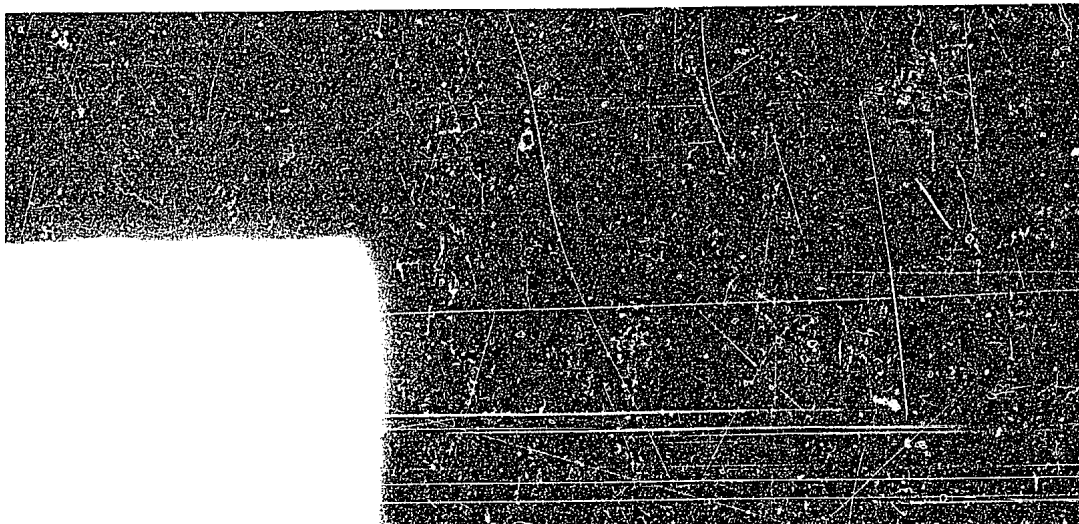
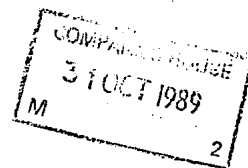


1962

ACCOUNTS

WESTPILE LIMITED

31st December 1988



WESTPILE LIMITED

Page 1

REPORT OF THE DIRECTORS

The directors present their report and the audited accounts for the year ended 31st December 1988.

ACTIVITIES

The company is engaged in the business of piling and foundation engineering and contracting.

REVIEW OF THE BUSINESS

The Company shared in the benefits of a booming construction market and accordingly volumes significantly increased over the previous year and were reflected in a much improved profit performance.

RESULTS

The results of the company are as set out in the accounts on pages 4 to 14. The directors recommend a dividend of £560,000 (1987 - £521,000).

DIRECTORS

The following have served as directors during the year:

| | |
|-----------------|----------------------------|
| N.G. Johnston | (appointed 8th April 1988) |
| M.C. Bottjer | (retired 8th April 1988) |
| P.H. Derbyshire | |
| B.P. Harrington | |
| J.P. McIntyre | |
| D.E. Mills | |

Mr N.G. Johnston was appointed a director on 8th April 1988 and being eligible offers himself for re-election at the next Annual General Meeting.

Mr D.E. Mills retires by rotation at the next Annual General Meeting and, being eligible, offers himself for re-election.

None of the directors has any beneficial interest in the shares of the company. Directors' interests in the capital of the ultimate holding company are as stated below:

| | Shares of 25p each | | | |
|-----------------|--------------------|---------|------------------|---------|
| | 31st December 1988 | | 1st January 1988 | |
| | Shares | Options | Shares | Options |
| P.H. Derbyshire | - | 3,000 | - | - |
| B.P. Harrington | - | 12,000 | - | - |
| J.P. McIntyre | - | 8,000 | - | - |
| D.E. Mills | - | 8,000 | - | - |

Mr M.C. Bottjer and Mr N.G. Johnston are also directors of the ultimate holding company and their interests in the shares of the ultimate holding company are disclosed in the accounts of that company.

REPORT OF THE DIRECTORS (continued)

EMPLOYEE INVOLVEMENT

Within the bounds of commercial confidentiality management disseminates information to all levels of staff about matters that affect the progress of the company and are of interest and concern to them as employees.

A newsletter is also distributed at regular intervals to all employees which includes articles about the company's activities and its performance.

