

Company no 396388

**POCHIN (CONTRACTORS)
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MAY 2003



POCHIN (CONTRACTORS) LIMITED

FINANCIAL STATEMENTS

For the year ended 31 May 2003

Company registration number: 396388

Registered office: Brooks Lane
Middlewich
Cheshire
CW10 0JQ

Directors: N J Pochin (Chairman)
L R Murray
A M J Pochin
J C Pochin
J H Woodcock

Secretary: A A Waugh

Principal bankers: National Westminster Bank Plc
PO Box 546
100 Barbirolli Square
Manchester
M60 2FT

Solicitors: Mace & Jones
14 Oxford Court
Bishopsgate
Manchester
M2 3WQ

Auditors: Grant Thornton
Registered Auditors
Chartered Accountants
1st Floor
Royal Liver Building
Liverpool
L3 1PS

POCHIN (CONTRACTORS) LIMITED

FINANCIAL STATEMENTS

For the year ended 31 May 2003

INDEX	PAGE
Report of the directors	1 - 2
Report of the independent auditors	3 - 4
Principal accounting policies	5 - 6
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9 - 16

POCHIN (CONTRACTORS) LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31 May 2003.

Principal activity

The company is principally engaged in building and civil engineering contracting, and operates within the United Kingdom.

Business review

There was a loss for the year after taxation amounting to £349,868 (2002: £658,468). The directors do not recommend the payment of a dividend and the loss has been deducted from reserves.

Directors

The membership of the board at 31 May 2003 is set out below. All directors served throughout the year.

N J Pochin (Chairman)
L R Murray
A M J Pochin
J C Pochin
J H Woodcock

The interests of N J Pochin, J H Woodcock and L R Murray in the share capital of Pochin's PLC, the ultimate parent undertaking, are disclosed in the financial statements of that company.

The interests of the directors, who are not directors of the ultimate parent undertaking, in the share capital of the ultimate parent undertaking are shown below:

	Ordinary shares of 25p each			
	2003	2002	2003	2002
	Beneficial	Non Beneficial	Beneficial	Non Beneficial
A M J Pochin	57,880	280,000	69,880	280,000
J C Pochin	572,559	-	571,559	-

Directors' responsibilities for the financial statements

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 company and of the profit or loss of the company 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, subject to any material departures disclosed and explained in the financial statements
- 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

POCHIN (CONTRACTORS) LIMITED

REPORT OF THE DIRECTORS

Employee involvement

Information about the company and factors affecting its performance is provided to employees through the house magazine, Pochin Post.

In addition, there are arrangements for consulting and involving employees on matters affecting their interests at work, and informing them of the performance of the company. A variety of approaches is adopted aimed at encouraging the involvement of employees in effective communication and consultation, and the contribution of productive ideas at all levels.

The establishment and maintenance of safe working practices are of the greatest importance to the company and special training in health and safety is provided for employees.

Disabled employees

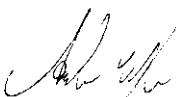
Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the company may continue.

It is the policy of the company that training, career development and promotion opportunities should be available to all employees.

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



A A Waugh
Secretary

12 March

2004

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

POCHIN (CONTRACTORS) LIMITED

We have audited the financial statements on pages 5 to 16 which have been prepared under the accounting policies set out on pages 5 and 6.

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 auditors' 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 the directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with applicable law and United Kingdom accounting standards are set out in the statement of directors' responsibilities.

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 other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

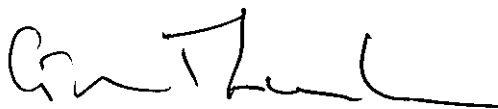
We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
POCHIN (CONTRACTORS) LIMITED**

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 May 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'Grant Thornton', is written over the printed name of the firm.

**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

LIVERPOOL

15 March 2004

POCHIN (CONTRACTORS) LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

TURNOVER

Turnover, which excludes value added tax, comprises the total estimated value of construction work executed during the year.

STOCKS AND DEVELOPMENT WORK IN PROGRESS

Stocks comprise building materials and are stated at the lower of cost and net realisable value. Development work in progress includes development land and buildings, and is stated at the lower of cost and net realisable value. Cost excludes interest payable which is charged to the profit and loss account when incurred.

