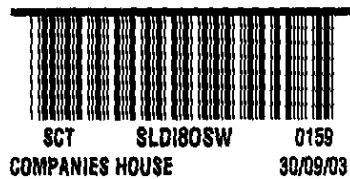


Registration Number SC172002

Percy Johnson-Marshall & Partners (Northern) Limited

Directors' Report and Financial Statements

for the year ended 30 November 2002



Percy Johnson-Marshall & Partners (Northern) Limited

Company Information

Directors	Bruce Andrew Hare	(resigned 20 September 2002)
	Juan de la Pena	(resigned 11 December 2001)
	Brian Thomson	
	Alexander McLeish McKendry	(resigned 11 December 2001)
	Robert Thomson	(resigned 11 December 2001)
	Peter Charles Bowman	
	Christopher West	(appointed 11 December 2001)
	Julian Joy	(appointed 14 May 2002, resigned 18 September 2002)
Secretary	Miss C E McGirk	
Company Number	SC172002	
Registered Office	10 Melville Crescent Edinburgh EH3 7LU	
Auditors	Blueprint Audit Limited 1 Royal Terrace Edinburgh EH7 5AD	
Bankers	The Royal Bank of Scotland PLC Head Office 36 St Andrew Square Edinburgh EH2 2YB	
Solicitors	Semple Fraser WS 10 Melville Crescent Edinburgh EH3 7LU	

Percy Johnson-Marshall & Partners (Northern) Limited

Directors' Report for the year ended 30 November 2002

The directors present their report and the audited financial statements for the year ended 30 November 2002.

Principal Activity and Review of the Business

The company's principal activity during the year was the supply of architectural services.

Results And Dividends

The results for the year are set out on page 4.

The directors have paid an interim dividend amounting to £15,000 and they do not recommend payment of a final dividend.

Future Developments

The directors aim to maintain the management policies which have resulted in the company's substantial growth. They consider that the next year will show a further growth in sales.

Directors and their Interests

The directors who served during the year and their interests in the company are as stated below:

		Ordinary shares	
		2002	2001
Bruce Andrew Hare	(resigned 20 September 2002)	-	-
Juan de la Pena	(resigned 11 December 2001)	-	20
Brian Thomson		20	20
Alexander McLeish McKendry	(resigned 11 December 2001)	-	20
Robert Thomson	(resigned 11 December 2001)	-	20
Peter Charles Bowman		-	-
Christopher West	(appointed 11 December 2001)	-	-
Julian Joy	(appointed 14 May 2002, resigned 18 September 2002)	-	-

Mr Bruce Andrew Hare was a director of the company's immediate parent undertaking, Percy Johnson-Marshall & Partners (Group) Limited, during the year and his interest in the share capital of that company is disclosed in its accounts.

Mr Peter Charles Bowman, Mr Brian Thomson and Mr Christopher John West are directors of the company's ultimate parent undertaking, PJMP Holdings Limited, and their interest in the share capital of that company will be disclosed in its accounts.

On 20 September 2002, the Group's existing management team acquired the parent undertaking, Percy Johnson-Marshall & Partners (Group) Limited through PJMP Holdings Limited, a company registered in Scotland.

Charitable and Political Contributions

During the year the company contributed £1,909 to charities.

Percy Johnson-Marshall & Partners (Northern) Limited

**Directors' Report
for the year ended 30 November 2002**

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Board on 24 September 2003 and signed on its behalf by



Miss C E McGirk
Secretary

Percy Johnson-Marshall & Partners (Northern) Limited

Independent auditors' report to the shareholders of Percy Johnson-Marshall & Partners (Northern) Limited

We have audited the financial statements of Percy Johnson-Marshall & Partners (Northern) Limited for the year ended 30 November 2002 which comprise the profit and loss account, the balance sheet, the cashflow statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with 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 company's affairs as at 30 November 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Blueprint Audit Limited

