

KILLBY & GAYFORD LIMITED

REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2001

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KILLBY & GAYFORD LIMITED

REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2001

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

T L Smith (Chairman)
C J Chivers (Managing Director)
R B Adcock
C A Boyle
S Howe
J P H Vickers
T W Warton

SECRETARY

G Williams Hamer

REGISTERED OFFICE

Osborne House
9-11 Macaulay Road
London SW4 0QP

AUDITORS

Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR

KILLBY & GAYFORD LIMITED

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2001.

BUSINESS REVIEW

The activities of the Company during the year were those of building, electrical, mechanical, joinery, metalwork and security contractors.

Following completion of the restructuring of the Company, 2001 was a year of consolidation, with a modest increase in turnover to £51,794,971 producing a profit before tax of £2,279,204. During the year the management structure was strengthened in preparation for opportunities anticipated to arise as a result of known client investment programmes. Significant growth is a key objective for 2002/03.

The Company continues to attract a high degree of repeat business and has as a result, despite the continuing competitive environment, secured a substantial order book, which enables it to look forward progressively and with confidence.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £1,602,750 (2000 – £2,698,608). The directors recommend that a dividend of £57.50 per ordinary share be paid (2000 – £98.76).

DIRECTORS AND THEIR INTERESTS

The members of the Board during the year are shown on page 1.

None of the directors had an interest in the Company's shares during the year. T L Smith, C J Chivers and J P H Vickers are also directors of Killby & Gayford Group Limited, the ultimate parent company, and their interests in the share capital of that company are shown in that company's Report and Financial Statements. The interests of the remaining directors of Killby & Gayford Limited in the share capital of Killby & Gayford Group Limited are shown below:

	31 December 2001 £1 Ordinary Shares	1 January 2001 £1 Ordinary Shares
C A Boyle	34,500	34,500
S Howe	34,500	34,500
T W Warton	34,500	34,500

None of the directors had any interest in the shares of other Group companies.

HEALTH AND SAFETY AT WORK ACT 1974

During the year the Health and Safety Policy Statement was reviewed in the light of current best practice and in line with the Health & Safety initiative, "Revitalising Health & Safety".

Sites, works and offices have been regularly inspected by the London Building Safety Group Limited, which continues to act as safety advisers on behalf of the Company.

The Company continued to pursue a policy of promoting greater awareness of health and safety with directors, staff and subcontractors attending safety seminars and training courses during the year.

EMPLOYMENT POLICIES

It is Company policy to provide equal employment opportunities for all, based on merit, free from discrimination. The Company gives high priority to career development and promotion and provides appropriate training opportunities for all employees, including those who may become disabled.

In communicating with its employees the Company seeks to be open and fair. Employees are consulted on issues which affect their interests and are informed of significant economic, financial or strategic developments affecting the performance of the business through meetings, or the circulation of memoranda and company newsletters.

All employees, who are not entitled to overtime payments, are incentivised through participation in profit sharing.

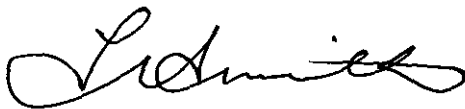
KILLBY & GAYFORD LIMITED

DIRECTORS' REPORT (Continued)

AUDITORS

At an Extraordinary General Meeting held on 16 December 1994, the Company adopted a resolution under the terms of Section 379A, Companies Act 1985 (as amended) to take advantage of procedural relaxations permitted by that provision. Accordingly, no Annual General Meeting is to be held, the financial statements will not be laid before the members and the auditors, Deloitte & Touche, will continue to hold office without the necessity to seek re-election.

Approved by the Board of Directors
and signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'T L Smith', written in a cursive style.

T L Smith
Chairman
26 April 2002

KILLBY & GAYFORD LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year 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; and
- 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 the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KILLBY & GAYFORD LIMITED

We have audited the financial statements of Killby & Gayford Limited for the year ended 31 December 2001 which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

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 United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.


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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditors

Hill House
1 Little New Street
London EC4A 3TR

26 April 2002

KILLBY & GAYFORD LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2001

	Note	2001 £	2000 £
TURNOVER	1	51,794,971	49,739,976
Cost of sales		(41,295,770)	(40,384,965)
Gross profit		10,499,201	9,355,011
Administrative expenses		(8,219,997)	(5,488,635)
OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	2,279,204	3,866,376
Tax charge on profit on ordinary activities	5	(676,454)	(1,167,768)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,602,750	2,698,608
Equity dividends	6	(1,150,000)	(1,975,271)
Retained profit for the year		452,750	723,337
Retained profit brought forward		3,335,733	2,612,396
Retained profit carried forward		3,788,483	3,335,733

There are no recognised gains or losses for the current and preceding financial year other than as stated in the profit and loss account.

Administrative expenses for 2001 include costs charged to Killby & Gayford Group Limited in 2000.

