

1. The Company was incorporated on 17 February 1997, and commenced trading on 1 March 1997. The Company's Accounting Reference Date is 31 December.

The Company operates as a close company, as defined by HM Inland Revenue. Of the £1000 authorised share capital, £100 is issued and held between the Company's two directors, in the form of £1 ordinary paid-up shares.

The Company has no permanent employees or office holders, other than its two directors.

2. The principal business of the Company, throughout the period covered by this report, remained the provision of professional consultancy services to the civil engineering and related industries, both in the UK and overseas.
3. The difficult conditions prevailing in the latter half of 2000 persisted well into 2001. Business continued to be severely curtailed by the cancellation or deferral of projects, UK and overseas, in respect of which consultancy commissions had been secured; and no fee-earning work was carried out until August 2001. A 52-week full-time UK commission, also delayed, was eventually commenced in October 2001.

Negotiations for the financial recovery plans of the Company's valued client, Divemex Limited, foundered in April 2001, forcing that company into liquidation. Following Divemex' Liquidator's preliminary appraisal, anticipating zero dividend for unsecured creditors, outstanding fees and work-in-progress, totalling some £7,900, were written off. On a gross turnover of £13,774, before write-offs of £7,594, the Company therefore sustained a small trading loss of £ 189.

Prospects for 2002 were substantially better than 2001 performance, by virtue of the continuing long-term UK commission. Active prospecting for new commissions continues nonetheless.

4. Expenditure on capital assets during 2001 was largely accounted for by replacement of a malfunctioning computer monitor, this benefitting from the concession allowing 100% first-year write-down for tax purposes. The Company's capital assets consist mainly of IT equipment, crucial to its activities, and all of which was considered sufficiently up-to-date to meet current requirements.

5. The accounts for the period ended 31 December 2001 are appended hereto.

Having regard to the fact that turnover was less than £1,000,000, and under the provisions of the Audit Exemption Regulations (Companies Act 1985, §249A-E), the Directors have elected to dispense with an independent audit for the 2001 Accounts.

Appropriation is set out in the attached accounts; the year's trading loss and fixed asset acquisitions being charged to the Profit & Loss Account, in turn covered by a small transfer from the general reserve account. After due adjustment for non-deductible expenses, the chargeable out-turn remains in loss, and the Directors therefore consider that no provision is required in respect of Corporation Tax for the year in question.

The amount of directors' remuneration has been determined with due regard to any potential liability to additional taxation under IR35 rules. In view of expenses, as at year end no accrual was considered necessary in respect of IR35 for the Tax Year ending 5 April 2002.

Having regard to the trading loss sustained, the Directors have therefore determined that no shareholders' dividend be paid by the Company in respect of its 2001 financial year.

Andrew P.R. Sadleir (Secretary)

Thirza Sadleir

25 February 2002

}  
} Directors  
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*Andrew P.R. Sadleir*  
*Thirza Sadleir*

