shares in the company and their interests in the share capital of the group parent company (split between MWH Inc Global and MWH BV) are as follows:

Director	Number of MWH Global Inc shares		Number of MWH (Holdings) BV shares	
	At 31 December 1999	At 31 December 2000	At 31 December 1999	At 31 December 2000
K A Farrer	-	-	10,296	11,639
R J Schofield	-	-	54,351	55,294
G P Garrione	-	-	3,000	3,065
M A Oswell (resigned 31 Dec 2000)	-	-	59,500	60,813
M A Tolaney	138,895	140,023	-	-
R G Cole	79,340	79,340	1,477	2,789
R Uhler	68,426	70,498	-	-

R G Cole, M A Tolaney and R Uhler are also directors of the ultimate parent undertaking, MWH Global Inc. (formerly Montgomery Watson Inc.).

EURO

Suppliers in those countries adopting the Euro have started invoicing, and requiring payment, with effect from the beginning of 2000. The company started upgrading its computer software in 1999 to handle the Euro and its implications. This process was fully completed in 2000.

DIRECTORS' REPORT

EMPLOYEES

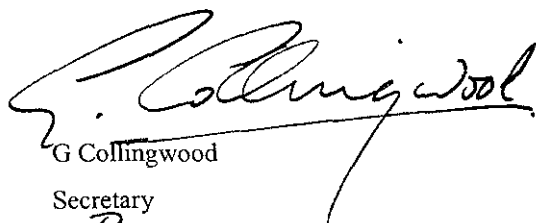
Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through the house newspaper and newsletters, briefing groups and the distribution of the annual report.

AUDITORS

PricewaterhouseCoopers resigned as auditors during the year. Deloitte & Touche were appointed as auditors. Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



G Collingwood
Secretary
14th January 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- *select suitable accounting policies and then apply them consistently;*
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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**Deloitte
& Touche**

AUDITORS' REPORT TO THE MEMBERS OF MWH EUROPE LIMITED (formerly MONTGOMERY WATSON EUROPE LIMITED)

We have audited the financial statements on pages 6 to 22 which have been prepared under the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

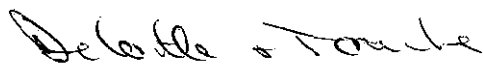
Basis of opinion

We conducted our audit in accordance with the United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the group and company's affairs at 31 December 2000 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditors

16 January 2002

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2000

	Note	2000 £'000	1999 £'000
TURNOVER		107,704	77,769
Share of joint venture turnover		1,494	1,370
	2	109,198	79,139
Cost of sales		(62,134)	(52,705)
Share of joint venture cost of sales		(940)	(939)
Gross profit		46,124	25,495
Administrative expenses		(35,299)	(23,549)
Share of joint venture administrative expenses		(387)	(381)
OPERATING PROFIT		10,438	1,565
Loss on sale of fixed assets		(781)	-
Interest receivable	5	285	248
Interest payable	5	(1,514)	(963)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	8,428	850
Tax on profit on ordinary activities	6	(3,050)	(283)
RETAINED PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR		5,378	567

The results for the year arose entirely from continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 2000

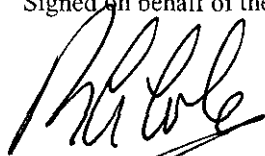
	Note	2000	1999
		£'000	£'000
Retained profit for financial year	17	5,378	567
Exchange movements		(54)	(146)
Total recognised gains and losses		<u>5,324</u>	<u>421</u>

