

**Registered Number 414814 England**

**The Expanded Piling Company Limited**

**Annual Report**

**for the 15 months ended 31 March 2004**



**The Expanded Piling Company Limited**

**Annual Report  
for the 15 months ended 31 March 2004**

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## **The Expanded Piling Company Limited**

### **Directors , Officers and Advisors**

Directors	R G O'Rourke (Chairman) M Blower B Dye D A Johnson FCCA P Webb	
Secretary	C W McKenzie LLB, Solicitor	
Company Number	414814	
Registered Office	Bridge Place Anchor Boulevard Admirals Park Crossways Dartford Kent DA2 6SN	
Business Address	Cheapside Works Waltham Grimsby North East Lincolnshire DN37 0JD	
Auditors	RSM Robson Rhodes LLP 186 City Road London EC1V 2NU	
Bankers	Bank of Scotland New Uberior House 11 Earl Grey Street Edinburgh EH3 9BN	Barclays Bank Plc 54 Lombard Street London EC3V 9EX
Solicitors	Nabarro Nathanson Lacon House Theobalds Road London WC1X 8RW	Nicholson Graham & Jones 110 Cannon Street London EC4N 6AR
Insurance Consultants	Kerry London Limited Clare House Worton Road, Isleworth Middlesex TW7 6ER	

# **The Expanded Piling Company Limited**

## **Directors' Report for the 15 months ended 31 March 2004**

The directors present their annual report together with the audited financial statements of The Expanded Piling Company Limited for the 15 months ended 31 March 2004.

### **Principal Activity**

The principal activities of the company are contract piling and associated works.

### **Review of the Business**

Turnover for the period was £22.4 million (2002 : £17.9 million). The profit before taxation for the period was £2.2 million (2002: loss £0.9 million) , and the profit attributable to shareholders after taxation was £1.6 million (2002 : loss £0.6 million). Total capital and reserves of the company at 31 March 2004 were £2.3 million (2002 : £0.6 million).

The directors do not propose the payment of a dividend for the period (2002 : £ nil).

### **Health, Safety and Welfare**

The company is committed to ensuring the health, safety and welfare of all employees at work. All reasonable measures have been taken to achieve this policy. Arrangements have been made to protect other persons against risk to health and safety arising from the activities of the company's employees when at work.

### **Employment Policy**

The company continues to provide employees with relevant information and to seek their views on matters of common concern through their representatives and through line managers. Priority is given to ensuring that employees are aware of significant matters affecting the company's trading position and of any significant organisational changes. The company treats each application for employment, training and promotion on merit. Full and fair consideration is given to both disabled and able-bodied applicants and employees.

### **Payment of Creditors**

While the company does not follow a formal code of practice, its policy for the period to 31 March 2005 for all suppliers is to fix terms of payment when agreeing the terms of each business transaction, to ensure that the supplier is aware of those terms, and to abide by the agreed terms of payment. The number of days billings from suppliers outstanding to the company as at 31 March 2004 was 32 days (2002 : 23 days).

## **The Expanded Piling Company Limited**

### **Directors' Report (continued) for the 15 months ended 31 March 2004**

#### **Directors and their Interests**

The current membership of the board is as set out on the directors, officers and advisors page. None of the directors has an interest in the shares of the company. The interests of the directors in the shares of O'Rourke Investments Plc are shown in the accounts of that company. Details of appointments to and resignations from the Board during the year are noted below:

R G O'Rourke	- appointed 21 May 2003	K F Bates	- resigned 21 May 2003
B Dye	- appointed 21 May 2003	R Markham	- resigned 28 February 2004
D A Johnson	- appointed 26 June 2003		

#### **Statement of Directors' Responsibilities for the Annual Report**

Company law in the United Kingdom 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 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 United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

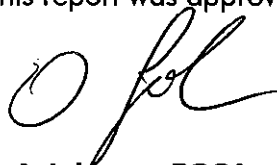
The Directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

#### **Auditors**

On 21 May 2003, KPMG Audit Plc resigned as auditors having stated that there were no circumstances connected with their resignation which they considered should be brought to the attention of the shareholders and creditors of the company. The directors appointed RSM Robson Rhodes LLP to fill the vacancy and in accordance with section 385 of the Companies Act 1985, a resolution for their appointment is to be proposed at the forthcoming Annual General Meeting.