KILLBY & GAYFORD LIMITED

BALANCE SHEET 31 December 2001

	Note	2001 £	2000 £
CURRENT ASSETS			
Stocks	7	932,759	754,805
Debtors	8	22,794,009	25,746,116
Cash at bank and in hand		100,754	636,530
		<u>23,827,522</u>	<u>27,137,451</u>
CREDITORS: amounts falling due within one year	9	(20,034,039)	(23,796,718)
NET CURRENT ASSETS		<u>3,793,483</u>	<u>3,340,733</u>
CAPITAL AND RESERVES			
Called up share capital	10	5,000	5,000
Profit and loss account		<u>3,788,483</u>	<u>3,335,733</u>
EQUITY SHAREHOLDERS' FUNDS		<u>3,793,483</u>	<u>3,340,733</u>

These financial statements were approved by the Board of Directors on 26 April 2002.

Signed on behalf of the Board of Directors



T L Smith
Director



J P H Vickers
Director

KILLBY & GAYFORD LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2001

1. ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the company's accounts.

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Long term contracts

Long term contract balances are stated at cost, plus where the outcome can be assessed with reasonable certainty, estimated profits attributable to the stage of completion, less provision for any known or expected losses and progress payments receivable on account and are included as amounts recoverable on contracts under debtors.

Advance and progress payments are included under creditors to the extent that they exceed the related long term contract balances.

Turnover

Turnover is the amount of accounts rendered (excluding value added tax) after adjusting for the value of work in progress at the beginning and the end of the year.

Pensions

Payments are made on behalf of various employees to money purchase pension schemes. These payments are charged to the profit and loss account as they fall due.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2001 £	2000 £
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration – audit services	36,238	32,428
Management charge payable to the parent company	872,595	804,316

KILLBY & GAYFORD LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2001

3. DIRECTORS' EMOLUMENTS

	2001 £	2000 £
Total directors' emoluments as executives including benefits in kind	475,810	492,121
Pension contributions	86,525	90,305
	<u>562,335</u>	<u>582,426</u>
Highest paid director:	£	£
Remuneration	131,669	138,966
Pension contributions	7,102	13,762
	<u>138,771</u>	<u>152,728</u>

Three other directors accrued benefits under defined contribution pension schemes (2000 – three).

4. PARTICULARS OF EMPLOYEES

The average number of persons employed by the company (including directors) during the year was:

Category	2001 No.	2000 No.
Production	166	117
Administration and management	104	106
	<u>270</u>	<u>223</u>
Their total remuneration was:	£	£
Wages, salaries and bonus	8,355,310	6,470,200
Social security costs	852,527	694,810
Other pension costs	136,939	75,827
	<u>9,344,776</u>	<u>7,240,837</u>

The Killby & Gayford Group contributes to a number of defined contribution pension schemes. The assets of these schemes are held independently from those of the group and are independently administered. The costs incurred on behalf of the employees of the company are shown above under 'other pension costs'.

5. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
UK corporation tax at 30% (2000 – 30%)	477,740	691,455
Group relief	221,651	477,675
Prior year overprovision	(22,937)	(1,362)
	<u>676,454</u>	<u>1,167,768</u>

KILLBY & GAYFORD LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2001

6. DIVIDENDS

	2001 £	2000 £
On ordinary shares – final proposed £57.50 per share (2000 – £98.76p per share)	<u>1,150,000</u>	<u>1,975,271</u>

7. STOCKS

	2001 £	2000 £
Raw materials and consumables	<u>932,759</u>	<u>754,805</u>

8. DEBTORS

	2001 £	2000 £
Amounts recoverable on contracts	11,796,316	12,719,813
Trade debtors	2,133,169	1,495,584
Amounts owed by group undertakings	8,532,798	11,419,312
Other debtors	<u>331,726</u>	<u>111,407</u>
	<u>22,794,009</u>	<u>25,746,116</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Bank overdraft	615,864	-
Trade creditors	9,867,640	10,748,352
Amounts owed to group undertakings	7,977,344	10,487,181
Corporation tax	175,740	555,455
Proposed dividends	1,150,000	1,975,271
Other creditors	<u>247,451</u>	<u>30,459</u>
	<u>20,034,039</u>	<u>23,796,718</u>

10. CALLED UP SHARE CAPITAL

	2001 £	2000 £
Authorised:		
20,000 ordinary shares of 25p each	<u>5,000</u>	<u>5,000</u>
Called up, allotted and fully paid:		
20,000 ordinary shares of 25p each	<u>5,000</u>	<u>5,000</u>

KILLBY & GAYFORD LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2001**

11. RELATED PARTY TRANSACTIONS

No related party transactions have been disclosed between this company and the other group companies as permitted by Section 17 of the Financial Reporting Standard No. 8 – Related Party Disclosures. The names of the other group companies are shown in the accounts of Killby & Gayford Group Limited.

12. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking and controlling party is Killby & Gayford Group Limited, a company incorporated in Great Britain and registered in England and Wales.

Killby & Gayford Group Limited is the parent undertaking of the largest group, of which Killby & Gayford Limited is a member and for which group accounts are drawn up. Copies of these group accounts have been delivered to, and are available from, the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

Killby & Gayford (Holdings) Limited is the parent undertaking of the smallest group of which Killby & Gayford Limited is a member and for which group accounts are drawn up. Copies of those accounts are available from the above address.