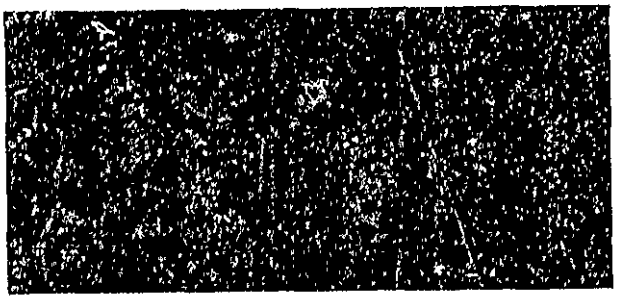
PRIVATE AND CONFIDENTIAL

ACCOUNTS



SPICER & OPPENHEIM

A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

PRIVATE AND CONFIDENTIAL

ACCOUNTS

1521006

KENNEDY CONSTRUCTION GROUP
LIMITED
and its subsidiaries

1 November 1987

SPICER & OPPENHEIM
A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

CHARTERED ACCOUNTANTS

REPORT OF THE DIRECTORS

The directors submit their report and the audited accounts for the year ended 1 November 1987.

PRINCIPAL ACTIVITIES

The principal activities of the company and its subsidiaries comprise public works contracting and other ancillary activities.

REVIEW OF THE BUSINESS

An anticipated last year, all trading subsidiaries have turned in satisfactory results for the year giving a group turnover of £24 million with pre-tax profits remaining satisfactory at £1.2 million. All companies have started 1988 reasonably well despite continuing competitive market conditions but Kennedy Gas Services (Scotland) Limited and Kennedy Pipelining Services Limited, although profitable, will certainly experience reduced levels of operations during the year. However, the directors expect that overall the group will achieve similar results for 1988 to those of 1987.

During the year the share capital of STH Plant Limited, a vehicle hiring company was acquired and is now acting as the group's vehicle and plant management company. A new company, Greythorn Limited, has been set up in the Republic of Ireland and has acquired commercial property in Dublin.

During the year, the group has reorganised its office accommodation, incorporating specific policies of owning property. Offices have been purchased or purpose built in three locations in the Greater Manchester area. The directors are confident that this policy of decentralisation of subsidiaries into more suitable locations and the substantial investment in freehold property will bring long term benefits to the whole group. Including the enlargement of our fleet of vehicles, capital expenditure of almost £1.5 million has been incurred during the year. Further capital expenditure on property and plant and on a new computer system has already been made during the current year and consideration is also being given to the future replacement of an asphalt plant.

LAND AND BUILDINGS

The directors are of the opinion that there is no significant difference between the present market value of the group's properties and the amounts at which they are stated in the accounts.

RESULTS AND DIVIDENDS

The results of the group for the year are set out in detail on page 4.

Having already paid an interim dividend of £125,000 during the year, the company recommend that no final dividend be paid (1986 - £125,000).

DIRECTORS

The directors who served during the year were as follows:

P J Kennedy
J C Parsons
R W Kirkin - appointed 3 November 1986
G L Clegg - resigned 31 December 1986
D P McLaughlin
Mrs K Kennedy
M O'Kelly
R S Boddington - appointed 1 June 1987

Details of the directors interests in shares are shown in note 5 to the accounts.

R S Boddington, who was appointed since the last Annual General Meeting, retires and, being eligible, offers himself for re-election. D P McLaughlin and Mrs K Kennedy retire by rotation and, being eligible, offer themselves for re-election.

DISABLED PERSONS

The company has an established policy of encouraging the employment of disabled persons wherever this is practicable. In compliance with current legislation the company seeks to employ at least the quota of disabled persons required. The company endeavours that disabled employees benefit from training and career development programmes in common with all employees.

CHARITABLE CONTRIBUTIONS

Contributions during the year to United Kingdom charitable organisations amounted to £14,486 (1986 - £8,814).

TAXATION STATUS

In the opinion of the directors, the company is a close company within the meaning of the Income and Corporation Taxes Act 1970 (as amended).

AUDITORS

Spicer and Pegler changed their name on 18 January 1988 to Spicer & Oppenheim and accordingly have signed their audit report in their new name. A resolution to re-appoint Spicer & Oppenheim as auditors will be proposed at the annual general meeting.