**PROFIT & LOSS ACCOUNT: 1 January-31 December 2001**

|                                         | £              | £          | notes        |
|-----------------------------------------|----------------|------------|--------------|
| <b>TURNOVER</b>                         |                |            | <i>a</i>     |
| sales                                   | 11446.15       |            |              |
| - fees                                  |                |            |              |
| - expenses                              | <u>2328.03</u> |            |              |
|                                         |                | 13774.18   | <i>b</i>     |
| <b>COSTS</b>                            |                |            |              |
| directors' remuneration                 | 1700.00        |            |              |
| employer's National Insurance           | 71.03          |            |              |
| directors' expenses                     | 1652.49        |            | <i>c</i>     |
| sub-contractors/suppliers               | 0.00           |            |              |
| premises - heating & lighting           | 244.35         |            |              |
| other office costs                      | 1098.53        |            | <i>d</i>     |
| other overheads/administration costs    | 654.99         |            | <i>e,f,g</i> |
| bank, etc charges                       | 297.52         |            |              |
| motor car - fuel                        |                |            |              |
| - maintenance                           |                |            |              |
| - tax, insurance, etc                   | ( 25.52)       |            | <i>h</i>     |
| miscellaneous, sundries                 | 61.22          |            |              |
| increase/(decrease) in accruals         | ( 17.61)       |            |              |
| decrease/(increase) in work-in-progress | <u>300.00</u>  |            | <i>i</i>     |
|                                         |                | ( 6037.00) |              |
| <b>CAPITAL CHARGES</b>                  |                |            |              |
| Fixed assets (not motor vehicles)       |                |            | <i>j</i>     |
| depreciation                            | 307.20         |            |              |
| balancing charges                       | <u>25.00</u>   |            |              |
|                                         |                | ( 332.20)  |              |
| <b>BAD DEBTS</b>                        |                |            |              |
| unrecoverable losses written off        |                | ( 7593.62) | <i>k</i>     |
| <b>PROFIT/(LOSS) BEFORE TAX</b>         |                | ( 188.64)  |              |

**APPROPRIATION: 2001**

|                                    |             |          |
|------------------------------------|-------------|----------|
| Profit/(Loss) before tax B/F       | ( 188.64)   |          |
| Provide for Corporation Tax        | <u>nil</u>  | <i>l</i> |
| Net Profit/(Loss)                  | ( 188.64)   |          |
| Brought forward from 2000          | 61.98       |          |
| Additions to fixed assets (2001)   | ( 165.57)   | <i>j</i> |
| Transfer (to)/from general reserve | 300.00      |          |
| Proposed total distribution        | <u>nil</u>  |          |
| Balance carried forward to 2002    | <u>7.77</u> |          |

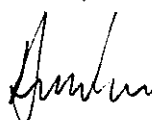
|                                              | £             | £                     | notes |
|----------------------------------------------|---------------|-----------------------|-------|
| <b>ASSETS</b>                                |               |                       |       |
| Fixed Assets (book value after depreciation) |               |                       |       |
| office equipment, including computers        | <u>463.74</u> |                       |       |
| total fixed assets                           |               | 463.74                |       |
| Current Assets                               |               |                       |       |
| cash and bank accounts                       | 494.30        |                       |       |
| trade debtors                                | 8617.55       |                       | b     |
| directors' current accounts                  | nil           |                       | m     |
| PAYE and NICs overpaid                       | 3.34          |                       |       |
| work in progress                             | <u>nil</u>    |                       | i     |
| total current assets                         |               | <u>9115.19</u>        |       |
| <b>TOTAL ASSETS</b>                          |               | <u><b>9578.93</b></u> |       |
| <b>ISSUED CAPITAL</b>                        |               |                       |       |
| 100 ordinary shares of £1 each, fully paid   |               | 100.00                |       |
| <b>REVENUE RESERVES</b>                      |               |                       |       |
| Accumulated cost of fixed assets             | 2520.06       |                       |       |
| General Reserve                              | 4100.00       |                       |       |
| Profit & Loss A/c                            | <u>7.77</u>   |                       |       |
|                                              |               | <u>6627.83</u>        |       |
| <b>TOTAL SHAREHOLDERS' INTERESTS</b>         |               | <b>6727.83</b>        |       |
| Corporation Tax (year to 31/12/2001)         | nil           |                       | i     |
|                                              |               | <u>nil</u>            |       |
| <b>CAPITAL EMPLOYED</b>                      |               | <b>6727.83</b>        |       |
| <b>CURRENT LIABILITIES</b>                   |               |                       |       |
| (amounts falling due within 30 days)         |               |                       |       |
| Value Added Tax                              | 647.73        |                       | n     |
| PAYE and NICs                                | nil           |                       |       |
| trade creditors (incl. credit card balances) | 58.49         |                       |       |
| accruals                                     | 117.97        |                       | f     |
| directors' current accounts                  | 2026.91       |                       | m     |
| (amounts falling due within 1 year)          |               |                       |       |
| proposed final dividend                      | nil           |                       |       |
| total current liabilities                    |               | <u>2851.10</u>        |       |
| <b>TOTAL LIABILITIES</b>                     |               | <u><b>9578.93</b></u> |       |