CONSOLIDATED BALANCE SHEET
31 December 2000

	Note	2000 £'000	1999 £'000
FIXED ASSETS			
Intangible assets	7	418	420
Tangible assets	8	4,607	5,526
Investments	9	602	469
		<u>5,627</u>	<u>6,415</u>
CURRENT ASSETS			
Debtors due after one year	10	591	1,442
Debtors due within one year	11	44,118	32,443
Cash at bank		7,362	1,821
		<u>52,071</u>	<u>35,706</u>
CREDITORS: amounts falling due within one year	12	<u>(31,172)</u>	<u>(20,018)</u>
NET CURRENT ASSETS		<u>20,899</u>	<u>15,688</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		26,526	22,103
CREDITORS: amounts falling due after more than one year	13	<u>(10,982)</u>	<u>(12,029)</u>
TOTAL NET ASSETS		<u>15,544</u>	<u>10,074</u>
CAPITAL AND RESERVES			
Called up share capital	16	10,000	10,000
Profit and loss account	17	4,543	(781)
Other reserves	18	1,001	856
Minority interest		-	(1)
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>15,544</u>	<u>10,074</u>

These financial statements were approved by the Board of Directors on 14th January 2002.

Signed on behalf of the Board of Directors



R G Cole

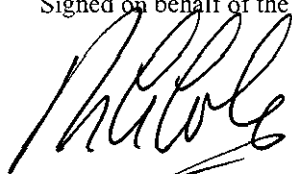
Director

COMPANY BALANCE SHEET
31 December 2000

	Note	2000 £'000	1999 £'000
FIXED ASSETS			
Investments in group undertakings	9	13,095	14,211
CURRENT ASSETS			
Debtors due after one year	10	243	-
Debtors due within one year	11	8,259	3,322
Cash at bank		1,229	-
		9731	3322
CREDITORS: amounts falling due within one year	12	(5,611)	-
NET CURRENT ASSETS		4,120	3,322
TOTAL ASSETS LESS CURRENT LIABILITIES		17,215	17,533
CREDITORS: amounts falling due after more than one year	13	(9,052)	(7,533)
TOTAL NET ASSETS		8,163	10,000
CAPITAL AND RESERVES			
Called up share capital	16	10,000	10,000
Profit and loss account	17	(1,837)	-
TOTAL EQUITY SHAREHOLDERS' FUNDS		8,163	10,000

These financial statements were approved by the Board of Directors on 14th January 2002.

Signed on behalf of the Board of Directors



R G Cole

Director

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Basis of consolidation

The consolidated financial statements incorporate the accounts of the Company and all of its subsidiary undertakings (subsidiaries). The financial statements of all subsidiaries are prepared to 31 December annually. The results of subsidiaries acquired are included in the profit and loss account from the date that control passes to the Group. Intra-Group transactions are eliminated fully on consolidation.

The group's share of profits less losses of associated undertakings (associates) is included in the consolidated profit and loss account and the Group's share of their net assets is included in the consolidated balance sheet.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate prevailing at the balance sheet date. Transactions during the year are translated at the rate prevailing at the date of transaction. All exchange differences are taken to the profit and loss account. Foreign subsidiaries are translated using the closing rate ruling at the balance sheet date. Exchange differences arising are recorded as a movement in reserves.

Accounting convention

The financial statements are prepared under the historical cost convention, other than land and buildings which are revalued every year.

Intangible fixed assets

Patents and trademarks are depreciated in equal annual amounts over a period of three years.

Tangible fixed assets

Depreciation is provided to write down the cost of fixed assets over their estimated useful economic life. The rates of depreciation are as follows:

Freehold buildings	Straight line over 50 years on original building and over 10 year on improvements
Freehold land	Not depreciated
Motor vehicles	Straight line over 4 years
Fixtures, fittings, tools and equipment	Straight line over 3 years

Fixed asset investments

The carrying value of investments in subsidiaries in the parent company is adjusted to the amounts of the net assets shown in the historical cost balance sheets of the individual subsidiaries.

Work in progress

Where it is considered that the outcome of a long term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is calculated as that part of the total profit currently estimated to arise over the duration of the contract that fairly reflects the profit attributable to that part of the work performed at the accounting date. Where losses on contracts are expected, full provision is made for the estimated losses to the end of contracts in question.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

1. ACCOUNTING POLICIES (CONTINUED)

Leases

Assets held under finance and related lease obligations are capitalised in the balance sheet at cost and are depreciated over their useful lives. The excess of the lease payments over the principal lease obligations is treated as finance charges which are amortised over each lease term on a straight line basis. Rentals paid under operating leases are charged to the profit and loss account as incurred.