DISABLED PERSONS

The company has an established policy that disabled persons, especially should they become disabled in the course of their employment with the company, are employed where circumstances permit. The company endeavours to ensure that disabled employees benefit from training and career development programmes in common with other employees.

AUDITORS

Spicer & Oppenheim are willing to be reappointed as auditors in accordance with Section 384 of the Companies Act 1985. Resolutions will be proposed at the forthcoming Annual General Meeting to reappoint them and to authorise the directors to fix their remuneration.

Dolphin Bridge House
Rockingham Road
Uxbridge
Middlesex
UB8 2UB



By order of the board

D.E. Mills

Secretary

21st March 1989

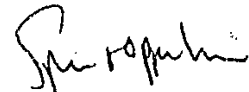
AUDITORS' REPORT TO THE MEMBERS OF WESTPILE LIMITED

We have audited the financial statements on pages 4 to 14 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of affairs of the company at 31st December 1988 and of the profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

Uxbridge, Middlesex

21st March 1989



SPICER & OPPENHEIM

Chartered Accountants

PROFIT AND LOSS ACCOUNT
for the year ended 31st December 1988

| | Note | 1988 | 1987 |
|---|---------|-------------------|-------------------|
| TURNOVER | 1(b), 2 | 32,761,568 | 21,740,358 |
| Cost of sales | | (26,788,203) | (17,614,239) |
| GROSS PROFIT | | 5,973,365 | 4,126,119 |
| Administrative expenses | | (3,478,626) | (2,784,361) |
| OPERATING PROFIT | 3 | 2,494,739 | 1,341,758 |
| Interest receivable | 6 | 219,072 | 40,078 |
| Interest payable | 7 | (5,836) | (5,836) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 2,707,975 | 1,376,000 |
| Tax on profit on ordinary activities | 8 | (1,509,848) | (507,386) |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | 1,198,127 | 868,614 |
| Dividend | 9 | (560,000) | (521,000) |
| RETAINED PROFIT FOR THE YEAR | 17 | £638,127 ===== | £347,614 ===== |

The attached notes on pages 5 to 14 form an integral part of these accounts

BALANCE SHEET

31st December 1988

| | Note | 1988 | 1987 |
|---|------------------------|--------------------|-------------------|
| FIXED ASSETS | | | |
| Tangible assets | 10 | 1,391,985 | 1,414,945 |
| CURRENT ASSETS | | | |
| Stocks and work in progress | 11 | 2,456,734 | 1,951,535 |
| Debtors | 12 | 9,087,037 | 5,080,390 |
| Cash at bank and in hand | | <u>84,247</u> | <u>21,559</u> |
| | | 11,628,018 | 7,053,484 |
| CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR | | | |
| Bank overdraft | | - | 93,419 |
| Trade creditors | | 4,071,080 | 3,193,850 |
| Sundry creditors | 13 | <u>4,680,115</u> | <u>3,142,251</u> |
| | | 8,751,195 | 6,429,520 |
| NET CURRENT ASSETS | | <u>2,876,823</u> | <u>623,964</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 4,268,808 | 2,038,909 |
| CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | 14 | (21,192) | (49,446) |
| PROVISIONS FOR LIABILITIES AND CHARGES | 15 | <u>(2,141,733)</u> | <u>(521,707)</u> |
| | | £2,105,883 | £1,467,756 |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 16 | 1,000,000 | 1,000,000 |
| RESERVES | | | |
| Profit and loss account | 17 | 1,105,883 | 467,756 |
| APPROVED BY THE BOARD OF DIRECTORS | | | |
| N.G. Johnston | <i>N.G. Johnston</i> | | |
| B.P. Harrington | <i>B.P. Harrington</i> | | |
| 21st March 1989 | | | |
| | | <u>£2,105,883</u> | <u>£1,467,756</u> |
| | | ===== | ===== |