The Directors hereby confirm, with reference to the Companies Act 1985 ("the Act"), and relevant amendments:

- that they have elected to dispense with an audit of these accounts, under the provisions of §249A(1) of the Act;
- that no notice has been deposited under §249B(2) of the Act;

and acknowledge their responsibility:

- for ensuring the maintenance of the Company's accounting records in compliance with §221 of the Act;
- for so preparing these accounts as to give a true and fair view of the Company and of its profit for the period stated, in accordance with the requirements of §226 of the Act, and that they otherwise comply with the applicable requirements of the Act relating to accounts.

  
ANDREW P.R. SADDLEIR

  
Thirza Saddleir

## Notes to the 2001 Accounts

- a All figures are quoted exclusive of Value Added Tax, to the extent that VAT is payable to/recoverable from HM Customs & Excise.
- b As invoiced to 31/12/01.
- c Mainly weekday subsistence, *per diem*, and travel expenses associated with UK site supervision commission, commenced October 2001.
- d Includes £653.57 telecommunications and £119.40 internet services costs.
- e Includes £437.61 professional subscriptions, including in turn 2 years' ASCE dues.
- f Includes £10.70 as business entertainment, this figure being added back to profit for calculation of Corporation Tax (see note l below).
- g Includes £23.04 interest charged by Inland Revenue in respect of deferred 1999 Corporation Tax payment, less £0.68 interest repaid in respect of 2000/01 PAYE/NICs overpayments, the net figure being added back to profit for calculation of Corporation Tax (see note l).
- h Financial resources as at 5/04/01 would not cover drawings for directors' motoring expenses, and these were therefore waived, in the sum of £1578.26. Motoring expenses charged 6/04-31/12/01 inclusive have been confined to maintenance, repair and insurance.
- i All work invoiced by 31/12/01. (WIP at 31/12/00 was £300.)
- j Fixed Assets consist primarily of computer equipment and software. The majority of items are therefore classified as short-life assets, individual valuations being maintained on an asset database. Advantage has been taken of enhanced (40% and 100%) first-year write-down rates for small companies.

The fixed asset valuation summary for 2001 is as follows (excludes motor vehicles):

|                                | <u>short-life</u> | <u>pooled</u> | <u>all assets</u> |
|--------------------------------|-------------------|---------------|-------------------|
| book value B/F                 | 608.81            | 21.56         | 630.37            |
| additions                      | 144.30            | 21.27         | 165.57            |
| disposals                      | nil               | nil           | nil               |
| depreciation                   | (291.61)          | (15.59)       | (307.20)          |
| balancing charges              | ( 25.00)          | N/A           | ( 25.00)          |
| short-life assets >4 years old | <u>( 19.53)</u>   | <u>19.53</u>  | <u>          </u> |
| book value C/F                 | 416.97            | 46.77         | 463.74            |

- k See Report ¶3 (page i). This is the VAT-exclusive debtors' a/c value for Divemex Limited (in creditors' voluntary liquidation), as at 18/04/01, written off as *per* Liquidator's notice dated 15 June 2001.

- l Calculation of Corporation Tax (small companies rate) - see Report ¶5 (page i).

|                                      |              |
|--------------------------------------|--------------|
| Trading profit/(loss)                | ( 188.64)    |
| Net interest paid to IR (see note g) | 22.36        |
| Business entertainment (see note f)  | <u>10.70</u> |
| Taxable profit/(loss)                | ( 155.58)    |

Provision for Corporation Tax (self-assessment) = nil.

- m ie Andrew Sadleir      2026.91  
       Thirza Sadleir            nil  
                              2026.91

- n Due 31 January 2002.