

986181

J. MURPHY & SONS (CONTRACTORS) LIMITED

DIRECTORS' REPORT & ACCOUNTS

YEAR ENDED 31ST DECEMBER, 2002



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J. MURPHY & SONS (CONTRACTORS) LIMITEDREPORT OF THE DIRECTORS

The directors present their annual report together with the audited accounts of the company for the year ended 31st December, 2002.

RESULTS

The profit for the year before taxation amounted to £1,522,039. The profit after taxation and dividends transferred to reserves amounted to £52,939.

DIVIDENDS

The directors propose a dividend of £1,000,000.

PRINCIPAL ACTIVITY

The principal activity of the company during the year continued to be that of civil engineering and building and no significant changes are anticipated.

DIRECTORS

The directors who have served during the year were:-

J. Murphy (Chairman)
E. Murphy
M. O'Connell

The directors have no interests in the company's shares.

Approved by the Board on 14th October 2003 and signed on its behalf



- SECRETARY

J. MURPHY & SONS (CONTRACTORS) LIMITEDNO. OF COMPANY - 986181YEAR ENDED 31ST DECEMBER, 2002DIRECTORS' 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 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:-

- (i) Select suitable accounting policies and apply them consistently.
- (ii) State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- (iii) Make judgements and estimates that are reasonable and prudent.
- (iv) 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF J. MURPHY & SONS (CONTRACTORS) LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 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 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.

J. MURPHY & SONS (CONTRACTORS) LIMITEDNO. OF COMPANY - 986181YEAR ENDED 31ST DECEMBER, 2002Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual 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 the Directors' Report and consider the implications for our report if we become aware of any apparent mis-statements within it.

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 mis-statement, 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 at 31st December, 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

APEX HOUSE,
GRAND ARCADE,
NORTH FINCHLEY,
LONDON. N12 0EJ.

- Newton & Garner -
CHARTERED ACCOUNTANTS
REGISTERED AUDITOR
DATE: 16th October, 2003

J. MURPHY & SONS (CONTRACTORS) LIMITEDPROFIT AND LOSS ACCOUNTYEAR ENDED 31ST DECEMBER, 2002

	<u>Notes</u>	<u>2002</u>	<u>2001</u>
<u>TURNOVER</u>	2	15,111,624	18,681,559
<u>OPERATING COSTS</u>	3	13,589,585	17,292,295
		-----	-----
<u>OPERATING PROFIT</u>	4	1,522,039	1,389,264
Tax on profit on ordinary activities	7	469,100	428,500
		-----	-----
<u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u>		1,052,939	960,764
<u>DIVIDENDS</u>		1,000,000	800,000
		-----	-----
<u>RETAINED PROFIT FOR THE YEAR</u>		£52,939	£160,764
		=====	=====

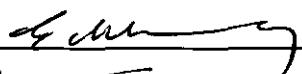
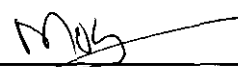
NOTES

1. All operations of the company during the current and preceding year are continuing operations.
2. There are no gains or losses recognised which are attributable to shareholders and which are not included in the profit and loss account.

J. MURPHY & SONS (CONTRACTORS) LIMITEDBALANCE SHEETAT 31ST DECEMBER, 2002

	<u>Notes</u>	<u>2002</u>	<u>2001</u>
<u>CURRENT ASSETS</u>			
Stocks and work in progress	8	295,745	797,868
Debtors	9	1,981,544	4,052,249
		-----	-----
		2,277,289	4,850,117
<u>CREDITORS</u>			
Amounts falling due within one year	10	2,192,738	4,818,505
		-----	-----
<u>NET CURRENT ASSETS</u>		£84,551	£31,612
		=====	=====
<u>CAPITAL AND RESERVES</u>			
Called up share capital	11	100	100
Profit and loss account	12	84,451	31,512
		-----	-----
		£84,551	£31,612
		=====	=====

Approved by the Board on 14th October, 2003 and signed on its behalf



) DIRECTORS
)
)

J. MURPHY & SONS (CONTRACTORS) LIMITEDNOTES TO THE ACCOUNTS1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the company's accounts:-

Basis of accounting

The accounts have been prepared under the historical cost convention.

Stocks and Work in progress

Short term contracts are valued at the lower of cost and net realisable value.

Long term contracts are valued at cost plus attributable profit including, where appropriate, prudent estimates of realisable claims, less anticipated future losses to completion. Cash received on account has been deducted to show amounts recoverable on contracts which are included as debtors. Where cash received exceeds valuation, the balance is included as creditors.

Taxation

The charge for taxation is based on the profit for the year at a rate of 30%.

Cash flow statement

The company has taken advantage of the exemption in FRS 1 from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary and is included in the publicly available consolidated financial statements.

Pension costs

This company is a member of holding company group schemes and the pension costs are based on the pension costs across the group as a whole. Contributions to the defined benefit scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group.

Contributions to the group's defined contribution schemes are charged to the profit and loss account as they fall due.

Accounting standards

The accounts comply with all Statements of Standard Accounting Practice (SSAPs) and Financial Reporting Standards (FRSs) in so far as they are material to these accounts.

J. MURPHY & SONS (CONTRACTORS) LIMITEDNOTES TO THE ACCOUNTS**2. TURNOVER**

Turnover represents the value of construction work executed during the year, exclusive of value added tax.

