

AVENT ENGINEERING LIMITED

REGISTERED NUMBER : 1895378

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 1999

Pages	Contents
2	Directors and Advisors
3 - 5	Report of the Directors
6	Report of the Auditors
7	Profit and Loss Account
8	Balance Sheet
9	Cash Flow Statement
10 - 11	Notes to the Cash Flow Statement
12 - 19	Notes to the Financial Statements



AVENT ENGINEERING LIMITED

DIRECTORS AND ADVISORS

DIRECTORS

M F Avent
T N Bowditch
D Brown
B Cooper

COMPANY SECRETARY

G Matthews

REGISTERED OFFICE

Manor Farmhouse
Biddestone
Chippenham
Wiltshire
SN14 7DH

AUDITORS

Menzies
Ashby House
64 High Street
Walton on Thames
Surrey
KT12 1BW

SOLICITORS

Courts & Co
15 Wimpole Street
London
W1M 8AP

AVENT ENGINEERING LIMITED

REPORT OF THE DIRECTORS

FINANCIAL STATEMENTS

The directors submit their report and the audited financial statements for the year ended 5 April 1999.

DIVIDENDS

The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY

The company's principal activity during the year comprised that of civil engineering.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Turnover remained steady but profit rose for the fifth consecutive year to a figure of £245,745 (1998 - £175,051) before taxation, which after deduction of £15,333 (1998 - £46,950) and without a dividend (1998 - £12,000) raised company reserves by £230,412. The bad debt suffered on termination of our work in Ghana was cleared, less professional charges, after adjudication reference to the Paris Chamber of Commerce.

Business in the utilities' sector is busy, but clients are tending to single out large groups for Partnership opportunities. We are, therefore, actively pursuing mergers and strategic alliances designed to give bigger turnover and the stronger balance sheet sought by clients. The company anticipates a significant growth in turnover and enhanced reserves at the next year end.

FIXED ASSETS

Movements in fixed assets are as shown in the notes to the financial statements. The directors do not consider that there is any significant difference between the market value and net book value of the company's tangible fixed assets.

Our four year write-down policy on all but property and tool stocks has remained steady since our April 1996 report. We have a policy of purchasing high quality second hand vehicles to alleviate the personal tax of our staff.

YEAR 2000

The group has undertaken an internal review of all computers, computer controlled equipment and software in order to ascertain the extent of any exposure to the Year 2000 issue. In addition major suppliers and customers are to be contacted to ascertain the degree of compliance that they are able to demonstrate in respect of services which interface with the group.

The group has implemented an upgrading of the entire computerised accounts system with Year 2000 compliant hardware, and software suppliers have confirmed that the accounts and payroll packages meet the Millenium requirements. A test run has been undertaken, in house, with a dummy run utilising Year 2000 data and has proved successful. It is considered that there will be minimal exceptional cost, over and above ongoing budget levels, associated with achieving compliance. The Board has a programme in place to monitor developments.

DIRECTORS

The directors in office at 5 April 1999 are listed on page 2. M F Avent and T N Bowditch served on the Board throughout the year. D Brown, B Cooper and I McLachlan were appointed as directors on 9 April 1998. I McLachlan subsequently resigned on 23 November 1998.

AVENT ENGINEERING LIMITED

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS

The directors' interests in the share capital of the company at 6 April 1998 and at 5 April 1999 as recorded in the register maintained by the company in accordance with the provisions of the Companies Act 1985, were as follows:

	5 April 1999	6 April 1998
Ordinary shares of £1 each		
M F Avent	-	-
T N Bowditch	-	-
D Brown	-	-
B Cooper	-	-
	<hr/>	<hr/>

The company is a wholly owned subsidiary of Avent Holdings Limited. The interests of the directors who are the directors of the parent undertaking are disclosed in the financial statements of that company.

DIRECTORS' 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 the affairs of the company and of the profit of the company for that year. In preparing those financial statements the directors are required to:

- a) Select suitable accounting policies and then apply them consistently.
- b) Make judgements and estimates that are reasonable and prudent.
- c) Follow applicable Accounting Standards, subject to any material departures disclosed and explained in the financial statements.
- d) 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 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. The directors 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.


AVENT ENGINEERING LIMITED

REPORT OF THE DIRECTORS

AUDITORS

Menzies have expressed their willingness to continue in office as auditors and in accordance with Section 385(2) of the Companies Act 1985 a resolution proposing their re-appointment will be submitted to the forthcoming Annual General Meeting.

By Order of the Board



M F Avent
Director

Date JUNE 4th '99

REPORT OF THE AUDITORS TO THE MEMBERS OF AVENT ENGINEERING LIMITED

We have audited the financial statements on pages 7 to 19 which have been prepared under the historical cost convention and the accounting policies set out on pages 12 and 13.

Respective responsibilities of directors and auditors

As described on page 4, the company's directors are responsible for the preparation of the company's financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 5 April 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ashby House
64 High Street
Walton on Thames
Surrey
KT12 1BW

Date *4 June 1999*

Menzies
**Menzies
Chartered Accountants
and Registered Auditors**

AVENT ENGINEERING LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 5 APRIL 1999**

		1999	1998
	Note	£	£
TURNOVER	2	7,248,241	7,309,672
Cost of sales		6,499,990	6,641,282
GROSS PROFIT		748,251	668,390
Administrative and other operating costs		654,087	563,037
OPERATING PROFIT		94,164	105,353
Exceptional items	3	145,761	103,010
Interest receivable	4	8,824	-
		248,749	208,363
Interest payable	5	3,004	33,312
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	245,745	175,051
Tax on profit on ordinary activities	6	15,333	46,950
PROFIT FOR THE FINANCIAL YEAR		230,412	128,101
Dividends	7	-	12,000
RETAINED PROFIT TRANSFERRED TO RESERVES	17	230,412	116,101

All amounts above are derived from continuing operations and the company has no recognised gains or losses other than the profit for the financial periods detailed above.