By order of the Board

R W Kirkin

Secretary

15 March 1988

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the financial statements on pages 4 to 20 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of affairs of the company and of the group at 1 November 1987 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Act 1985.

Manchester M60 2ED

15 March 1988

SPICER & OPPENHEIM

Chartered Accountants

KENNEDY CONSTRUCTION GROUP LIMITED
and its subsidiaries

CONSOLIDATED PROFIT AND LOSS ACCOUNT
year ended 1 November 1987

	Note	1987		1986	
TURNOVER	1,2		24,053,427		23,375,793
Cost of sales			(20,484,146)		(20,069,098)
GROSS PROFIT			3,569,281		3,306,695
Administrative expenses		(2,589,455)		(2,214,325)	
Other operating income	6	9,226		8,163	
			(2,580,229)		(2,206,162)
OPERATING PROFIT	3		989,052		1,100,533
Income from fixed asset investment	7	4,228		-	
Interest receivable and similar income	8	230,485		223,581	
Exchange differences	1	(6,338)		14,360	
Amounts written off investments	9	6,450		(3,070)	
Interest payable and similar charges	10	(11,172)		(7,843)	
			223,653		227,028
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			1,212,705		1,327,561
Tax on profit on ordinary activities	11		(462,054)		(314,374)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			750,651		1,013,187
Extraordinary items	12		78,051		(279,359)
PROFIT FOR THE FINANCIAL YEAR			828,702		733,828
Minority interests			(42,251)		(56,474)
PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE MEMBERS OF KENNEDY CONSTRUCTION GROUP LIMITED	13		786,451		677,354
Dividend	14		(125,000)		(125,000)
RETAINED PROFIT FOR THE YEAR	24		£661,451		£552,354

The notes on pages 8 to 20 form an integral part of these accounts. A statement of movements on reserves is set out in note 24.

CONSOLIDATED BALANCE SHEET
1 November 1987

	Note	1987		1986	
FIXED ASSETS					
Tangible assets	15	2,068,648		1,054,077	
Investments	16	451,748		50,000	
			2,520,396		1,104,077
CURRENT ASSETS					
Stock and work in progress	17	1,405,091		1,098,326	
Debtors	18	3,861,617		4,022,314	
Investments	19	46,531		122,691	
Cash at bank and in hand		1,184,106		2,605,807	
		6,497,345		7,849,138	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	20	(5,201,791)		(5,711,990)	
NET CURRENT ASSETS			1,295,554		2,137,148
TOTAL ASSETS LESS CURRENT LIABILITIES			3,815,950		3,241,225
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	21		(160,348)		(148,003)
PROVISIONS FOR LIABILITIES AND CHARGES	22		(478,046)		(542,452)
			£3,177,556		£2,550,770
CAPITAL AND RESERVES					
Called up share capital	23		217,800		217,800
Reserves	24		2,868,046		2,212,739
			3,085,846		2,430,539
MINORITY INTERESTS			91,710		120,231
			£3,177,556		£2,550,770

APPROVED BY THE BOARD OF DIRECTORS

P J Kennedy
J C Parsons

15 March 1988

The notes on pages 8 to 20 form an integral part of these accounts.

BALANCE SHEET
1 November 1987

	Note	1987		1986	
FIXED ASSETS					
Tangible assets	15	978,274		223,492	
Investments	16	1,332,956		558,419	
			2,311,230		781,911
CURRENT ASSETS					
Debtors	18	525,525		500,192	
Investments	19	46,531		122,691	
Cash at bank and in hand		756,266		1,960,635	
		1,328,322		2,583,518	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	20	(3,115,926)		(2,751,905)	
NET CURRENT LIABILITIES			(1,787,604)		(168,387)
TOTAL ASSETS LESS CURRENT LIABILITIES			523,626		613,524
PROVISIONS FOR LIABILITIES AND CHARGES	22		-		(75,000)
			£523,626		£538,524
CAPITAL AND RESERVES					
Called up share capital	23		217,800		217,800
Reserves	24		305,826		320,724
			£523,626		£538,524

APPROVED BY THE BOARD OF DIRECTORS

P J Kennedy
J C Parsons

15 March 1988

The notes on pages 8 to 20 form an integral part of these accounts.