Blueprint Audit Limited
Chartered Accountants
Registered Auditors

1 Royal Terrace
Edinburgh
EH7 5AD

24 September 2003

Percy Johnson-Marshall & Partners (Northern) Limited

**Profit and Loss Account
for the year ended 30 November 2002**

		Continuing operations	
		2002	2001
	Notes	£	£
Turnover	2	5,430,637	5,216,852
Administrative expenses		(5,238,186)	(5,100,459)
Operating profit	3	192,451	116,393
Goodwill written off	4	(10,170)	-
Interest payable and similar charges	5	(11,382)	(11,244)
Profit on ordinary activities before taxation		170,899	105,149
Tax on profit on ordinary activities	8	(82,017)	(42,543)
Profit on ordinary activities after taxation		88,882	62,606
Dividends	9	(15,000)	-
Retained profit for the year		73,882	62,606
Retained profit brought forward		365,665	303,059
Retained profit carried forward		439,547	365,665

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 7 to 19 form an integral part of these financial statements.

Percy Johnson-Marshall & Partners (Northern) Limited

**Balance Sheet
as at 30 November 2002**

		2002		2001	
	Notes	£	£	£	£
Fixed Assets					
Intangible assets	10		40,695		-
Tangible assets	11		160,310		233,011
Investments	12		24,500		24,500
			<u>225,505</u>		<u>257,511</u>
Current Assets					
Work in progress	13	601,000		584,791	
Debtors	14	1,707,913		1,396,185	
Cash at bank and in hand		317,280		375,339	
		<u>2,626,193</u>		<u>2,356,315</u>	
Creditors: amounts falling due within one year	15	(2,398,408)		(2,195,859)	
Net Current Assets			<u>227,785</u>		<u>160,456</u>
Total Assets Less Current Liabilities			<u>453,290</u>		<u>417,967</u>
Creditors: amounts falling due after more than one year	16		(12,743)		(49,162)
Provisions for Liabilities and Charges	17		-		(2,140)
Net Assets			<u>440,547</u>		<u>366,665</u>
Capital and Reserves					
Called up share capital	19		1,000		1,000
Profit and loss account			439,547		365,665
Equity Shareholders' Funds	20		<u>440,547</u>		<u>366,665</u>

The financial statements were approved by the Board on 24 September 2003 and signed on its behalf by

Peter Charles Bowman
Director



The notes on pages 7 to 19 form an integral part of these financial statements.

Percy Johnson-Marshall & Partners (Northern) Limited

**Cash Flow Statement
for the year ended 30 November 2002**

	Notes	2002 £	2001 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		192,451	116,393
Depreciation		124,707	109,460
(Increase) in work in progress		(16,209)	(154,791)
(Increase) in debtors		(298,360)	(38,019)
Increase / (decrease) in creditors		114,362	(300,483)
Net cash inflow/(outflow) from operating activities		<u>116,951</u>	<u>(267,440)</u>

CASH FLOW STATEMENT

Net cash inflow/(outflow) from operating activities		116,951	(267,440)
Returns on investments and servicing of finance	26	(11,382)	(11,244)
Capital expenditure	26	(103,847)	(119,161)
		<u>1,722</u>	<u>(397,845)</u>
Equity dividends paid		(15,000)	-
Capital element of finance lease payments		(44,585)	(44,584)
Decrease in cash in the year		<u>(57,863)</u>	<u>(442,429)</u>

Reconciliation of net cash flow to movement in net debt (Note 27)

Decrease in cash in the year		(57,863)	(442,429)
Cash outflow from lease financing		44,585	44,584
Movement in net debt in the year		<u>(13,278)</u>	<u>(397,845)</u>
Net funds at 1 December 2001		<u>281,593</u>	<u>679,438</u>
Net funds at 30 November 2002		<u>268,315</u>	<u>281,593</u>

Percy Johnson-Marshall & Partners (Northern) Limited

**Notes to the Financial Statements
for the year ended 30 November 2002**

1. Accounting Policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention .

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Goodwill

1.4. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leasehold improvements	-	Over 5 years
Fittings and equipment	-	Over 4 years
Computer equipment	-	Over 3 years

1.5. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6. Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7. Stock and work in progress

Work in progress is valued at the lower of cost and net realisable value.