Goodwill

Goodwill arising on consolidation represents the excess of the consideration given over the fair value of the identifiable net assets acquired. Goodwill is capitalised on the balance sheet and amortised over its useful life, not exceeding 10 years.

Pension costs

The Group provides pensions to its employees through a funded defined benefit pension scheme. The assets of the funded scheme are held independently of the Group by trustees. The amount charged to the profit and loss account is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The regular cost is calculated so as to spread the cost of pensions over the estimated average remaining working life of scheme members. Variations from regular costs are charged or credited to the profit and loss account as a constant percentage of pensionable payroll over the estimated average remaining working life of scheme members. Any difference between amounts charged to the profit and loss account and contributions paid to the schemes is shown as a separately identified liability or asset in the balance sheet.

Cash flow statement and related party disclosures

The Group has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Report Standard 1. The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the MWH (Holdings) BV group or investees of the MWH (Holdings) BV group.

2. TURNOVER

Turnover represents the value of services rendered during the period, state net of value added tax, after eliminating sales between group companies. All turnover for the year ended 31 December 2000 is attributable to the main activity of the company and is split geographically as follows.

	2000	1999
	£'000	£'000
United Kingdom	56,815	37,854
Rest of Europe	15,712	7,924
Other	36,671	33,361
	<u>109,198</u>	<u>79,139</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2000 £'000	1999 £'000
The profit for the year is stated after charging/(crediting):		
Amortisation of intangibles	283	57
Depreciation		
Owned assets	1,004	829
Leased assets	3	4
Operating lease charges		
Plant and equipment	712	367
Land and buildings	1,412	1,133
Motor vehicles	19	40
Auditors remuneration		
Audit services	173	150
Non audit services	147	24
Share of joint venture profit	(167)	(50)

As permitted by section 230 of The Companies Act 1985, the profit and loss account of the parent company is not presented as part of these accounts. The loss of the parent company for the financial year was £1,837,000 (1999: £nil).

4. STAFF COSTS AND ANALYSIS

	2000 £'000	1999 £'000
All employees		
Wages and salaries	50,832	41,821
Social security costs	2,581	1,289
Pension contributions	2,522	2,162
	<u>55,935</u>	<u>45,272</u>
Average number of persons employed		
Engineering	1,468	983
Marketing	9	8
Administration	277	263
	<u>1,754</u>	<u>1,254</u>
Emoluments of the highest paid director	226	166
Defined benefit pension scheme contributions	21	18
	<u>247</u>	<u>184</u>
Directors' remuneration		
Emoluments	446	384
Pension	32	40
Estimated money value of benefits	40	30
	<u>518</u>	<u>454</u>

Retirement benefits are accruing to 4 directors under a defined benefit scheme (1999: 4).

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

5. INTEREST

	2000	1999
	£'000	£'000
Receivable		
Bank interest	190	130
Other interest	95	118
	<u>285</u>	<u>248</u>
Payable		
Interest payable on bank loans and overdrafts	474	251
Interest paid to group undertakings	1,040	711
Finance lease interest	-	1
	<u>1,514</u>	<u>963</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000	1999
	£'000	£'000
United Kingdom corporation tax at 30%		
(1999 - 30%) based on the profit for the year	2,777	-
Overseas taxation	273	248
Adjustments to prior years' tax provisions	-	35
	<u>3,050</u>	<u>283</u>

The taxation charge in 1999 was due to overseas taxation on profits earned by overseas subsidiaries. No corporation tax was payable on UK companies as any current year taxable profit was offset by prior year group tax losses.