SOURCE AND APPLICATION OF FUNDS
year ended 1 November 1987

	1987		1986	
SOURCE OF FUNDS				
Profit on ordinary activities before taxation		1,212,705		1,327,561
Items not involving the movement of funds:				
Depreciation	472,276		437,065	
Profit on disposal of tangible assets	(35,802)		(46,617)	
Profit on disposal of investments	(54,636)		(51,282)	
Currency exchange differences	-		(505)	
Movement on provisions	(38,196)		(233,909)	
Investments written down to net realisable value	(6,450)		3,070	
		337,192		107,822
FUNDS GENERATED FROM OPERATIONS		1,549,897		1,435,383
FUNDS FROM OTHER SOURCES				
Proceeds of sale of subsidiary company	2		-	
Issue of shares in subsidiary to minority	-		5,000	
Proceeds of sale of tangible assets	69,751		204,502	
Proceeds of sale of investments	169,104		201,132	
Loans	19,034		-	
		257,891		410,634
		1,807,788		1,846,017
APPLICATION OF FUNDS				
Capital expenditure	(1,479,084)		(471,079)	
Tax paid	(786,647)		(501,751)	
Dividends paid	(273,000)		(39,025)	
Acquisition of shares in subsidiary from minorities	(49,948)		(15,150)	
Acquisition ofsubsidiary company	(75,375)		-	
Purchase of investments	(556,358)		(107,961)	
Loans	-		(5,116)	
Extraordinary discretionary payments of third party liabilities	-		(110,749)	
		(3,220,412)		(1,250,831)
(DECREASE)/INCREASE IN WORKING CAPITAL		£(1,412,624)		£595,186
Representing/(funded by):				
Stock and work in progress		306,765		180,731
Debtors		(166,910)		712,879
Cash at bank and in hand		(1,453,450)		805,012
Creditors		(99,029)		(1,103,436)
		£(1,412,624)		£595,186

1. ACCOUNTING POLICIES

CONVENTION

These financial statements are prepared on an historic cost accounting convention.

BASIS OF CONSOLIDATION

The consolidated profit and loss account includes the results of subsidiaries purchased during the year from the date of acquisition and excludes the results of subsidiaries sold from the date of sale. The accounts of subsidiaries are made up to the same date as the parent company with the exception of foreign subsidiaries which are made up to a date one month earlier.

GOODWILL ON CONSOLIDATION

Goodwill arising on consolidation is written off against reserves in the year of acquisition.

FOREIGN EXCHANGE

Exchange rates used to translate overseas profits and currency assets and liabilities (other than shares held in overseas subsidiaries) are at the rates ruling at the balance sheet date. The differences arising on the retranslation of the group's share at the beginning of the year, of net assets of overseas subsidiaries and of the long term loans with those subsidiaries are treated as movement on reserves. All other currency adjustments are included in the profit before taxation.

TURNOVER

Turnover is the invoiced value of sales of the group after adjustment for opening and closing work in progress.

DEFERRED TAXATION

Provision is made for taxation liabilities arising from the allocation of items to different periods for taxation and for accounting purposes, except where it is probable that a liability will not crystallise because of the availability of tax allowances for fixed asset expenditure in advance of depreciation. In establishing the pattern of likely future tax liabilities, the directors undertake a review at the balance sheet date of past investment patterns and expected future levels of capital expenditure and depreciation. The provision is established at the corporation tax rates anticipated to be in force at the time each deferred liability will ultimately crystallise.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is provided at rates estimated to write off fixed assets over their anticipated life and is applied from the month following that in which they are first brought into use.

1. ACCOUNTING POLICIES *continued*

TANGIBLE FIXED ASSETS AND DEPRECIATION continued

The rates used are as follows:

Land and buildings:	
Freehold	- Nil
Leasehold	- equal annual instalments over the period of the lease
Plant and machinery	- 10% to 50% on cost
Lorries and other vehicles	- 25% to 33 $^1/_3$% on cost

STOCK

Stock is valued at the lower of cost and net realisable value. Cost is calculated on the first in first out basis.

