

AMALGAMATED CONSTRUCTION CO. LIMITED

**Report and Financial Statements
For the year ended
31st December 2002**



AMALGAMATED CONSTRUCTION CO. LIMITED

Annual report and financial statements for the year ended 31st December 2002

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AMALGAMATED CONSTRUCTION CO. LIMITED

Directors, Secretary and Registered Office

Directors

W.S. Hibbs
H.J. Lethaby
T. Clark

Secretary

D.W. Toffolo

Registered Office

Amco House
25, Moorgate Road
Rotherham
S60 2AD

Registered in England : Company Number - 995892

AMALGAMATED CONSTRUCTION CO. LIMITED

Report of the directors for the year ended 31st December 2002

The directors present their report together with the audited financial statements for the year ended 31st December 2002.

1. Principal activities and business review

The company is principally engaged in construction activities.

The directors considered the result for the year to be disappointing. Whilst anticipating difficult conditions again in 2003, the directors look forward to improved trading results.

2. Results and dividends

The profit and loss account is set out on page 5 and shows the loss for the year.

The directors do not recommend the payment of a dividend. The retained loss has been charged to profit and loss account reserves.

3. Directors

The directors in office at the end of the year were Messrs.W.S. Hibbs and H.J. Lethaby, both of whom served throughout the year. Mr T. Clark was appointed to the board on 16th April 2003.

The directors' interests in shares of the ultimate parent company were as follows:-

	Amco Corporation Plc Ordinary 10p Shares			
	31st December 2002		1st January 2002	
	Shares	Options	Shares	Options
W.S. Hibbs	0	10,000	0	10,000
H.J. Lethaby	12,000	7,000	12,000	7,000

4. Disabled persons

The company's policy is to give sympathetic consideration, in both recruitment and training, to the problems of the disabled, and to assist them in developing their knowledge and skills to undertake greater responsibilities wherever possible.

5. Employee involvement

Information is made available to employees at the discretion of the directors.

6. Payment policy

The company's policy is to agree terms and conditions with suppliers before business takes place and to pay agreed invoices in accordance with the terms of payment. Trade creditors at the year end amount to 33 days of average supplies for the year.

AMALGAMATED CONSTRUCTION CO. LIMITED

Report of the directors for the year ended 31st December 2002 (continued)

7. Statement of directors' responsibilities

The directors are required by UK company law 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 and loss for that year. In preparing the financial statements, the directors are required to select suitable accounting policies and apply them consistently, to make reasonable and prudent judgments and estimates, to state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements, and to 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 also responsible for maintaining adequate accounting records, for safeguarding the assets of the company, and for preventing and detecting fraud and other irregularities.

8. Auditors

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

BY ORDER OF THE BOARD



D.W. Toffolo
Secretary
16th April 2003

AMALGAMATED CONSTRUCTION CO. LIMITED

Report of the independent auditors

To the members of AMALGAMATED CONSTRUCTION CO. LIMITED

We have audited the financial statements of Amalgamated Construction Co Limited for the year ended 31st December 2002 which comprise the profit and loss account, the balance sheet, the statement of accounting policies and notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

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 United Kingdom law and 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 which comprises only 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.

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 loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON
Registered Auditors
Chartered Accountants

Leicester

16th April 2003

AMALGAMATED CONSTRUCTION CO. LIMITED

Profit and loss account for the year ended 31st December 2002

	Note	2002		2001	
		£	£	£	£
Turnover	1		43,944,620		41,656,307
Raw materials and consumables		5,089,257		4,350,969	
Other external charges		<u>12,040,059</u>		<u>9,711,133</u>	
			(17,129,316)		(14,062,102)
			26,815,304		27,594,205
Staff costs	2	22,249,225		23,129,552	
Depreciation		1,147,606		1,079,711	
Other operating charges		<u>3,966,129</u>		<u>3,072,852</u>	
			(27,362,960)		(27,282,115)
Operating (loss)/profit			(547,656)		312,090
Net interest	3		<u>(68,732)</u>		<u>(59,260)</u>
(Loss)/profit on ordinary activities before taxation	1		(616,388)		252,830
Tax on (loss)/profit on ordinary activities	4		<u>336,507</u>		<u>(54,772)</u>
Retained (loss)/profit charged to reserves	11		<u>(279,881)</u>		<u>198,058</u>

All the above transactions relate to continuing activities.