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

7. INTANGIBLE FIXED ASSETS

Group	Goodwill	Other	Total
	£'000	Intangibles	£'000
		£'000	
Cost			
At 1 January 2000	357	156	513
Additions	-	336	336
Disposals	-	(55)	(55)
At 31 December 2000	357	437	794
Depreciation			
At 1 January 2000	52	41	93
Charge for the year	34	249	283
At 31 December 2000	86	290	376
Net book value			
At 31 December 2000	271	147	418
At 31 December 1999	305	115	420

Intangible assets comprise goodwill on acquisition of Pardevo SA. Other intangible assets are those acquired by MWH SPA (formerly Montgomery Watson SPA) and Montgomery Watson Asia Limited.

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

8. TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation				
At 1 January 2000	3,883	4,048	457	8,388
Exchange difference	(245)	(189)	12	(422)
Revaluation	150	-	-	150
Additions	101	725	129	955
Disposals	(258)	(1,664)	(203)	(2,125)
At 31 December 2000	3,631	2,920	395	6,946
Depreciation				
At 1 January 2000	380	2,154	328	2,862
Exchange difference	(257)	(96)	15	(338)
Charge for the year	145	790	72	1,007
Disposals	(91)	(954)	(147)	(1,193)
At 31 December 2000	177	1,894	268	2,339
Net book value				
At 31 December 2000	3,454	1,026	127	4,607
At 31 December 1999	3,503	1,894	129	5,526

Freehold land and buildings includes £1,850,000 of non-depreciated land.

Assets held under finance leases and capitalised in plant and machinery include:

	2000 £'000	1999 £'000
Cost	29	-
Depreciation	(17)	-
Net book value	12	-

The group's freehold property in High Wycombe was revalued at 31 December 2000 on the basis of existing use. The valuation was undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors by Aitchison Raffety, a firm of independent Chartered Surveyors.

The valuation has been incorporated into the financial statements and the resulting valuation adjustments have been taken to the revaluation reserve. The revaluation during the year ended 31 December 2000 resulted in a valuation surplus of £150,000. The historical cost of the property included at valuation is as follows:

	Valuation £'000	Cost £'000
Land	1,850	1,372
Building	1,386	1,285
Accumulated depreciation on buildings	-	(380)
	3,236	2,277

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

9. INVESTMENTS

	2000 £'000	1999 £'000
Group		
Joint ventures		
Share of assets	1,308	837
Share of liabilities	(706)	(368)
	<u>602</u>	<u>469</u>
Investments at 1 January	469	419
Distributions	(34)	-
Share of joint venture profit	167	50
	<u>602</u>	<u>469</u>
Investments at 31 December	<u><u>602</u></u>	<u><u>469</u></u>

	Share holding % in ordinary shares	Country of incorp- oration	Principal activity
Associated undertakings			
Montgomery Watson Iannou	49	Cyprus	Consultant Engineers
Watson Khonji	49	Bahrain	Consultant Engineers
Watson Hawksley Gulf Consult	50	Kuwait	Consultant Engineers
Sindhu Montgomery Sdn Bhg	49	Thailand	Consultant Engineers
Integrated Zone Management Limited	40	UK	Consultant Engineers
MWH Arabtech-Jardaneh (formerly Montgomery Watson Arabtech-Jardaneh)	50	Jordan	Consultant Engineers

	2000 £'000	1999 £'000
Company		
Investments at 1 January	14,211	8,000
Additions in the year	-	6,211
Write down of value of investments	(1,116)	-
	<u>13,095</u>	<u>14,211</u>
Investments at 31 December	<u><u>13,095</u></u>	<u><u>14,211</u></u>

The carrying value of investments in subsidiaries in the parent company is adjusted to the amounts of the net assets shown in the historical cost balance sheets of the individual subsidiaries.