LONG-TERM CONTRACTS

In accordance with Statement of Standard Accounting Practice No.9, turnover on long-term contracts is recognised according to the stage reached in the contract by reference to work done. A prudent estimate of the profit attributable to work completed is recognised once the outcome can be assessed with reasonable certainty. Amounts recoverable on contracts, being the excess of sales value of work executed over payments received on account, are included in debtors. The cost of long-term contracts not yet taken to the profit and loss account less foreseeable losses and payments on account are shown in stocks as long-term contract balances. Excess payments received are included in creditors. Full provision is made for all foreseeable losses.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

The cost of fixed assets is their purchase cost or valuation, together with any incidental costs of acquisition.

DEPRECIATION

Depreciation is provided against the cost of computer and office equipment, less its estimated residual value, in equal annual instalments over its estimated useful life of 3-5 years.

DEFERRED TAXATION

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax on defined benefit pension scheme surpluses or deficits is adjusted against these surpluses. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

POCHIN (CONTRACTORS) LIMITED

PRINCIPAL ACCOUNTING POLICIES

INVESTMENTS

Investments are included at cost less amounts written off.

LEASED ASSETS

Assets held under finance leases are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets. The interest element is charged against profit in proportion to the reducing capital element outstanding. The annual rentals in respect of operating leases are charged to the profit and loss account.

CONTRIBUTIONS TO PENSION FUND

Defined benefit scheme

The funds are valued every three years by a professionally qualified independent actuary, the rate of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. The expected cost of pensions in respect of the group's defined benefit pension scheme is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees participating in the scheme.

Defined contribution scheme

The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period.

POCHIN (CONTRACTORS) LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 May 2003

	Note	2003 £	2002 £
Turnover	1	46,521,994	22,897,320
Cost of sales		<u>(44,155,824)</u>	<u>(20,549,089)</u>
Gross profit		2,366,170	2,348,231
Net operating expenses	2	<u>(2,812,347)</u>	<u>(3,225,170)</u>
Operating loss		(446,177)	(876,939)
Interest receivable		1,434	16
Interest payable and similar charges	3	<u>(3,270)</u>	<u>(4,316)</u>
Loss on ordinary activities before taxation	1	(448,013)	(881,239)
Tax on loss on ordinary activities	6	98,145	222,771
Loss sustained and transferred to reserves	16	<u>(349,868)</u>	<u>(658,468)</u>

There were no recognised gains or losses other than the loss for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

POCHIN (CONTRACTORS) LIMITED

BALANCE SHEET AT 31 MAY 2003

	Note	2003 £	2002 £
Fixed assets			
Tangible assets	7	72,340	105,599
Investments	8	88,926	88,926
		<u>161,266</u>	<u>194,525</u>
Current assets			
Stocks	9	1,789,133	705,394
Debtors	10	11,822,958	9,337,309
Cash in hand		4,038	7,139
		<u>13,616,129</u>	<u>10,049,842</u>
Creditors: amounts falling due within one year	11	<u>(9,791,491)</u>	<u>(5,887,956)</u>
Net current assets		<u>3,824,638</u>	<u>4,161,886</u>
Total assets less current liabilities		<u>3,985,904</u>	<u>4,356,411</u>
Creditors: amounts falling due after more than one year	12	(23,811)	(38,377)
Provisions for liabilities and charges	13	<u>(185,852)</u>	<u>(191,925)</u>
		<u>3,776,241</u>	<u>4,126,109</u>
Capital and reserves			
Called up share capital	14	1,553,500	1,553,500
Share premium account		80,425	80,425
Other non-distributable reserves		20,000	20,000
Profit and loss account	15	<u>2,122,316</u>	<u>2,472,184</u>
Shareholders' funds	16	<u>3,776,241</u>	<u>4,126,109</u>

The financial statements were approved by the Board of Directors on 12 March 2004, and signed on its behalf by:

N J Pochin *Nicholas J. Pochin* Chairman and Director

The accompanying accounting policies and notes form an integral part of these financial statements.

POCHIN (CONTRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2003

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover consists entirely of sales made in the United Kingdom and is attributable to the company's principal activities.