The attached notes on pages 7 to 14 form an integral part of these accounts

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
for the year ended 31st December 1988

| | 1988 | 1987 |
|---|-------------------|-------------------|
| SOURCE OF FUNDS | | |
| Profit before taxation | 2,707,975 | 1,376,000 |
| Depreciation | 411,682 | 507,998 |
| Disposal of Fixed Assets | | |
| Gross proceeds | 61,711 | 258,048 |
| Less (profit)/loss on disposal | <u>(36,120)</u> | <u>6,917</u> |
| | <u>25,591</u> | <u>264,965</u> |
| TOTAL GENERATED FROM OPERATIONS | 3,145,248 | 2,148,963 |
| APPLICATION OF FUNDS | | |
| Dividend paid | 521,000 | - |
| Tax paid/(recovered) | 47,970 | (1,846) |
| Purchase of fixed assets | <u>414,313</u> | <u>408,214</u> |
| | <u>983,283</u> | <u>406,368</u> |
| INCREASE IN WORKING CAPITAL | £2,161,965 | £1,742,595 |
| | ===== | ===== |
| Represented/(funded) by: | | |
| Increase in stocks and work in progress | 505,199 | 669,082 |
| Increase in debtors | 4,006,647 | 1,071,876 |
| (Increase) in creditors and provisions | (2,505,988) | (22,937) |
| Increase in cash balances | <u>156,107</u> | <u>24,574</u> |
| | <u>£2,161,965</u> | <u>£1,742,595</u> |
| | ===== | ===== |

NOTES TO THE ACCOUNTS
31st December 1988

1. ACCOUNTING POLICIES

a) CONVENTION

These financial statements have been prepared in accordance with the historical cost convention. The principal accounting policies which the directors have adopted within that convention are set out below.

b) TURNOVER

This represents sales and the difference between contracts in progress at the beginning and end of the year.

c) DEFERRED TAXATION

Provision is made at projected rates of taxation for timing differences between the treatment of certain items for taxation and for accounting purposes, unless the taxation liabilities are expected to be deferred for some considerable period.

d) TANGIBLE FIXED ASSETS AND DEPRECIATION

No depreciation is provided on freehold land.

All other fixed assets are shown at cost and are depreciated over the anticipated life of the assets on a straight line basis at varying annual rates as follows:

| | |
|----------------------------|---------------|
| Buildings on freehold land | 2% |
| Plant and machinery | 10% - 33 1/3% |
| Furniture and equipment | 10% |
| Motor vehicles | 25% |
| Consumables | 100% |

NOTES TO THE ACCOUNTS (continued)
31st December 1988

1. ACCOUNTING POLICIES (continued)

e) STOCKS AND WORK IN PROGRESS

Stocks are valued at the lower of cost or net realisable value. Cost includes direct materials and, where relevant, labour and an appropriate allocation of production overhead expenses.

Work in progress is valued at cost, plus attributable profit less foreseeable losses. Attributable profit is included when the outcome of a contract can be assessed with reasonable certainty. Payments received in excess of book value on an individual contract basis are included in creditors.

f) FOREIGN CURRENCY

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date.

All other exchange differences are dealt with through the profit and loss account.

g) LEASED ASSETS

Rental charges for assets leased under operating leases are charged to profit and loss account as incurred.

Assets leased under financial leases are capitalised as leased fixed assets and the rental obligation recognised as a liability in the accounts. The capitalised leased assets are depreciated on the same bases as similar classes of owned fixed assets. The interest portion of the rental payments is charged to the profit and loss account.

2. ANALYSIS OF TURNOVER

1988

1987

The turnover attributable to each of the company's geographical markets is:

| | | |
|----------------|---------------|----------------|
| United Kingdom | £2,739,368 | 21,592,358 |
| Other | <u>22,200</u> | <u>148,000</u> |
| | £32,761,568 | £21,740,358 |
| | ===== | ===== |

NOTES TO THE ACCOUNTS (continued)
31st December 1988

| | 1988 | 1987 |
|---|----------------|----------------|
| 3. OPERATING PROFIT | | |
| Operating profit is arrived at after charging: | | |
| Depreciation | £411,682 | £507,998 |
| Hire of plant and machinery | £1,713,583 | £1,129,912 |
| Auditors' remuneration | £27,000 | £25,000 |
| | ===== | ===== |
| 4. EMPLOYEES | | |
| The average number employed by the company (including directors) within each category of persons was: | <u>Number</u> | <u>Number</u> |
| Production and construction employees | 415 | 359 |
| Sales staff | 7 | 7 |
| Administration staff | <u>60</u> | <u>59</u> |
| | 482 | 425 |
| | ==== | ==== |
| The costs incurred in respect of these employees were: | | |
| Wages and salaries | 6,688,947 | 5,128,786 |
| Social security costs | <u>702,340</u> | <u>521,022</u> |
| | £7,391,287 | £5,649,808 |
| | ===== | ===== |
| 5. DIRECTORS | | |
| Emoluments of directors of the company included in staff costs were as follows: | | |
| Management remuneration, including pension contributions | £193,168 | £156,591 |
| | ===== | ===== |
| The emoluments, excluding pension contributions of directors were as follows: | | |
| Chairman - to 8th April 1988 | £ nil | £ nil |
| - from 8th April 1988 | £ nil | |
| Highest paid director | £56,842 | £45,932 |
| | ===== | ===== |
| Other directors | <u>Number</u> | <u>Number</u> |
| £35,001 - £40,000 | - | 3 |
| £40,001 - £45,000 | 1 | - |
| £45,001 - £50,000 | 2 | - |
| | == | == |