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

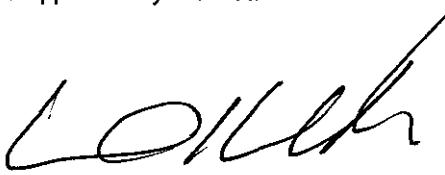

The statement of accounting policies and notes 1 to 15 form part of these financial statements.

AMALGAMATED CONSTRUCTION CO. LIMITED

Balance sheet at 31st December 2002

	Note	2002		2001	
		£	£	£	£
Fixed assets					
Tangible assets	5		2,256,155		1,825,330
Current assets					
Stock	6	893,573		779,771	
Amounts receivable on contracts		3,190,318		4,107,752	
Debtors	7	8,965,526		5,553,723	
Cash at bank and in hand		2,664		1,187	
		13,052,081		10,442,433	
Creditors: amounts falling due within one year	8	(10,245,802)		(6,925,448)	
Net current assets			2,806,279		3,516,985
			5,062,434		5,342,315
Capital and reserves					
Called up share capital	10		3,000,000		3,000,000
Profit and loss account	11		2,062,434		2,342,315
Shareholders' funds	12		5,062,434		5,342,315

The financial statements were approved by the Board of Directors on 16th April 2003.

	W.S. HIBBS)	
	H.J. LETHABY)	Directors

The statement of accounting policies and notes 1 to 15 form part of these financial statements.

AMALGAMATED CONSTRUCTION CO. LIMITED

Statement of accounting policies

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, up to and including FRS 19 - Deferred Tax, and under the historical cost convention.

The company is exempt from the requirements of Financial Reporting Standard 8 to disclose transactions within the Group headed by Amco Corporation plc.

No statement of cashflows has been presented as the cashflows of the company have been incorporated into the group financial statements.

The principal accounting policies of the company set out below have remained unchanged from the previous year apart from the adoption of FRS 17 - Retirement Benefits and FRS 19 - Deferred Tax.

(a) Turnover

Turnover is the total amount receivable in respect of work done and services provided, excluding value added tax.

(b) Tangible fixed assets and depreciation

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

Depreciation is calculated to write off the cost of fixed assets by equal annual instalments over their expected useful lives.

The rates generally applicable are:

Plant and equipment	5% to 33.3%
Motor vehicles	25%

(c) Stock

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

Consumable stock includes assets with a limited economic life which are written off on a reducing balance basis by monthly instalments over a period of 18 months.

(d) Contract work in progress

Contract work in progress is included in turnover on the basis of independent certification of value of work done.

Costs incurred to carry out work on long-term contracts are matched with turnover.

Provision is made for foreseeable losses on all contracts based on the loss which is currently estimated to arise over the duration of any contract, irrespective of the amount of work carried out at the balance sheet date. Profit is recognised on practical completion of the contract.

AMALGAMATED CONSTRUCTION CO. LIMITED

Statement of accounting policies (continued)

(e) Deferred tax

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 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. The adoption of FRS 19 has not materially affected these financial statements.

(f) Retirement benefits - defined benefit pension scheme

Scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the company.

The current service costs and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included in other finance costs. Actuarial gains and losses are reported in the statement of total recognised gains and losses.

The adoption of FRS 17 has not materially affected these financial statements.

(g) Leased assets

Assets acquired under finance leases that give rights approximating to ownership are treated as if they had been purchased and an amount equivalent to their cost is included under tangible fixed assets. Depreciation is provided in accordance with the group's normal depreciation policy. Leasing payments are treated as consisting of capital and finance charge elements and the finance charge is charged to the profit and loss account. All other leases are operating leases and the annual rentals are charged wholly to the profit and loss account.

AMALGAMATED CONSTRUCTION CO. LIMITED

Notes forming part of the financial statements for the year ended 31st December 2002

1. Turnover and loss on ordinary activities before taxation

Turnover and loss on ordinary activities before taxation are derived from the company's principal activity of construction.