The loss on ordinary activities is stated after:

	2003 £	2002 £
Auditors' remuneration:		
- Audit services	12,500	12,500
- Non audit services	1,475	2,600
Hire of plant and machinery	580,436	475,741
Profit on disposal of tangible fixed assets	93	-
Depreciation:		
- Owned assets	48,944	64,692
- Assets held under finance leases	23,405	23,405

2 NET OPERATING EXPENSES

	2003 £	2002 £
Distribution costs	193,072	186,581
Administration expenses	2,619,275	3,038,589
	<u>2,812,347</u>	<u>3,225,170</u>

3 INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £	2002 £
On finance leases	<u>3,270</u>	<u>4,316</u>

4 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2003 £	2002 £
Wages and salaries	4,271,331	4,251,340
Social security costs	432,489	401,338
Other pension costs (see note 5)	285,660	465,841
	<u>4,989,480</u>	<u>5,118,519</u>

POCHIN (CONTRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2003

DIRECTORS AND EMPLOYEES (CONTINUED)

The average number of persons employed by the company during the year was:

	2003 Number	2002 Number
Operatives	153	148
Administration	69	70
	<u>222</u>	<u>218</u>

Remuneration in respect of directors was as follows:

	2003 £	2002 £
Aggregate emoluments	<u>685,501</u>	<u>711,062</u>

During the year three directors (2002: four directors) participated in a defined benefit pension scheme.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2003 £	2002 £
Aggregate emoluments	<u>212,223</u>	<u>237,995</u>

The highest paid director's accrued pension at the year end was £Nil (2002: £Nil) and the highest paid director's accrued lump sum was £Nil (2002: £Nil).

5 PENSION COSTS

The company participates in a defined benefit scheme and a defined contribution scheme operated on a group basis. The defined contribution scheme was established on 1 July 2002 and is available to new members from that date. No contributions were made to this scheme during the year and no liabilities existed at 31 May 2003.

The defined benefit scheme was closed to new members on 31 December 2001. The assets of the plan are held separately from those of the company and of the group, being invested in an exempt unit fund through an investment manager. Contributions to the plan are determined by an independent qualified actuary and are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group as a whole. Details of the latest actuarial valuation of the plan as at 1 July 2002, which have been adjusted and updated on an approximate basis to 31 May 2003, are disclosed in the financial statements of Pochin's PLC.

The pension charge for the year was £285,660 (2002: £465,841).

POCHIN (CONTRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2003

6 TAX ON LOSS ON ORDINARY ACTIVITIES

(a) Analysis of credit in the year

	2003 £	2002 £
Current taxation		
Group relief	(111,145)	(173,771)
<i>Total current tax</i>	<u>(111,145)</u>	<u>(173,771)</u>
Deferred tax		
Provided/(utilised) in the year	13,000	(49,000)
	<u>(98,145)</u>	<u>(222,771)</u>

(b) Factors affecting the tax charge in the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 30% (2002: 30%).

The differences are explained below:

	2003 £	2002 £
Loss on ordinary activities before taxation	<u>(448,013)</u>	<u>(881,239)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%)	(134,404)	(264,372)
Effects of:		
Expenses not deductible for tax purposes	76,814	84,419
Depreciation for the year in excess of capital allowances	(56,555)	6,182
Current tax charge for the year	<u>(111,145)</u>	<u>(173,771)</u>

POCHIN (CONTRACTORS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 May 2003

7 TANGIBLE FIXED ASSETS

	Computer and office equipment £
Cost	
At 1 June 2002	633,400
Additions	39,447
Disposals	(42,398)
At 31 May 2003	<u>630,449</u>
Depreciation	
At 1 June 2002	527,801
Provided in the year	72,349
Disposals	(42,041)
At 31 May 2003	<u>558,109</u>
Net book amount at 31 May 2003	<u>72,340</u>
Net book amount at 31 May 2002	<u>105,599</u>

The net book amount of assets held under finance leases is £12,677 (2002: £36,082).