WORK IN PROGRESS

a) Short term contracts consist of:

(i) Work completed but not invoiced at the year end valued at the subsequent invoice value;

(ii) Work uncompleted at the year end valued at the lower of cost and net realisable value.

b) Long term contracts are stated at the sales value of work carried out including profit, with the exception of recently commenced contracts which are valued at site cost, less payments received and receivable. Provision is made for anticipated losses on open contracts and no credit is taken for claims by the group until there is a firm agreement with the client.

REINSTATEMENT PROVISION

The reinstatement provision represents the group's estimate for the cost of final road surfacing still to be incurred on individual contracts otherwise complete.

Particular estimates for individual contracts can prove to be incorrect. However, the directors consider that the provision as a whole is the best estimate of the eventual cost to the group which can be made.

PENSIONS

The group operates a final salary retirement benefits scheme covering the majority of its monthly paid employees. Contributions are normally charged against profits as the contributions are made. Actuarial valuations are carried out every three years, the most recent being as at 1 July 1986. Any necessary adjustments arising from these valuations are taken into account in the funding rate over the period to the next valuation.

NOTES TO THE ACCOUNTS
1 November 1987

2. ANALYSIS OF TURNOVER

The turnover attributable to each of the company's geographical markets is:

	1987	1986
United Kingdom	24,053,427	23,302,336
Ireland	-	73,457
	£24,053,427	£23,375,793

3. OPERATING PROFIT

Operating profit is arrived at after charging:

Depreciation	472,276	437,065
Profit on sale of tangible assets	(35,802)	(46,617)
Hire of plant and machinery	2,329,358	2,382,417
Auditors' remuneration	31,735	32,626

4. EMPLOYEES

The average number employed by the group, which includes directors, within each category of persons was:

Production staff	413	427
Administrative staff	83	90
	496	517

The costs incurred in respect of these employees were:

Wages and salaries	5,695,197	5,691,262
Social security costs	519,400	526,062
Other pension costs	131,838	121,375
	£6,346,435	£6,338,699

5. DIRECTORS

a) Emoluments of directors of the company, included in employee costs were:

Management remuneration	425,243	161,305
Ex-gratia payment to former director	30,000	-
	£455,243	£161,305

The fees and management remuneration (excluding pension contributions) of the directors were as follows:

Chairman	£120,301	£61,000
Highest paid director	£191,550	£61,000

5. DIRECTORS continued

a) Other directors

	1987	1986
	No. of directors	
Not more than £5,000	three	two
£20,001 - £25,000	one	one
£25,001 - £30,000	none	one
£30,001 - £35,000	two	one

b) Directors' interests

i) The interests of P J Kennedy and Mrs K Kennedy are shown in note 25 to the accounts.

ii) At the beginning of the year, P J Kennedy owned $1,650 common stock in Kennedy Construction Group Limited in the United States of America. During the year the company has disposed of its interest in Kennedy Construction Group Limited in the United States of America to P J Kennedy for £1. The interests had been fully provided against and were of nil value.

c) Directors' current accounts

Three of the directors have drawing accounts with the company. The nature of the transactions on these accounts is such that the balances switch between debit and credit during the year.

The balances at the year end, which are included in other debtors and other creditors and the highest debit balance during the year were:

	Highest debit balance	1987	1986
P J Kennedy	2,449	-	(422)
J C Parsons	1,708	-	-
D P McLaughlin	1,406	-	1,406
	£5,563	£ -	£984

6. OTHER OPERATING INCOME

	1987	1986
Net rental income	8,678	4,932
Income from current asset investments: listed	548	3,231
	£9,226	£8,163