NOTES TO THE ACCOUNTS (continued)
31st December 1988

| | 1988 | 1987 |
|---|---------------------|-------------------|
| 6. INTEREST RECEIVABLE | | |
| Group interest receivable | £219,072 ===== | £40,078 ===== |
| 7. INTEREST PAYABLE | | |
| Finance lease interest | £5,836 ===== | £5,836 ===== |
| 8. TAXATION | | |
| Taxation is based on the profit for the year and comprises: | | |
| Corporation tax at 35% | 1,550,000 | 588,080 |
| Deferred taxation | (38,858) | (117,951) |
| | 1,511,142 | 470,129 |
| Prior year adjustments: | | |
| Corporation tax | (1,294) | 41,415 |
| Deferred tax | - | (4,158) |
| | (1,294) | 37,257 |
| | £1,509,848 ===== | £507,386 ===== |
| The charge to corporation tax for the current year is high (effective rate 55.7%) because it includes an amount in respect of provisions not deductible for corporation tax purposes for which a deferred taxation asset cannot be anticipated. | | |
| 9. DIVIDEND | | |
| On 1,000,000 ordinary shares of £1 each | £560,000 ===== | £521,000 ===== |

NOTES TO THE ACCOUNTS (continued)
31st December 1988

10. TANGIBLE ASSETS

| | Freehold Land and Buildings | Short term Leasehold Land and Buildings | Contract- ors' Plant | Motor Vehicles | Furniture and Equip ment | TOTAL |
|--------------------------------|-----------------------------------|--|-------------------------|-------------------|--------------------------------|------------|
| COST | | | | | | |
| 1 January 1988 | 455,530 | 39,867 | 4,131,915 | 472,333 | 499,252 | 5,648,897 |
| Additions | - | - | 203,037 | 77,421 | 133,855 | 414,313 |
| Disposals | - | - | (51,119) | (37,543) | - | (88,662) |
| 31 December 1988 | 455,530 | 89,867 | 4,283,833 | 512,211 | 633,107 | 5,974,548 |
| DEPRECIATION | | | | | | |
| 1 January 1988 | 128,662 | 89,867 | 3,395,219 | 317,368 | 302,836 | 4,233,952 |
| Provided in year | 22,109 | - | 260,357 | 59,436 | 69,780 | 411,682 |
| Disposals | - | - | (42,097) | (20,974) | - | (63,071) |
| 31 December 1988 | 150,771 | 89,867 | 3,613,479 | 355,830 | 372,616 | 4,582,563 |
| NET BOOK VALUE | | | | | | |
| 31 December 1988 | | | | | | |
| Owned assets | 304,759 | - | 634,836 | 156,381 | 260,491 | 1,356,467 |
| Assets under finance leases | - | - | 35,518 | - | - | 35,518 |
| | £304,759 | £ - | £670,354 | £156,381 | £260,491 | £1,391,985 |
| NET BOOK VALUE | | | | | | |
| 31 December 1987 | | | | | | |
| Owned assets | 326,868 | - | 656,791 | 154,965 | 196,416 | 1,335,040 |
| Assets under finance lease | - | - | 79,905 | - | - | 79,905 |
| | £326,868 | £ - | £736,696 | £154,965 | £196,416 | £1,414,945 |

Capital commitments at 31st December 1988 amounted to £nil (1987 - £nil).