1.8. Pensions

The company operates a defined contribution pension scheme. The pension costs charged in the financial statements represent the contributions payable by the company during the year.

1.9. Deferred taxation

Provision is made for taxation deferred on the incremental liability approach in respect of all timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes that have originated but not reversed at the balance sheet date.

Percy Johnson-Marshall & Partners (Northern) Limited

**Notes to the Financial Statements
for the year ended 30 November 2002**

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

3. Operating profit	2002	2001
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	124,707	109,460
Operating lease rentals		
- Plant and machinery	103,063	119,884
Auditors' remuneration	4,900	4,700
	<u> </u>	<u> </u>

4. Amounts written off investments	2002	2001
	£	£

Goodwill written off on acquisition of business	<u>10,170</u>	<u>-</u>
---	---------------	----------

5. Interest payable and similar charges	2002	2001
	£	£
Hire purchase interest	<u>11,382</u>	<u>11,244</u>

Percy Johnson-Marshall & Partners (Northern) Limited

**Notes to the Financial Statements
for the year ended 30 November 2002**

6. Employees

Number of employees

The average monthly numbers of employees
(including the directors) during the year were:

	2002	2001
	Number	Number
Administration	10	12
Professional staff	94	78
	<u>104</u>	<u>90</u>

Employment costs

	2002	2001
	£	£
Wages and salaries	2,566,892	2,192,379
Social security costs	284,015	207,552
Other pension costs	91,856	53,822
	<u>2,942,763</u>	<u>2,453,753</u>

Percy Johnson-Marshall & Partners (Northern) Limited

**Notes to the Financial Statements
for the year ended 30 November 2002**

6.1. Directors' emoluments

	2002	2001
	£	£
Remuneration and other emoluments	332,276	716,436
Pension contributions	22,798	21,737
	<u>355,074</u>	<u>738,173</u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	4	5
Highest Paid Director	£	£
Amounts included above:		
Emoluments and other benefits	87,178	129,617
Pension contributions	5,135	5,147
	<u>92,313</u>	<u>134,764</u>

7. Pension costs

The company operates a defined contribution pension scheme in respect of the directors and employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £91,856 (2001 - £53,822). At 30 November 2002 contributions amounting to £13,190 (2001 - £7,926) were payable to the fund and are included in creditors.

Percy Johnson-Marshall & Partners (Northern) Limited

**Notes to the Financial Statements
for the year ended 30 November 2002**

8.	Taxation	2002	2001
		£	£
	UK current year taxation		
	UK Corporation Tax	88,710	42,543
	Transfer from deferred taxation	(16,702)	-
		<u>72,008</u>	<u>42,543</u>
	Prior years		
	UK Corporation Tax	8,815	-
	Transfer to deferred taxation	1,194	-
		<u>82,017</u>	<u>42,543</u>
		2002	2001
		£	£
	Profit on ordinary activities before taxation	<u>170,899</u>	<u>105,149</u>
	Profit on ordinary activities at the applicable rate of corporation tax 30%	51,270	31,545
	Effects of:		
	Timing differences:		
	Capital allowances in excess of depreciation	16,702	5,853
	Underprovision	-	(8,815)
	Marginal relief	(11,127)	(13,357)
	Permanent differences	31,865	27,317
	Current tax charge	<u>88,710</u>	<u>42,543</u>
9.	Dividends	2002	2001
		£	£
	Dividends on equity shares:		
	Ordinary shares - Interim paid	<u>15,000</u>	<u>-</u>