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

9. INVESTMENTS (CONTINUED)

Principal Subsidiary Undertakings

Company	Formerly	Country of incorp- oration	% of Equity Owned
MWH Programme Management Limited	Montgomery Watson Programme Management Limited	England	100%
MWH UK Limited	Montgomery Watson Limited	England	100%
MWH (IOM) Limited	Montgomery Watson (IOM) Limited	Isle of Man	100%
MWH SPA	Montgomery Watson SPA	Italy	100%
MWH SA	Montgomery Watson SA	Belgium	100%
Pardevo SA	Pardevo SA	Belgium	100%
MWH Consultants (India) Pvt Limited	Montgomery Watson AIC	India	100%
Montgomery Watson Projects Limited	Montgomery Watson Projects Limited	England	100%
Montgomery Watson (Asia) Limited	Montgomery Watson (Asia) Limited	Hong Kong	100%
Montgomery Watson Harza EOOD	Montgomery Watson EOOD	Bulgaria	100%
Montgomery Watson Environmental Pty Limited	Montgomery Watson Environmental Pty Limited	Australia	100%

The name changes occurred after the merger of Montgomery Watson and Harza Group of companies during 2001.

The company owns the shares in MWH UK Limited (formerly Montgomery Watson Limited), Montgomery Watson (Asia) Limited (formerly Montgomery Watson (Asia) Limited), MWH SPA (formerly Montgomery Watson SPA), MWH SA (formerly Montgomery Watson SA), MWH Consultants (India) Pvt Limited (formerly Associate Industrial Consultants (India) Limited), Pardevo SA) and MWH Programme Management Limited (formerly Montgomery Watson Programme Management Limited).

MWH UK Limited (formerly Montgomery Watson Limited) owns the shares in Montgomery Watson Projects Limited and MWH (IOM) Limited (formerly Montgomery Watson (IOM) Limited). Montgomery Watson (Asia) Limited owns the shares in Montgomery Watson Environmental Pty Limited.

The main activities of the subsidiaries include acting as consultants in civil engineering concerned with the design and construction of public health facilities, chiefly in the areas of water supply, pollution control, waste disposal and management and protection of the environment.

All companies trade mainly in their country of registration.

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

10. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Company		Group	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Amounts owed by related undertakings	243	-	591	1,442

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000	1999
	£'000	£'000
Group		
Amounts recoverable on contracts	14,639	13,437
Trade debtors net of provisions	16,516	15,887
Amounts owed by related undertakings	8,391	177
Amounts owed by associated undertakings	1,268	582
Other debtors	2,520	2,166
Prepayments and accrued income	784	194
	<u>44,118</u>	<u>32,443</u>
Company		
Amounts owed by related undertakings	<u>8,259</u>	<u>3,322</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Company		Group	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Bank overdrafts (note 14)	-	-	4,766	1,741
Trade creditors	58	-	4,036	4,060
Amounts owed to related undertakings	5,318	-	2,883	2,255
Amounts owed by associated undertakings	17	-	1,126	1,283
Fees in advance	-	-	7,061	5,098
Obligations under finance lease	-	-	13	-
Other taxes and social security	-	-	3,593	1,096
Corporate taxation	-	-	1,947	186
Other creditors	218	-	3,507	2,715
Accruals and deferred income	-	-	2,240	1,584
	<u>5,611</u>	<u>-</u>	<u>31,172</u>	<u>20,018</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

13. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	Company		Group	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Amounts owed to related undertakings	8,829	6,835	10,759	11,331
Bank loans (note 14)	223	698	223	698
	<u>9,052</u>	<u>7,533</u>	<u>10,982</u>	<u>12,029</u>

14. BORROWINGS

	2000	1999
Group	£'000	£'000
Due within one year		
Bank overdrafts	4,766	1,741
	<u>4,766</u>	<u>1,741</u>
Due after more than one year		
Bank loans	223	698
Payable by instalments		
Within one year	-	12
Between one and two years	223	698
Between two and five years	-	-
	<u>223</u>	<u>710</u>
Payable other than by instalments		
Within one year	4,766	1,729
Total borrowings	<u>4,985</u>	<u>2,439</u>

Interest is charged at between 7.0% and 7.25% per annum. The bank loans and overdrafts are secured by letters of credit from the ultimate parent.