#### **Approval**

This report was approved by the Board on 8 July 2004 and signed on its behalf by



**D A Johnson FCCA**  
Director

## **The Expanded Piling Company Limited**

### **Independent Auditors' Report to the Shareholders of The Expanded Piling Company Limited**

We have audited the financial statements on pages 5 to 15.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of Directors and Auditors**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards as 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 and other members of the group 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 affairs of the Company as at 31 March 2004 and of the Company profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*RSM Robson Rhodes LLP*

**RSM Robson Rhodes LLP**  
**Chartered Accountants and Registered Auditors**  
**London, England**

*8 July 04*

# The Expanded Piling Company Limited

## Profit & Loss Account for the 15 months ended 31 March 2004

	Notes	15 months ended 31 March 2004 £'000	12 months ended 31 December 2002 £'000
<b>Turnover</b>	1	22,430	17,857
Cost of sales		(19,247)	(16,866)
<b>Gross profit</b>		<b>3,183</b>	991
Administrative expenses		(968)	(1,882)
<b>Operating profit/(loss)</b>	2	<b>2,215</b>	(891)
Interest receivable and similar income	3	43	69
Interest payable and similar charges	4	(35)	(30)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>2,223</b>	(852)
Taxation	6	(603)	280
<b>Retained profit/(loss) for the period</b>		<b>1,620</b>	(572)

All items in the profit and loss account relate to continuing operations.

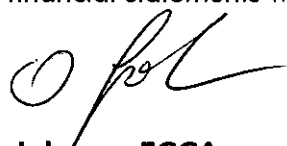
All gains and losses are recognised in the profit and loss account.

# The Expanded Piling Company Limited

## Balance Sheet as at 31 March 2004

		31 March 2004		31 December 2002	
		£'000	£'000	£'000	£'000
	Note				
<b>Fixed Assets</b>					
Tangible assets	7		1,767		1,920
Investments	8		-		85
			<u>1,767</u>		<u>2,005</u>
<b>Current Assets</b>					
Stock and work in progress	9	25		99	
Debtors: amounts falling due within one year	10	4,306		4,076	
Cash at Bank and in hand		4,102		1,106	
		<u>8,433</u>		<u>5,281</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(7,908)</u>		<u>(6,545)</u>	
<b>Net Current Assets/(Liabilities)</b>			<u>525</u>		<u>(1,264)</u>
<b>Total Assets Less Current Liabilities</b>			<u>2,292</u>		<u>741</u>
<b>Creditors: amounts falling due after more than one year</b>	12		-		(90)
<b>Provisions for liabilities and charges</b>	13		<u>(32)</u>		<u>(11)</u>
<b>Net Assets</b>			<u><u>2,260</u></u>		<u><u>640</u></u>
<b>Capital and Reserves</b>					
Called up share capital	14		48		48
Share premium account	15		84		84
Other reserves	15		5		5
Profit and loss account	15		2,123		503
<b>Equity Shareholders' Funds</b>	15		<u><u>2,260</u></u>		<u><u>640</u></u>

The financial statements were approved by the Board on 8 July 2004 and signed on its behalf by



**D A Johnson FCCA**  
Group Finance Director



# **The Expanded Piling Company Limited**

## **Notes to Financial Statements for the 15 months ended 31 March 2004**

### **1 ACCOUNTING POLICIES**

#### **1.1 Basis of preparation of accounts**

These financial statements are prepared in accordance with applicable accounting standards under the historical cost convention in accordance with reporting requirements of the Companies Act 1985. The company has consistently applied all relevant accounting standards.