Percy Johnson-Marshall & Partners (Northern) Limited

**Notes to the Financial Statements
for the year ended 30 November 2002**

10. Intangible fixed assets

	Goodwill
	£
Cost	
Additions	50,865
At 30 November 2002	<u>50,865</u>
Provision for diminution in value	
Written off in the year	10,170
At 30 November 2002	<u>10,170</u>
Net book values	
At 30 November 2002	<u><u>40,695</u></u>

Analysis of the acquisition in McKeown Alexander Limited

Net liabilities acquired	865
Consideration	50,000
Goodwill arising on acquisition	<u>50,865</u>

Percy Johnson-Marshall & Partners (Northern) Limited

**Notes to the Financial Statements
for the year ended 30 November 2002**

11. Tangible fixed assets

	Leasehold Improvements	Fittings and Equipment	Computer Equipment	Total
	£	£	£	£
Cost				
At 1 December 2001	44,909	97,221	345,264	487,394
Additions	-	19,776	32,230	52,006
At 30 November 2002	44,909	116,997	377,494	539,400
Depreciation				
At 1 December 2001	4,491	54,929	194,963	254,383
Charge for the year	11,227	16,109	97,371	124,707
At 30 November 2002	15,718	71,038	292,334	379,090
Net book values				
At 30 November 2002	29,191	45,959	85,160	160,310
At 30 November 2001	40,418	42,292	150,301	233,011

Included above are assets held under finance leases or hire purchase contracts as follows:

Asset description	2002		2001	
	Net	Depreciation	Net	Depreciation
	book value	charge	book value	charge
	£	£	£	£
Computer equipment	19,593	43,835	63,428	43,835
Software	6,194	13,858	20,052	13,858
	25,787	57,693	83,480	57,693

Percy Johnson-Marshall & Partners (Northern) Limited

**Notes to the Financial Statements
for the year ended 30 November 2002**

12. Fixed Asset Investments

	Unlisted Investments £
Cost	
At 1 December 2001	
At 30 November 2002	24,500
Net book values	
At 30 November 2002	24,500
At 30 November 2001	24,500

13. Stocks	2002 £	2001 £
Work in progress	601,000	584,791

14. Debtors	2002 £	2001 £
Trade debtors	1,311,949	1,306,124
Amounts owed by group undertakings	293,277	7,005
Other debtors	35,970	30,712
Deferred tax asset	13,368	-
Prepayments and accrued income	53,349	52,344
	<u>1,707,913</u>	<u>1,396,185</u>

Percy Johnson-Marshall & Partners (Northern) Limited

**Notes to the Financial Statements
for the year ended 30 November 2002**

15. Creditors: amounts falling due within one year	2002	2001
	£	£
Net obligations under finance leases and hire purchase contracts	36,418	44,584
Trade creditors and accruals	264,750	182,743
Amounts owed to parent undertaking	1,511,628	1,127,469
Amounts owed to group undertakings	74,700	125,639
Corporation tax	138,896	42,543
Other taxes and social security costs	299,967	238,764
Directors' accounts	8,462	-
Other creditors	63,587	7,926
Deferred income	-	426,191
	<u>2,398,408</u>	<u>2,195,859</u>
	<u><u>2,398,408</u></u>	<u><u>2,195,859</u></u>
16. Creditors: amounts falling due after more than one year	2002	2001
	£	£
Net obligations under finance leases and hire purchase contracts	12,743	49,162
	<u>12,743</u>	<u>49,162</u>
	<u><u>12,743</u></u>	<u><u>49,162</u></u>
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	36,418	44,584
Repayable between one and five years	12,743	49,162
	<u>49,161</u>	<u>93,746</u>
	<u><u>49,161</u></u>	<u><u>93,746</u></u>

Percy Johnson-Marshall & Partners (Northern) Limited

**Notes to the Financial Statements
for the year ended 30 November 2002**

17 Provision for liability and charges

	Deferred Taxation (Note 18) £
At 1 December 2001	2,140
Movements in the year	(15,508)
At 30 November 2002	<u>(13,368)</u>

The deferred tax provision has become a deferred tax asset and therefore has been shown within debtors in the current year.