Analysis of turnover by geographical area:

	<u>2002</u>	<u>2001</u>
	£	£
United Kingdom	41,103,017	39,634,440
Africa	1,529,530	416,990
South America	146,383	126,972
Europe	<u>1,165,690</u>	<u>1,477,905</u>
	<u>43,944,620</u>	<u>41,656,307</u>

Loss on ordinary activities is stated after charging/(crediting):

	<u>2002</u>	<u>2001</u>
	£	£
Auditors' remuneration	14,650	11,500
Depreciation	1,147,606	1,079,711
Operating lease charges:		
Hire of plant and machinery	3,055,905	1,868,754
Other operating leases	1,206,341	930,372
Profit on disposal of fixed assets	<u>(589,968)</u>	<u>(105,499)</u>

2. Directors and employees

Staff costs during the year:

	<u>2002</u>	<u>2001</u>
	£	£
Wages and salaries	20,246,451	20,952,987
Social security	1,700,567	1,914,014
Pension costs	<u>302,207</u>	<u>262,551</u>
	<u>22,249,225</u>	<u>23,129,552</u>

The average number of employees of the company during the year was 805 (2001 - 831).

Remuneration in respect of directors was as follows:

	<u>2002</u>	<u>2001</u>
	£	£
Aggregate emoluments	204,644	182,900
Company pension contributions to a defined contribution scheme	<u>4,662</u>	<u>4,338</u>

During the year one director (2001 - one director) participated in a defined benefit pension scheme and one director (2001 - one director) participated in a defined contribution pension scheme.

AMALGAMATED CONSTRUCTION CO. LIMITED

Notes forming part of the financial statements for the year ended 31st December 2002
(continued)

3. Net interest

	2002	2001
	£	£
Payable on group loans	68,342	43,483
Payable on bank loans	0	9,866
Payable on hire purchase	88	4,249
Payable on bank overdrafts	302	1,662
	<u>68,732</u>	<u>59,260</u>

4. Tax on (loss)/profit on ordinary activities

The tax credit/(charge) represents:

	2002	2001
	£	£
Corporation tax at 30% (2001 - 30%)	294,386	(54,772)
Adjustment in respect of prior years		
over provision of corporation tax	42,121	0
Tax on loss/(profit) on ordinary activities	<u>336,507</u>	<u>(54,772)</u>

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom of 30% (2001 - 30%). The differences are explained as follows:

	2002	2001
	£	£
(Loss)/profit on ordinary activities before tax	<u>(616,388)</u>	<u>252,830</u>
Loss/(profit) on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 30% (2001 - 30%)	184,916	(75,849)
Effects of:		
expenses not deductible for tax purposes	(18,000)	(24,665)
capital allowances in excess of depreciation	127,470	45,742
adjustments to tax charge in respect of prior years	42,121	0
Current tax credit/(charge) for year	<u>336,507</u>	<u>(54,772)</u>

AMALGAMATED CONSTRUCTION CO. LIMITED

Notes forming part of the financial statements for the year ended 31st December 2002
(continued)

5. Tangible fixed assets

	<u>Plant and equipment</u> £	<u>Motor vehicles</u> £	<u>Total</u> £
Cost			
At 1st January 2002	18,697,540	25,287	18,722,827
Additions	1,512,638	101,973	1,614,611
Transfers to Group companies	(1,960,607)	0	(1,960,607)
Disposals	<u>(971,260)</u>	<u>(4,800)</u>	<u>(976,060)</u>
At 31st December 2002	<u>17,278,311</u>	<u>122,460</u>	<u>17,400,771</u>
Depreciation			
At 1st January 2002	16,888,012	9,485	16,897,497
Charge for year	1,118,349	29,257	1,147,606
Transfers to Group companies	(1,925,655)	0	(1,925,655)
Disposals	<u>(970,033)</u>	<u>(4,799)</u>	<u>(974,832)</u>
At 31st December 2002	<u>15,110,673</u>	<u>33,943</u>	<u>15,144,616</u>
Net book value at 31st December 2002	<u>2,167,638</u>	<u>88,517</u>	<u>2,256,155</u>
Net book value at 31st December 2001	<u>1,809,528</u>	<u>15,802</u>	<u>1,825,330</u>

Included within plant and equipment in the year were items subject to hire purchase with a book value of £214,091 (2001 - £18,199) in respect of which depreciation of £14,894 (2001 - £24,268) was charged in the year.