The company has taken the FRS1 exemption not to prepare a cashflow statement as it is a wholly owned subsidiary of O'Rourke Investments Plc.

#### **1.2 Turnover**

Turnover represents amounts invoiced to customers, excluding value-added tax, except in respect of contracting activities where turnover represents the estimated sales value of work done in the year, including amounts not invoiced. All turnover is generated from the United Kingdom.

#### **1.3 Profit recognition**

Profit on contracting activities is taken as work progresses. Profit is calculated on an individual contract basis as the element of profit forecast at completion that can prudently be attributed to the proportion of work done at the year end. Immediate provision is made for all foreseeable losses if a contract is assessed as unprofitable.

#### **1.4 Tangible fixed assets and depreciation**

Depreciation is provided evenly on the cost, or valuation where appropriate, of fixed assets at rates that are estimated to bring the assets to their residential values at the end of their anticipated useful lives.

Freehold buildings	- 50 years
Plant and machinery	- 4 to 8 years
Vehicles	- 4 years

#### **1.5 Leasing**

Assets held under finance and hire purchase contracts are included in the balance sheet and depreciated in accordance with the group's normal accounting policy for tangible fixed assets. The present value of future rentals is shown as a liability in the balance sheet. The interest element of rental obligations is charged to profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the profit and loss account as incurred.

# **The Expanded Piling Company Limited**

## **Notes to Financial Statements for the 15 months ended 31 March 2004**

### **1 ACCOUNTING POLICIES (Cont'd.)**

#### **1.6 Stock and work in progress**

Stock is valued at the lower of cost and net realisable value.

#### **1.7 Long-term contracts**

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provisions for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

#### **1.8 Pension costs**

The Group operates a defined contribution pension scheme for staff and directors. The pensions costs for these schemes represent contributions payable by the Group for the period.

#### **1.9 Deferred taxation**

The payment of taxation is deferred or accelerated because of timing differences in the treatment of certain items for taxation and accounting purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS19. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

In accordance with FRS19 deferred tax is not provided for :

- revaluation gains on land and buildings, unless there is a binding agreement to sell them at the balance sheet date;
- gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over;
- extra tax payable if the overseas retained profits of subsidiaries and associates are remitted in future;
- fair value adjustment gains to fixed assets and stock to uplift prices to those ruling when an acquisition is made.

#### **1.10 Foreign currencies**

Translations into sterling are made at the average of rates ruling throughout the year for profit and loss items and at the rates ruling at 31 March 2004 for assets and liabilities.

Exchange differences arising in the ordinary course of trading are reflected in the profit and loss account.

# The Expanded Piling Company Limited

## Notes to Financial Statements for the 15 months ended 31 March 2004

	15 months ended	12 months ended
<b>2 Operating profit/(loss)</b>	<b>31 March</b>	<b>31 December</b>
	<b>2004</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>

**Operating profit/(loss) is stated after charging:**

Depreciation of tangible assets	431	268
Hire of plant and machinery	1,621	2,245
Hire of other assets	86	187
Auditors remuneration	-	12
	<u>431</u>	<u>268</u>

The audit fee and administrative expenses of the company together with those of certain other R O'Rourke & Son Limited subsidiaries have been recorded in Laing O'Rourke Services Limited and recharged to the relevant companies at the year end via a management charge.