3. OPERATING COSTS

	<u>2002</u>	<u>2001</u>
Raw materials	2,236,551	3,242,925
Other external charges	4,043,710	4,331,313
Staff costs	5,500,840	7,457,453
Other operating charges	1,808,484	2,260,604
	-----	-----
	£13,589,585	£17,292,295
	=====	=====

4. OPERATING PROFIT

Operating profit is stated after charging:-

Auditors' remuneration	7,500	7,500
Hire of plant & machinery	1,306,810	1,895,162
	=====	=====

5. EMPLOYEES

The average number of employees during the year was 188 (2001: 248) made up as follows:-

Management	3	4
Production	170	229
Administration	15	15
	---	---
	188	248
	===	===

Staff costs are analysed as follows:-

Wages & salaries	4,966,576	6,754,514
Social security costs	441,925	612,974
Pension costs	92,339	89,965
	-----	-----
	5,500,840	£7,457,453
	=====	=====

J. MURPHY & SONS (CONTRACTORS) LIMITEDNOTES TO THE ACCOUNTS**6. PENSION COSTS**

The group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held in trustee administered funds separately from those of the group. This company is unable to identify its share of the underlying assets and liabilities of the group scheme.

Pension contributions are based on advice by an independent qualified actuary on the basis of triennial valuations using the projected unit credit method. The most recent valuation was at 1st June, 2001. This valuation showed that the market value of the scheme's assets was £20,753,000 and that the actuarial value of these assets represented 91% of the benefits that had accrued to members after allowing for expected future increases in earnings.

The deficit is expected to be eliminated over the average remaining working lives of employees by way of employer contributions at a level of 11.9% of pensionable salaries.

The particulars of the actuarial valuation of the group scheme are contained in the financial statements of J. Murphy & Sons Ltd., the group holding company.

In addition the group operates two defined contribution pension schemes for the benefit of employees.

20022001**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

U.K. Corporation tax at 30% (2001 - 30%)	£469,100	£428,500
	=====	=====

The tax assessed for the period is higher than the standard rate of corporation tax for the period.
The difference is explained below:-

Profit on ordinary activities before taxation	£1,522,039	£1,389,264
	=====	=====

Profit on ordinary activities at the applicable rate of corporation tax of 30% (2001 - 30%)	456,612	416,779
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Effects of:

Expenses not deductible for tax purposes	12,488	11,721
	-----	-----
<u>Current tax charge</u>	£469,100	£428,500
	=====	=====

8. STOCKS AND WORK IN PROGRESS

Work in progress is stated as follows:-

Valuation	£295,745	£797,868
	=====	=====

J. MURPHY & SONS (CONTRACTORS) LIMITEDNOTES TO THE ACCOUNTS

	<u>2002</u>	<u>2001</u>
9. DEBTORS		
Trade debtors	1,931,192	4,011,968
Amounts owed by group companies	22,929	4,710
Prepayments	27,423	35,571
	-----	-----
	£1,981,544	£4,052,249
	=====	=====
All debtors fall due within one year.		
10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade creditors	548,228	1,218,300
Amounts owed to group companies	1,882	2,069,971
Taxation & social security	547,518	655,270
Accruals	95,110	74,964
Proposed dividend	1,000,000	800,000
	-----	-----
	£2,192,738	£4,818,505
	=====	=====
11. CALLED UP SHARE CAPITAL		
<u>Authorised, issued & fully paid</u>		
100 Ordinary shares of £1 each	£100	£100
	===	===
12. PROFIT AND LOSS ACCOUNT		
Balance at 1st January, 2002	31,512	(129,252)
Retained profit for the year	52,939	160,764
	-----	-----
<u>Balance at 31st December, 2002</u>	<u>£84,451</u>	<u>£31,512</u>
	=====	=====
13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS		
Balance at 1st January, 2002	31,612	(129,152)
Profit for the financial year	1,052,939	960,764
	-----	-----
	1,084,551	831,612
<u>Less: Dividends:</u>		
Ordinary shares of £1 each	1,000,000	800,000
	-----	-----
<u>Balance at 31st December, 2002</u>	<u>£84,551</u>	<u>£31,612</u>
	=====	=====

J. MURPHY & SONS (CONTRACTORS) LIMITEDNOTES TO THE ACCOUNTS14. CONTINGENT LIABILITIES

This company's bankers hold composite guarantees for the banking facilities of parent and fellow subsidiary companies for which no provision has been made in the accounts.

There are contingent liabilities in respect of guarantees, agreements related to construction and other agreements entered into in the ordinary course of business for which no provision has been made in the accounts.

There are claims arising in the normal course of trading, which are in the process of settlement and in some cases may involve litigation. Provision has been made in these accounts for all amounts which the directors consider will become payable on account of such claims.

15. RELATED PARTY TRANSACTIONS

The only transactions with related parties during the year are with fellow group companies.

The company has taken advantage of the exemption in Financial Reporting Standard No. 8 and has not disclosed details of transactions with these group companies.

16. ULTIMATE HOLDING COMPANY

The holding company is Drilton Limited, incorporated in England.

The directors regard Maryland Limited, incorporated in the Isle of Man, as the company's ultimate holding company. Maryland Limited is controlled by a Murphy family trust.