

986181

J. MURPHY & SONS (CONTRACTORS) LIMITED

DIRECTORS' REPORT & ACCOUNTS

YEAR ENDED 31ST DECEMBER, 2001



A47
COMPANIES HOUSE

AD3LQFIY

0432
31/10/02

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, 2001.

RESULTS

The profit for the year before taxation amounted to £1,389,264. The profit after taxation and dividends transferred to reserves amounted to £160,764.

DIVIDENDS

The directors propose a dividend of £800,000.

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.


EMPLOYMENT POLICIES

The company depends on the skills and commitment of its employees in order to achieve its objectives. Company staff at every level are encouraged to make their fullest possible contribution to the company.

The company's selection, training, development and promotion policies are designed to ensure equal opportunities for all employees regardless of gender, marital status, race, age or disability.

Employees are encouraged to become involved in the financial performance of the company via regular liaison and contact with their superiors.

Approved by the Board on 3rd October 2002 and signed on its behalf

 - SECRETARY

J. MURPHY & SONS (CONTRACTORS) LIMITEDNO. OF COMPANY - 986181YEAR ENDED 31ST DECEMBER, 2001DIRECTORS' 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.

Respective 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 above.

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.

J. MURPHY & SONS (CONTRACTORS) LIMITEDNO. OF COMPANY - 986181YEAR ENDED 31ST DECEMBER, 2001Basis of opinion

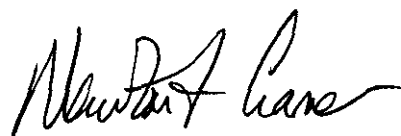
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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, 2001 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.



CHARTERED ACCOUNTANTS
REGISTERED AUDITOR
DATE: 30th October 2002

J. MURPHY & SONS (CONTRACTORS) LIMITEDPROFIT AND LOSS ACCOUNTYEAR ENDED 31ST DECEMBER, 2001

	<u>Notes</u>	<u>2001</u>	<u>2000</u>
<u>TURNOVER</u>	2	18,681,559	22,691,629
<u>OPERATING COSTS</u>	3	17,292,295 -----	21,552,122 -----
<u>OPERATING PROFIT</u>	4	1,389,264	1,139,507
Tax on profit on ordinary activities	7	428,500 -----	356,221 -----
<u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u>		960,764	783,286
<u>DIVIDENDS</u>		800,000 -----	- -----
<u>RETAINED PROFIT FOR THE YEAR</u>		£160,764 =====	£783,286 =====

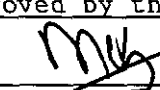
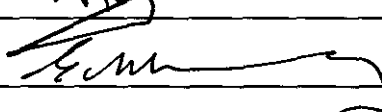
NOTES

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, 2001

	<u>Notes</u>	<u>2001</u>	<u>2000</u>
<u>CURRENT ASSETS</u>			
Stocks and work in progress	8	797,868	2,456,532
Debtors	9	4,052,249	3,724,975
		-----	-----
		4,850,117	6,181,507
<u>CREDITORS</u>			
Amounts falling due within one year	10	4,818,505	6,310,659
		-----	-----
<u>NET CURRENT ASSETS/(LIABILITIES)</u>		£31,612	£(129,152)
		=====	=====
<u>CAPITAL AND RESERVES</u>			
Called up share capital	11	100	100
Profit and loss account	12	31,512	(129,252)
		-----	-----
		£31,612	£(129,152)
		=====	=====

Approved by the Board on 3rd October 2002 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

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

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

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>2001</u>	<u>2000</u>
Raw materials	3,242,925	4,080,150
Other external charges	4,331,313	5,972,427
Staff costs	7,457,453	8,386,793
Other operating charges	2,260,604	3,112,752
	-----	-----
	£17,292,295	£21,552,122
	=====	=====

4. OPERATING PROFIT

Operating profit is stated after charging:-

Auditors' remuneration	7,500	7,500
Hire of plant & machinery	1,895,162	2,552,008
	=====	=====

5. EMPLOYEES

The average number of employees during the year was 248 (2000: 318) made up as follows:-

Management	4	5
Production	229	295
Administration	15	18
	---	---
	248	318
	==	==

Staff costs are analysed as follows:-

Wages & salaries	6,754,514	7,607,128
Social security costs	612,974	692,191
Other pension costs	89,965	87,474
	-----	-----
	£7,457,453	£8,386,793
	=====	=====

J. MURPHY & SONS (CONTRACTORS) LIMITEDNOTES TO THE ACCOUNTS6. 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 protected 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.

200120007. TAX ON PROFIT ON ORDINARY ACTIVITIES

U.K. Corporation tax at 30% (2000 - 30%)	£428,500	£356,221
	=====	=====

8. STOCKS AND WORK IN PROGRESS

Work in progress is stated as follows:-

Valuation	£797,868	£2,456,532
	=====	=====

9. DEBTORS

Trade debtors	4,011,968	3,688,515
Amounts owed by group companies	4,710	4,710
Prepayments	35,571	31,750
	-----	-----
	£4,052,249	£3,724,975
	=====	=====

All debtors fall due within one year.

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

	<u>2001</u>	<u>2000</u>
10. <u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>		
Trade creditors	1,218,300	1,078,916
Amounts owed to group companies	2,069,971	4,411,416
Taxation & social security	655,270	689,575
Accruals	74,964	130,752
Proposed dividend	800,000	-
	-----	-----
	£4,818,505	£6,310,659
	=====	=====
11. <u>CALLED UP SHARE CAPITAL</u>		
<u>Authorised, issued & fully paid</u>		
100 Ordinary shares of £1 each	£100	£100
	==	==
12. <u>PROFIT AND LOSS ACCOUNT</u>		
Balance at 1st January, 2001	(129,252)	(912,538)
Retained profit for the year	160,764	783,286
	-----	-----
<u>Balance at 31st December, 2001</u>	£31,512	£(129,252)
	=====	=====
13. <u>RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS</u>		
Balance at 1st January, 2001	(129,152)	(912,438)
Profit for the financial yer	960,764	783,286
	-----	-----
	831,612	(129,152)
<u>Less: Dividends:</u>		
Ordinary shares of £1 each	800,000	-
	-----	-----
<u>Balance at 31st December, 2001</u>	£31,612	£(129,152)
	=====	=====

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.