	15 months ended	12 months ended
<b>3 Interest receivable and similar income</b>	<b>31 March</b>	<b>31 December</b>
	<b>2004</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>

Bank interest	43	27
Other interest	-	42
	<u>43</u>	<u>69</u>

	15 months ended	12 months ended
<b>4 Interest payable and similar charges</b>	<b>31 March</b>	<b>31 December</b>
	<b>2004</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>

On other loans wholly repayable within five years	25	30
Other interest	10	-
	<u>35</u>	<u>30</u>

# **The Expanded Piling Company Limited**

## **Notes to Financial Statements for the 15 months ended 31 March 2004**

### **5 Employees and Directors**

	<b>15 months ended 31 March 2004</b>	<b>12 months ended 31 December 2002</b>
<b>Number of employees</b>		
The average monthly number of employees during the period were:	<u><b>122</b></u>	<u><b>152</b></u>
	<b>15 months ended 31 March 2004</b>	<b>12 months ended 31 December 2002</b>
<b>Aggregate remuneration and related costs:</b>	<b>£'000</b>	<b>£'000</b>
<b>Wages and salaries</b>	<b>2,104</b>	<b>4,079</b>
<b>Social security</b>	<b>125</b>	<b>328</b>
<b>Other pension costs</b>	<b>864</b>	<b>226</b>
	<u><b>3,093</b></u>	<u><b>4,633</b></u>

The directors working on the company's contracts are employed by a fellow subsidiary undertaking, Laing O'Rourke Services Limited. Costs for directors are recharged on the basis of time spent on the company's contracts and these costs are included in cost of sales or administrative expenses as appropriate.

# The Expanded Piling Company Limited

## Notes to Financial Statements for the 15 months ended 31 March 2004

6 Taxation	15 months ended 31 March 2004 £'000	12 months ended 31 December 2002 £'000
<b>United Kingdom corporation tax</b>		
Current tax on income for the period	677	(291)
Adjustments in respect of prior periods	(95)	-
<b>Current taxation</b>	<u>582</u>	<u>(291)</u>
<b>Deferred taxation</b>		
Net origination / (reversal) of timing differences	16	11
Adjustments in respect of prior periods	5	-
<b>Tax on profit/(loss) on ordinary activities</b>	<u>603</u>	<u>(280)</u>
 <b>Current tax reconciliation</b>		
Profit/(loss) on ordinary activities before tax	<u>2,223</u>	<u>(852)</u>
 Theoretical tax at UK corporation tax rate of 30% (2003:30%)	667	(256)
Effects of :		
- accelerated capital allowances	(17)	(13)
- other timing differences	1	2
- expenditure that is not tax deductible	1	6
- reversal of assets not previously recognised	-	(30)
- depreciation on non qualifying assets	24	-
- adjustments in respect of prior periods	(95)	-
- other adjustments	1	-
<b>Actual current taxation charge</b>	<u>582</u>	<u>(291)</u>

# The Expanded Piling Company Limited

## Notes to Financial Statements for the 15 months ended 31 March 2004

### 7 Tangible fixed assets

	Freehold Land & Buildings	Vehicles, Plant and Machinery	Total
Cost/ valuation	£'000	£'000	£'000
At 1 January 2003	928	4,200	5,128
Additions	-	278	278
Disposals	-	(46)	(46)
<b>At 31 March 2004</b>	<b>928</b>	<b>4,432</b>	<b>5,360</b>
<b>Depreciation</b>			
At 1 January 2003	135	3,073	3,208
On disposals	-	(46)	(46)
Charge for the period	103	328	431
<b>At 31 March 2004</b>	<b>238</b>	<b>3,355</b>	<b>3,593</b>
<b>Net book values</b>			
<b>At 31 March 2004</b>	<b>690</b>	<b>1,077</b>	<b>1,767</b>
At 31 December 2002	793	1,127	1,920

Included above are assets held under finance leases with a total net book value of £368,049 (2002: £326,015).