NOTES TO THE ACCOUNTS (continued)
31st December 1988

| | 1988 | 1987 |
|--|-------------------|-------------------|
| 11. STOCKS AND WORK IN PROGRESS | | |
| Stocks: | | |
| Materials | 382,264 | 335,864 |
| Finished goods and goods for resale | <u>761,916</u> | <u>803,241</u> |
| | 1,144,180 | 1,139,105 |
| Work in progress: | | |
| Valuation | 12,538,971 | 12,079,896 |
| Less cash received and receivable | <u>11,226,417</u> | <u>11,267,466</u> |
| | 1,312,554 | 812,430 |
| Total stocks and work in progress | <u>£2,456,734</u> | <u>£1,951,535</u> |
| | ===== | ===== |

The inclusion of attributable profit in contract work in progress in accordance with Statement of Standard Accounting Practice No 9 constitutes a departure from the statutory valuation rules but is authorised by s.228(5) of the Companies Act 1985 to enable the accounts to give a true and fair view. As cash received and receivable cannot appropriately be allocated between cost and profit, it is impracticable to determine the effect of the departure from the stated valuation rules.

12. DEBTORS

| | | |
|---------------------------------|---------------|---------------|
| Trade debtors | 3,439,893 | 2,882,338 |
| Amount due from group companies | 4,819,232 | 1,739,733 |
| Other debtors | 742,791 | 395,447 |
| Prepayments and accrued income | <u>85,121</u> | <u>62,872</u> |
| | £9,087,037 | £5,080,390 |
| | ===== | ===== |

Included in other debtors is £186,667 (1987 - Nil) in respect of advance corporation tax recoverable after more than one year.

13. SUNDRY CREDITORS

| | | |
|------------------------------------|---------------|---------------|
| Amounts owed to group companies | 1,499,929 | 1,730,041 |
| Other creditors | 28,254 | 28,254 |
| Corporation tax | 2,289,747 | 674,841 |
| Other taxation and social security | 214,985 | 175,573 |
| Dividends | 560,000 | 521,000 |
| Advance payments on contracts | <u>87,200</u> | <u>12,542</u> |
| | £4,680,115 | £3,142,251 |
| | ===== | ===== |

NOTES TO THE ACCOUNTS (continued)
31st December 1988

| | 1988 | 1987 |
|---|------------------|-----------------------|
| 14. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | | |
| Other creditors | £21,192 ===== | £49,446 ===== |
| Amounts due between 1 and 2 years | £21,192 ===== | £49,446 ===== |
| 15. PROVISIONS FOR LIABILITIES AND CHARGES | | |
| Deferred taxation | - | 38,858 |
| Uninsured portions of possible claims | 1,777,108 | 328,053 |
| Other provisions | <u>364,675</u> | <u>154,796</u> |
| | £2,141,733 | £521,707 |
| Deferred taxation: | ===== | ===== |
| (a) Movement in period: | | |
| At 1st January 1988 | 38,858 | 160,967 |
| (Release)/charge in year | (38,858) | (117,951) |
| Prior year adjustment | <u>-</u> | <u>(4,158)</u> |
| At 31st December 1988 | £ - | £38,858 |
| | ===== | ===== |
| (b) The source of the balance on deferred tax | | <u>Full Provision</u> |
| account is as follows: | | |
| Accelerated capital allowances | 152,321 | 73,972 |
| Other timing differences | <u>(152,321)</u> | <u>(35,114)</u> |
| | £ - | £38,858 |
| | ===== | ===== |
| 16. SHARE CAPITAL | | |
| Authorised, allotted and fully paid Ordinary shares of £1 each | £1,000,000 | £1,000,000 |
| | ===== | ===== |
| 17. PROFIT AND LOSS ACCOUNT | | |
| Balance 1st January 1988 | 467,756 | 120,142 |
| Retained profit for the year | <u>638,127</u> | <u>347,614</u> |
| Balance 31st December 1988 | £1,105,883 | £467,756 |
| | ===== | ===== |

NOTES TO THE ACCOUNTS (continued)
31st December 1988

1988 1987

18. FINANCE LEASE COMMITMENTS

Finance:

At 31st December 1988, the company had annual commitments under non-cancellable finance leases as follows:

| | | |
|----------------------|---------------|---------------|
| Within one year | 28,254 | 28,254 |
| In two to five years | <u>21,192</u> | <u>49,446</u> |
| | £49,446 | £77,700 |
| | ===== | ===== |

19. CONTINGENT LIABILITIES

There are contingent liabilities at 31st December 1988 in respect of guarantees given in the ordinary course of business, and guarantees covering bank overdrafts in other group companies. The total of such overdrafts at 31st December 1988 was £8,313,422 (31st December 1987 - £999,000).

20. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Tilbury Group Public Limited Company which is registered in England.