NOTES TO THE ACOUNTS
1 November 1987

		1987	1986
7.	INCOME FROM FIXED ASSET INVESTMENT		
	Profit on sale of development land	£4,228	£ -
8.	INTEREST RECEIVABLE AND SIMILAR INCOME		
	Profit on sale of investments	50,407	51,282
	Interest receivable:		
	on bank deposits	177,845	172,116
	other interest	2,233	183
		£230,485	£223,581
9.	AMOUNTS WRITTEN OFF INVESTMENTS		
	Provision against current asset investments no longer required	(6,450)	-
	Write down of current asset investments to net realisable value	-	3,070
		£(6,450)	£3,070
10.	INTEREST PAYABLE AND SIMILAR CHARGES on bank loans, overdrafts and other loans:		
	Repayable within 5 years	£11,172	£7,843
11.	TAX ON PROFIT ON ORDINARY ACTIVITIES		
	Taxation is based on the profits for the year and comprises:		
	Corporation tax at 35% (1986 - 37.08%) of taxable profit	496,059	506,988
	Deferred taxation	(29,669)	(22,697)
	Overseas taxation	-	(32,405)
		466,390	451,886
	Prior year adjustments:		
	Corporation tax	(4,336)	(67,120)
	Deferred taxation	-	(38,151)
	Overseas taxation	-	(32,241)
		£462,054	£314,374

NOTES TO THE ACCOUNTS
1 November 1987

12. EXTRAORDINARY ITEMS

	1987	1986
Provision for losses in subsidiaries no longer required	205,820	-
Write down of fixed asset investments to net realisable value	(127,769)	-
Profit on sale of asphalt plant	-	49,995
Discretionary payments of third party liabilities to protect the commercial reputation of the group	-	(110,749)
Deficit on revaluation of properties	-	(200,067)
	78,051	(260,821)
Corporation tax	-	(18,538)
	£78,051	£(279,359)

13. RESULT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE MEMBERS OF KENNEDY CONSTRUCTION GROUP LIMITED

Dealt with in the accounts of the holding company	£(10,930)	£(75,627)

The company has taken advantage of Section 228 (7) of the Companies Act 1986 and consequently a profit and loss account for the company alone is not presented.

14. DIVIDEND

Paid	£125,000	£ -
Proposed	£ -	£125,000

NOTES TO THE ACCOUNTS
1 November 1987

15. TANGIBLE ASSETS

	Land and buildings	Plant and machinery	Total
a) THE GROUP			
Cost			
At 2 November 1986	265,336	2,264,616	2,529,952
Additions	725,135	753,949	1,479,084
Disposals	(45,884)	(383,377)	(429,261)
Subsidiary acquired	-	86,860	86,860
Subsidiaries disposed of	(17,787)	-	(17,787)
At 1 November 1987	926,800	2,722,048	3,648,848
Depreciation			
At 2 November 1986	49,836	1,426,039	1,475,875
Charge for the year	5,537	466,739	472,276
On disposals	(45,883)	(349,429)	(395,312)
Subsidiary acquired	-	27,361	27,361
At 1 November 1987	9,490	1,570,710	1,580,200
Balance sheet value 1 November 1987	£917,310	1,151,338	£2,068,648
2 November 1986	£215,500	838,577	£1,054,077
b) THE COMPANY			
Cost			
At 2 November 1986	202,340	214,591	416,931
Additions	635,206	141,314	776,520
Disposals	(45,884)	(43,746)	(89,630)
Group company transfers	24,588	22,000	46,588
At 1 November 1987	816,250	334,159	1,150,409
Depreciation			
At 2 November 1986	43,811	149,628	193,439
Charge for the year	5,113	54,553	59,666
On disposals	(45,883)	(40,587)	(86,470
Group company transfers	-	5,500	5,500
At 1 November 1987	3,041	169,094	172,135
Balance sheet value 1 November 1987	£813,209	165,065	£978,274
2 November 1986	£158,529	64,963	£223,49[illegible]

NOTES TO THE ACCOUNTS
1 November 1987

15. TANGIBLE ASSETS *continued*	GROUP 1987	GROUP 1986	COMPANY 1987	COMPANY 1986
The balance sheet value of land and buildings *comprises:*				
Freehold	906,138	176,230	813,209	155,443
Long leasehold	11,172	36,184	-	-
Short leasehold	-	3,086	-	3,086
	£917,310	£215,500	£813,209	£158,529
FUTURE CAPITAL EXPENDITURE				
Contracted for but not provided for in the accounts	190,147	29,500	159,047	-
Authorised by the directors but not contracted for	252,073	500,250	-	444,000
	£442,220	£529,750	£159,047	£444,000