### 8 Fixed asset investments

	Subsidiary Undertakings Shares £'000
At 1 January 2003	85
Disposals	(85)
<b>At 31 March 2004</b>	<b>-</b>

### 9 Stock and work in progress

	31 March 2004 £'000	31 December 2002 £'000
Raw materials and consumables	25	99

# **The Expanded Piling Company Limited**

## **Notes to Financial Statements for the 15 months ended 31 March 2004**

### **10 Debtors**

	<b>31 March 2004 £'000</b>	<b>31 December 2002 £'000</b>
<b>Amounts falling due within one year</b>		
Trade debtors	1,530	-
Amounts recoverable on long-term contracts	1,861	3,247
Amounts owed by group undertakings	915	515
Prepayments and accrued income	-	23
Other debtors	-	291
	<u><b>4,306</b></u>	<u><b>4,076</b></u>

### **11 Creditors : amounts falling due within one year**

	<b>31 March 2004 £'000</b>	<b>31 December 2002 £'000</b>
Net obligations under finance leases	144	123
Payments on account	88	-
Trade and subcontractor creditors	1,059	911
Amounts owed to group undertakings	1,082	3,281
Corporation tax	389	-
Other taxes and social security costs	54	192
Subcontractor accruals and retentions	-	-
Accruals	1,581	1,991
Other creditors	3,511	47
	<u><b>7,908</b></u>	<u><b>6,545</b></u>

**The Expanded Piling Company Limited**  
**Notes to Financial Statements**  
**for the 15 months ended 31 March 2004**

**12 Creditors : amounts falling due after more than one year**

	<b>31 March 2004 £'000</b>	<b>31 December 2002 £'000</b>
Net obligations under finance leases	-	90
	<u>-</u>	<u>90</u>
<b>Net obligations under finance leases</b>		
Repayable within one year	144	123
Repayable between one and two years	-	90
	<u>144</u>	<u>213</u>

**13 Provisions for liabilities and charges**

<b>Deferred taxation</b>	<b>£'000</b>
At 1 January 2003	11
Transferred to profit and loss account	21
<b>At 31 March 2004</b>	<u><b>32</b></u>

Deferred tax comprises:

Deferred tax comprises:	Amount provided	
	31 March 2004 £'000	31 December 2002 £'000
Accelerated capital allowances	35	13
Other timing differences	(3)	(2)
	<u>32</u>	<u>11</u>

**14 Share capital**

	<b>31 March 2004 £'000</b>	<b>31 December 2002 £'000</b>
<b>Authorised equity</b>		
95,275 ordinary shares of £1 each	95	95
4,725 preference shares of £1 each	5	5
	<u>100</u>	<u>100</u>
<b>Allotted, called up and fully paid equity</b>		
47,830 ordinary shares of £1 each	<u>48</u>	<u>48</u>



# The Expanded Piling Company Limited

## Notes to Financial Statements for the 15 months ended 31 March 2004

### 15 Reconciliation of movements in equity shareholders' funds

	Share capital £'000	Share premium £'000	Other reserves £'000	Profit and loss account £'000	Total 2004 £'000
Opening shareholders' funds	48	84	5	503	640
Profit for the year	-	-	-	1,620	1,620
Closing shareholders' funds	<u>48</u>	<u>84</u>	<u>5</u>	<u>2,123</u>	<u>2,260</u>

### 16 Financial commitments

As at 31 March 2004 the Company had annual commitments under non-cancellable operating leases as follows:

	Others	
	31 March 2004 £'000	31 December 2002 £'000
Expiry date:		
Within one year	25	2
Between one and five years	12	43
	<u>37</u>	<u>45</u>

### 17 Capital commitments

Capital commitments at 31 March 2004 are £ nil (2002: £38,380).

### 18 Related party transactions

As a wholly owned subsidiary of O'Rourke Investments Plc, the Company has taken advantage of the exemption under Financial Reporting Standard 8 not to provide information on related party transactions with other undertakings within the O'Rourke Investments Plc Group.

### 19 Ultimate parent undertaking

The company's ultimate parent is O'Rourke Investments Plc, a company registered in England and Wales. Copies of consolidated parent company accounts are available from the Registrar of Companies on payment of the appropriate fee. O'Rourke Investments Plc is the largest group of undertakings for which group accounts are prepared.