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

15. DEFERRED TAXATION

Group

As at 31 December 2000 and 31 December 1999 no amounts have been provided in respect of deferred taxation. There was unprovided deferred tax as follows:

	2000	1999
	£'000	£'000
Capital allowances in excess of depreciation	201	104
Tax losses	304	340
	<u>505</u>	<u>444</u>
Net unprovided deferred tax asset		

16. CALLED UP SHARE CAPITAL

	2000	1999
	£'000	£'000
Group and Company		
Authorised		
20,000 ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>
Called up, allotted and fully paid		
10,000 ordinary shares of £1 each	<u>10,000</u>	<u>8,000</u>

17. PROFIT AND LOSS ACCOUNT

	Company		Group	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
At 1 January	-	-	(781)	(1,202)
Exchange movement	-	-	(54)	(146)
Retained (loss)/profit for year	<u>(1,837)</u>	<u>-</u>	<u>5,378</u>	<u>567</u>
At 31 December	<u>(1,837)</u>	<u>-</u>	<u>4,543</u>	<u>(781)</u>

18. OTHER RESERVES

	Asset	Other	Total
	revaluation	reserves	
	£'000	£'000	£'000
Group			
At 1 January 2000	809	47	856
Additions in the year	<u>150</u>	<u>(5)</u>	<u>145</u>
At 31 December 2000	<u>959</u>	<u>42</u>	<u>1,001</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

19. OPERATING LEASE COMMITMENTS

At 31 December the group was committed to making the following payments during the year in respect of operating leases:

	Land and Buildings	Other	Land and Buildings	Other
	2000	2000	1999	1999
	£000	£000	£000	£000
Lease which expire:				
Within one year	707	319	549	262
Within two to five years	196	815	607	567
After five years	433	-	491	-
	<u>1,336</u>	<u>1,134</u>	<u>1,647</u>	<u>829</u>

The group has no finance lease commitments.

20. MOVEMENT IN SHAREHOLDERS' FUNDS

	2000	1999
	£000	£000
Group		
Retained profit/(loss) for the financial year	5,378	567
Other Reserves	(5)	
Other recognised gains and losses	(54)	(146)
	<u>5,458</u>	<u>421</u>
Issue of shares	-	2,000
Asset revaluation	150	580
Minority interest	1	-
	<u>5,470</u>	<u>3,001</u>
Net additions to shareholders funds	10,074	7,073
Shareholders funds brought forward	<u>15,544</u>	<u>10,074</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

21. PENSION SCHEME

The group operates a defined benefit pension scheme. The assets of the scheme are held separately from those of the company in an independent fund administered by Clerical Medical Investment Group Limited (CMIG).

The actuarial valuation by CMIG at 1 April 1999 indicated that there was a surplus (i.e. the scheme's assets existing on the effective date fully cover its liabilities at that date). The result of the valuation is based on:

Method of funding

Determination of the company contribution rate to fund future service liabilities is calculated as at the present value of benefits which will accrue to current active members by reference to years service and projected final earnings, less the present value of expected future contributions. The resulting figure is divided by the present value of members' earnings in that year. In addition, the difference between the value placed on the plan assets for valuation purposes and the present value of all past service benefits, based on projected final earnings for members in service has been considered in calculating the required long term contribution rate.

Assumption used

Rate of interest of 7% per annum, allowances for increases in members' earnings of 7% per annum, LPI increases of 3.5% per annum and an investment return on the fund (net of expenses) of 9% per annum.

The market value of scheme assets at 1 April 1999 was £14,884,800 and there was an actuarial surplus of less than 5%. The company's contributions are at 10.5% per annum.

22. CONTINGENT LIABILITIES AND CAPITAL EXPENDITURE

At 31 December 2000, the group had contingent liabilities in respect of normal trading guarantees given to its bankers amounting to £5,205,000 (1999: £4,779,000). The company had no capital expenditure commitments approved but not contracted for as at 31 December 2000 (1999: nil).

23. ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking and controlling entity is MWH Global Inc (formerly Montgomery Watson Inc), a company incorporated in the United States of America. Group accounts are available from 300 North Lake Avenue, Suite 1,200, Pasadena, California, U.S.A., 91101.