16. FIXED ASSET INVESTMENTS

a) THE GROUP	Subsidiaries	Loans	Other	Total
Cost				
At 2 November 1986	-	-	244,581	244,581
Subsidiaries no longer consolidated	156,815	743,302	-	900,117
Acquired in the year	-	-	500,000	500,000
Transfer from current assets	-	-	50,000	50,000
Investment disposed of	-	-	(25,500)	(25,500)
Loan repaid	-	(19,034)	-	(19,034)
At 1 November 1987	156,815	724,268	769,081	1,650,164
Provisions				
At 2 November 1986	-	-	194,581	194,581
Subsidiaries no longer consolidated	151,800	743,302	-	895,102
Provided in the year	-	-	153,267	153,267
Provisions no longer required	-	(19,034)	(25,500)	(44,534)
	151,800	724,268	373,348	1,198,416
Balance sheet value				
1 November 1987	£5,015	-	446,733	£451,748
2 November 1986	£ -	-	50,000	£50,000

NOTES TO THE ACCOUNTS
1 November 1987

16. FIXED ASSET INVESTMENTS continued

b) THE COMPANY

	Subsidiaries	Loans	Other	Total
Cost				
At 2 November 1986	1,233,753	1,011,614	219,081	2,464,448
Acquired in the year	75,470	92,429	500,000	667,899
Transfer from current assets	-	-	50,000	50,000
Investment disposed of	(254,351)	(271,734)	-	(526,085)
Exchange difference	(6)	1	-	(5)
At 1 November 1987	1,054,866	832,310	769,081	2,656,257
Provisions				
At 2 November 1986	725,334	1,011,614	169,081	1,906,029
Provided in the year	3,968	3,422	153,267	160,657
Provision no longer required	(471,651)	(271,734)	-	(743,385)
At 1 November 1987	257,651	743,302	322,348	1,323,301
Balance sheet value 1 November 1987	£797,215	89,008	446,733	£1,332,956
2 November 1986	£508,419	-	50,000	£558,419

c) The subsidiary companies of which the company holds the following proportions of ordinary shares issued, being the only class of shares in issue, as at 1 November 1987 are:

Joseph Kennedy & Co (Manchester) Limited	100%
Kennedy Asphalt Limited	100%
Kennedy Construction Limited	77%
Kennedy Pipelining Services Limited	90%
STH Plant Limited	100%
Kennedy Civil Engineering Limited	100%
Kennedy Tunnelling Limited (95% owned by subsidiary)	100%
Kennedy Sand Limited	100%
Greythorn Limited (incorporated in Eire)	100%

In addition to the above, the following companies are owned by subsidiaries:

Kennedy Gas Services (Scotland) Limited (registered in Scotland)	100%
Kennedy Highways Limited	100%
Kennedy Land Reclamation Limited	100%

NOTES TO THE ACCOUNTS
1 November 1987

16. FIXED ASSET INVESTMENTS continued

d) The company also owns 76% of S C Cummins Limited which is in liquidation and 100% of Kennedy Brooks Limited (incorporated in Eire) which is now in voluntary liquidation. Neither has been consolidated as in the opinion of the directors it would be of no real value because of the insignificant amounts involved.

e) Other investments represents the interests of the group and the company in securities and development land.

17. STOCK AND WORK IN PROGRESS

	GROUP 1987	GROUP 1986
Work in progress	3,699,076	3,597,127
Less: Cash received on account	(2,217,429)	(2,492,496)
Cash receivable on account	(132,269)	(70,270)
	1,349,378	1,034,361
Stock	55,713	63,965
	£1,405,091	£1,098,326

The replacement value of stock and work in progress is estimated to be the same as book value.

As stated in note 1 to the accounts and in accordance with Statement of Standard Accounting Practice No 9, the valuation of long term contracts, other than recently commenced contracts, includes attributable profits at the accounting date. This represents a departure from the basis of valuation of current assets as required by the Companies Act 1986, but is necessary in order to comply with the overriding requirements of section 228(2) of the Companies Act 1985 that the accounts should show a true and fair view.

As the progress payments comprise both cost and profit, it is not possible, meaningfully, to state the amount of profit included in the balance sheet carrying value of contracts in progress, which is shown on a net basis.