6. Stock

	<u>2002</u> £	<u>2001</u> £
Consumables and plant spares	<u>893,573</u>	<u>779,771</u>

7. Debtors

	<u>2002</u> £	<u>2001</u> £
Trade debtors	6,301,367	4,221,924
Amounts owed by group undertakings	1,040,880	773,406
Prepayments and accrued income	1,321,029	558,393
Current taxation	<u>302,250</u>	<u>0</u>
	<u>8,965,526</u>	<u>5,553,723</u>

AMALGAMATED CONSTRUCTION CO. LIMITED

Notes forming part of the financial statements for the year ended 31st December 2002
(continued)

8. Creditors: amounts falling due within one year

	<u>2002</u>	<u>2001</u>
	£	£
Bank overdraft	4,032	267,127
Trade creditors	1,904,517	1,728,202
Amounts owed to group undertakings	3,618,198	1,079,856
Social security and other taxes	1,384,511	1,395,661
Other creditors	1,692,803	1,880,527
Accruals and deferred income	1,483,940	403,355
Hire purchase obligations	157,801	15,117
Current taxation	0	155,603
	<u>10,245,802</u>	<u>6,925,448</u>

9. Provisions for liabilities and charges

Deferred taxation potential asset is set out below.

	<u>Potential asset</u>	
	<u>2002</u>	<u>2001</u>
	£	£
Excess capital allowances	201,300	298,500
Other timing differences	34,900	51,500
	<u>236,200</u>	<u>350,000</u>

10. Called up share capital

	<u>2002</u>	<u>2001</u>
	£	£
Authorised, ordinary shares of £1 each	<u>5,000,000</u>	<u>5,000,000</u>
Allotted, called up and fully paid ordinary shares of £1 each	<u>3,000,000</u>	<u>3,000,000</u>

11. Profit and loss account

	<u>2002</u>	<u>2001</u>
	£	£
At 1st January 2002	2,342,315	2,144,257
Retained (loss)/profit for year	<u>(279,881)</u>	<u>198,058</u>
At 31st December 2002	<u>2,062,434</u>	<u>2,342,315</u>

AMALGAMATED CONSTRUCTION CO. LIMITED

Notes forming part of the financial statements for the year ended 31st December 2002
(continued)

12. Reconciliation of movements in shareholders' funds

	2002	2001
	£	£
(Loss)/profit for year	(279,881)	198,058
Net (decrease)/increase in shareholders' funds	(279,881)	198,058
Shareholders' funds at 1st January 2002	5,342,315	5,144,257
Shareholders' funds at 31st December 2002	5,062,434	5,342,315

13. Operating lease obligations

	2002		2001	
	Land & buildings	Other	Land & buildings	Other
	£	£	£	£
Commitments to operating lease payments within one year are as follows:				
In respect of leases expiring				
within one year	143,900	1,034,197	204,464	731,303
between two and five years	81,100	0	65,536	0
	225,000	1,034,197	270,000	731,303

14. Pension commitments

The company operates a funded pension scheme for certain employees including the directors. The scheme provides benefits based on final pensionable pay and is operated through a group trust fund. Contributions are based on pension costs across the whole group. The pension cost is assessed in accordance with the advice of a qualified actuary.

The most recent actuarial valuation of the Scheme was on 31st March 2000. The pension cost was £302,207 (2001 - £262,551). Further details of the actuarial valuation of the group scheme may be found in the financial statements of Amco Corporation Plc.

Disclosures under FRS 17 for these schemes are dealt with in the accounts of Amco Corporation Plc.

15. Ultimate parent undertaking

The immediate parent undertaking of this company is Amco Property Investments Plc. The ultimate parent undertaking/controlling related party of this company is Amco Corporation Plc, which is registered in England and Wales. The only group of undertakings for which consolidated accounts have been prepared is that headed by Amco Corporation Plc. Further details relating to this matter are disclosed in that company's financial statements, copies of which can be obtained from the company's Registered Office.