18. Deferred Taxation

Deferred tax is analysed over the following timing differences:

	Provided	
	2002	2001
	£	£
Accelerated capital allowances	(9,411)	5,712
Other timing differences	(3,957)	(3,572)
	<u>(13,368)</u>	<u>2,140</u>

Movements on the provision for deferred taxation are:

	2002	2001
	£	£
At 1 December 2001	2,140	2,140
Transferred to profit and loss account	(15,508)	-
At 30 November 2002	<u>(13,368)</u>	<u>2,140</u>

Percy Johnson-Marshall & Partners (Northern) Limited

**Notes to the Financial Statements
for the year ended 30 November 2002**

19. Share capital	2002	2001
	£	£
Authorised equity		
1,000 Ordinary shares of £1 each	1,000	1,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid equity		
1,000 Ordinary shares of £1 each	1,000	1,000
	<u> </u>	<u> </u>

20. Reconciliation of movements in shareholders' funds	2002	2001
	£	£
Profit for the year	88,882	62,606
Dividends	(15,000)	-
	<u> </u>	<u> </u>
	73,882	62,606
Opening shareholders' funds	366,665	304,059
	<u> </u>	<u> </u>
	440,547	366,665
	<u> </u>	<u> </u>

21. Financial commitments

At 30 November 2002 the company had annual commitments under non-cancellable operating leases as follows:

	Other	
	2002	2001
	£	£
Expiry date:		
Within one year	2,312	1,047
Between one and five years	133,134	98,797
	<u> </u>	<u> </u>
	135,446	99,844
	<u> </u>	<u> </u>

22. Contingent liabilities

Company assets are secured against its immediate parent undertaking, Percy Johnson-Marshall & Partners (Group) Limited's overdraft.

Percy Johnson-Marshall & Partners (Northern) Limited

**Notes to the Financial Statements
for the year ended 30 November 2002**

23. Transactions with directors

Rental of £73,000 for the company office was payable to Personal Pension Management Limited as trustees for the Bruce Andrew Hare pension fund.

24. Ultimate parent undertaking

The company's immediate parent undertaking is Percy Johnson-Marshall & Partners (Group) Limited, a company registered in Scotland.

The company's ultimate parent undertaking is PJMP Holdings Limited, a company registered in Scotland.

25. Related party transactions

During the year the company paid management charges of £674,472 (2001 - £1,374,472) to the immediate parent undertaking, Percy Johnson-Marshall & Partners (Group) Limited

<u>Inter Company accounts</u>	Due to/(by) the Company	
	2002	2001
	£	£
Percy Johnson-Marshall & Partners (Group) Limited	(1,511,628)	(1,127,469)
Percy Johnson-Marshall & Partners (Southern) Limited	(74,700)	(125,639)
Percy Johnson-Marshall & Partners (Management Services) Limited	9,888	7,005
PJMP Holdings Limited	283,389	-

Percy Johnson-Marshall & Partners (Northern) Limited

**Notes to the Financial Statements
for the year ended 30 November 2002**

26. Gross Cash Flows

	2002	2001
	£	£
Returns on investments and servicing of finance		
Interest element of finance lease rental payments	(11,382)	(11,244)
Capital expenditure		
Payments to acquire business	(50,865)	-
Payments to acquire tangible assets	(52,006)	(119,161)
Receipts from sales of tangible assets	(976)	-
	<u>(103,847)</u>	<u>(119,161)</u>

27. Analysis of changes in net funds

	Opening balance	Cash flows	Other changes	Closing balance
	£	£	£	£
Cash at bank and in hand	375,339	(58,059)	-	317,280
Finance leases and hire purchase contracts due < 1 year	(44,584)	44,585	(36,419)	(36,418)
Finance leases and hire purchase contracts due > 1 year	(49,162)	-	36,419	(12,743)
Net funds	<u>281,593</u>	<u>(13,474)</u>	<u>-</u>	<u>268,119</u>