NOTES TO THE ACCOUNTS
1 November 1987

18. DEBTORS	GROUP 1987	GROUP 1986	COMPANY 1987	COMPANY 1986
Trade debtors	3,544,812	3,661,398	-	-
Amounts owed by group companies	-	-	277,367	103,563
Other debtors	220,940	275,617	112,985	179,037
Prepayments and accrued income	95,865	85,299	72,173	50,302
Dividends receivable	-	-	63,000	167,290
	£3,861,617	£4,022,314	£525,525	£500,192
The following amounts which are included above are due after more than one year:				
Trade debtors	75,605	137,970	-	-
Other debtors	16,984	17,979	-	-
	£92,589	£155,949	£ -	£ -

19. CURRENT ASSET INVESTMENTS				
Cost				
Listed on a recognised stock exchange	£46,531	£122,691	£96,531	£122,691
Market value	£53,850	£148,750	£53,850	£148,750

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR				
Loans and overdrafts	-	178,099	-	-
Trade creditors	3,532,555	3,834,826	106,973	107,316
Amounts owed to group companies	-	-	2,424,827	2,236,035
Corporation tax	484,676	781,415	15,489	-
Other taxation and social security	247,140	232,217	51,318	44,316
Other creditors	167,461	111,113	671	1,797
Accruals and deferred income	765,792	449,320	516,648	237,441
Obligations under hire purchase contracts	4,167	-	-	-
Dividend payable	-	125,000	-	125,000
	£5,201,791	£5,711,990	£3,115,926	£2,751,905

	GROUP		COMPANY	
21. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	1987	1986	1987	1986
Corporation tax (payable June 1989)	£160,348	£148,003	£ -	£ -
22. PROVISIONS FOR LIABILITIES AND CHARGES				
Deferred taxation	13,212	39,422	-	-
Reinstatement and other provisions	464,834	503,030	-	75,000
	£478,046	£542,452	£ -	£75,000

a) Deferred taxation

	GROUP	COMPANY
Movement in year		
At 2 November 1986	39,422	-
Credit for the year	(29,669)	-
Subsidiary acquired	3,459	-
At 1 November 1987	£13,212	£ -

As explained in note 1, provision is made for taxation liabilities arising from the allocation of items to different periods for taxation and for accounting purposes, except where it is probable that a liability will not crystallise.

The source of the balance in the deferred tax account and the amounts for which provision has not been made are as follows:

	Provided		Unprovided	
i) THE GROUP	1987	1986	1987	1986
Capital allowances in excess of depreciation	44,167	72,107	(14,151)	(12,486)
Short-term timing differences	(30,955)	(32,685)	(10,239)	(10,771)
	£13,212	£39,422	£(24,390)	£(23,257)
ii) THE COMPANY				
Capital allowances in excess of depreciation	£ -	£ -	£(6,484)	£(12,486)

KENNEDY CONSTRUCTION GROUP LIMITED
and its subsidiaries

NOTES TO THE ACCOUNTS
1 November 1987

22. PROVISIONS FOR LIABILITIES AND CHARGES continued

b) Reinstatement and other provisions:

	GROUP	COMPANY
Movement in the year		
At 2 November 1986	503,030	75,000
Created during the year	225,233	-
Utilised during the year	(263,429)	(75,000)
At 1 November 1987	£464,834	£ -

23. CALLED UP SHARE CAPITAL

	1987	1986
Authorised and issued:		
Ordinary shares of £1 each fully paid	£217,800	£217,800

24. RESERVES

	Profit and Loss Account	
	GROUP	COMPANY
At 2 November 1986	2,212,739	320,724
Retained profit for the year	661,451	(10,930)
Goodwill on consolidation written off	(6,144)	(3,968)
At 1 November 1987	£2,868,046	£305,826

The balance on profit and loss account is all available for distribution.

25. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Bertrem Limited, a company incorporated in the Isle of Man.

The shareholders of Bertrem Limited throughout the year were:

	'A' Ordinary Shares
P J Kennedy - beneficial	560
Mrs K Kennedy - beneficial	560

The balance of the issued share capital, (60 'A' Ordinary shares and 80 £1 'B' Ordinary shares is held directly by or in trust for the benefit of certain individuals which include other members of the family of Mr P J Kennedy and Mrs K Kennedy.