8 FIXED ASSETS INVESTMENTS

	£
Shares at cost	
At 1 June 2002 and 31 May 2003	<u>88,926</u>

At 31 May 2003 the company held 100% of the allotted share capital of the following:

Subsidiary undertakings	Country of incorporation	Class of share capital held	Nature of business
Pochin Developments Limited	England and Wales	£1 Ordinary	Construction
Pochin (Wales) Limited	England and Wales	£1 Ordinary	Dormant
Timber & Plywood Co (Cheshire) Limited	England and Wales	£1 Ordinary	Dormant
William Griffith & Son (Benllech) Limited	England and Wales	£1 Ordinary	Dormant

POCHIN (CONTRACTORS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 May 2003

9 STOCKS

	2003 £	2002 £
Long-term contract work in progress	1,785,449	690,547
Raw materials, consumables and other work in progress	3,684	9,547
Development work in progress	-	5,300
	<u>1,789,133</u>	<u>705,394</u>

10 DEBTORS

	2003 £	2002 £
Amounts due from parent undertaking	5,648,057	6,360,834
Recoverable under long-term contracts	5,479,575	2,656,530
Other debtors	114,841	35,404
Prepayments and accrued income	544,485	235,541
Deferred tax asset	36,000	49,000
	<u>11,822,958</u>	<u>9,337,309</u>

The deferred tax asset represents the tax effects of short term timing differences in respect of accelerated capital allowances and which are expected to reverse next year.

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Payments received on account	26,504	19,288
Trade creditors	6,269,574	3,418,577
Social security and other taxes	445,191	240,391
Pension contributions	-	167,000
Other creditors	49,424	73,688
Accruals and deferred income	2,986,232	1,955,492
Obligations under finance leases	14,566	13,520
	<u>9,791,491</u>	<u>5,887,956</u>

POCHIN (CONTRACTORS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 May 2003

12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2003 £	2002 £
Obligations under finance leases	<u>23,811</u>	<u>38,377</u>

Obligations under finance leases are payable as follows:

	2003 £	2002 £
Due in less than one year	14,566	13,520
Due after one and within two years	15,612	14,566
Due after two and within five years	<u>8,199</u>	<u>23,811</u>
	<u>38,377</u>	<u>51,897</u>

13 PROVISIONS FOR LIABILITIES AND CHARGES

	Contract provisions £
At 1 June 2002	191,925
Released in the year	<u>(6,073)</u>
At 31 May 2003	<u>185,852</u>

14 SHARE CAPITAL

	2003 £	2002 £
Authorised 2,500,000 Ordinary shares of £1 each	<u>2,500,000</u>	<u>2,500,000</u>
Allotted, called up and fully paid 1,553,500 Ordinary shares of £1 each	<u>1,553,500</u>	<u>1,553,500</u>

15 PROFIT AND LOSS ACCOUNT

	£
At 1 June 2002	2,472,184
Loss for the financial year	<u>(349,868)</u>
At 31 May 2003	<u>2,122,316</u>

POCHIN (CONTRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2003

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Loss for the financial year	(349,868)	(658,468)
Opening shareholders' funds	<u>4,126,109</u>	<u>4,784,577</u>
Closing shareholders' funds	<u>3,776,241</u>	<u>4,126,109</u>

17 CAPITAL COMMITMENTS

	2003 £	2002 £
Contracted for but not provided in these financial statements	<u>2,885</u>	<u>-</u>

18 CONTINGENT LIABILITIES

There are contingent liabilities in respect of guarantees under building agreements entered into in the normal course of business.

19 RELATED PARTY TRANSACTIONS

During the year, the company charged Manchester Technopark Limited, a company in which Pochin's PLC, the ultimate parent undertaking, holds a 50% interest, for construction works in connection with the third phase of the technology park at Birley Fields, Hulme, Manchester, in the sum of £48,916. Debtors, amounts recoverable under long-term contracts, at 31 May 2003 included a balance due from Manchester Technopark Limited of £101,066 (2002: £28,448).

During the year, the company recharged the costs of wages and salaries to Bushwing plc, a company in which Pochin's PLC holds a 75% interest. At 31 May 2003 £Nil (2002: £20,099) was due from Bushwing plc.

As a wholly-owned subsidiary of Pochin's PLC, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Pochin's PLC.

There are no other related party transactions requiring disclosure.

20 ULTIMATE PARENT UNDERTAKING

The directors consider that the ultimate parent undertaking of this company is Pochin's PLC, a company incorporated in England and Wales.

The largest group of undertakings for which group accounts have been drawn up is that headed by Pochin's PLC, which is registered in England and Wales.

POCHIN (CONTRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2003

21 GROUP ACCOUNTS

The company has taken advantage of available exemptions, under Section 228 of the Companies Act 1985, from preparing group accounts as it is a subsidiary of an E C parent. The financial statements therefore present information about the company as an individual undertaking and not about its group.