The notes on pages 12 to 19 form part of these financial statements.

AVENT ENGINEERING LIMITED

BALANCE SHEET

5 APRIL 1999

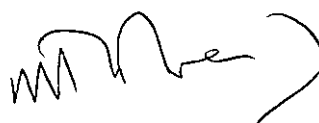
		1999	1998
	Note	£	£
FIXED ASSETS			
Tangible fixed assets	9	252,827	164,993
CURRENT ASSETS			
Stock	10	46,347	80,157
Debtors	11	1,312,943	1,099,499
Cash at bank and in hand		177,146	151,661
		<u>1,536,436</u>	<u>1,331,317</u>
CREDITORS: amounts falling due within one year	12	<u>1,038,160</u>	<u>1,071,405</u>
NET CURRENT ASSETS		498,276	259,912
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>751,103</u>	<u>424,905</u>
CREDITORS: amounts falling due after more than one year	13	22,894	12,112
PROVISION FOR LIABILITIES AND CHARGES	15	85,004	-
		<u>643,205</u>	<u>412,793</u>
CAPITAL AND RESERVES			
Called up share capital	16	100,000	100,000
Profit and loss account	17	543,205	312,793
EQUITY SHAREHOLDERS' FUNDS		<u>643,205</u>	<u>412,793</u>

The financial statements were approved by the Board of Directors on

4th JUNE '99

DIRECTOR

M F Avent



The notes on pages 12 to 19 form part of these financial statements.

AVENT ENGINEERING LIMITED

CASH FLOW STATEMENT

YEAR ENDED 5 APRIL 1999

		1999	1998
		£	£
CASH FLOW STATEMENT			
Net cash inflow/(outflow) from operating activities	a	246,614	(10,779)
Returns on investments and servicing of finance	b	5,820	(33,312)
Taxation		(80,100)	(35,336)
Capital (expenditure)/inflow	b	(112,014)	698,892
Equity dividends paid		-	(12,000)
Cash inflow/(outflow) before financing		60,320	607,465
Financing	b	(34,835)	(246,884)
Increase in cash in the period		25,485	360,581

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

Increase in cash in period		25,485	360,581
Cash outflow from decrease in debt and lease financing		34,835	246,884
Change in net debt arising from cashflows	c	60,320	607,465
New finance leases		(38,610)	(27,771)
Finance leases transferred		-	85,530
Movement in net debt in the period		21,710	665,224
Net funds at 6 April 1998		102,252	(562,972)
Net funds at 5 April 1999		123,962	102,252

AVENT ENGINEERING LIMITED

NOTES TO THE CASH FLOW STATEMENT

YEAR ENDED 5 APRIL 1999

	1999	1998
	£	£
a) Reconciliation of operating profit to net cash inflow/(outflow) from operating activities		
Operating profit	94,164	105,353
Depreciation charges	65,425	231,390
Decrease/(increase) in stock	33,810	(8,569)
Increase in debtors	(163,499)	(242,990)
(Decrease)/increase in creditors	(11,416)	147,029
Profit on sale of tangible fixed assets	(2,635)	(8,610)
Exceptional item – (bad debt)/recovered	145,761	(234,382)
Movement on maintenance provision	85,004	-
Net cash inflow/(outflow) from operating activities	246,614	(10,779)
b) GROSS CASH FLOWS	1999	1998
	£	£
Returns on investment and servicing of finance		
Interest received	8,824	-
Interest paid	-	(19,701)
Interest element of finance lease rentals	(3,004)	(13,611)
	5,820	(33,312)
Capital (expenditure)/inflow		
Payments to acquire tangible fixed assets	(115,221)	(107,942)
Receipts from sale of tangible fixed assets	3,207	806,834
	(112,014)	698,892
Financing		
Repayment of loan	-	(87,573)
Capital element of finance lease rental payments	(34,835)	(159,311)
	(34,835)	(246,884)

AVENT ENGINEERING LIMITED**NOTES TO THE CASH FLOW STATEMENT****YEAR ENDED 5 APRIL 1999****c) ANALYSIS OF CHANGES IN NET DEBT****Year ended 5 April 1999**

	At 6 April 1998	Cashflows	New Finance	At 5 April 1999
	£	£	£	£
Net cash				
Cash at bank and in hand	151,661	25,485	-	177,146
Debt				
Finance leases	(49,409)	34,835	(38,610)	(53,184)
TOTAL	<u>102,252</u>	<u>60,320</u>	<u>(38,610)</u>	<u>123,962</u>

AVENT ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 1999

1 ACCOUNTING POLICIES

The principal accounting policies of the company are set out below.

Accounting convention

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost convention, with the exception that the company's freehold buildings are subject to periodic revaluation, in accordance with the policy set out below.

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

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Depreciation

Depreciation is charged on the following bases to reduce the cost of the company's tangible fixed assets to their net realisable values over their estimated useful lives at the following rates:

Plant and equipment	25% of cost
Motor vehicles	25% of cost
Office equipment	25% of cost

Stock

Small tools and consumable equipment purchased for use in the business are written off over 2 years. The stock represents the balance of the cost of such items.

Deferred taxation

Provision is made for deferred taxation on the liability method for all short-term timing differences. Provision is also made for long-term timing differences, except to the extent that there is a reasonable probability of the tax not falling due for payment in the foreseeable future. Such tax not provided for is disclosed as a contingent liability.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. All exchange differences are dealt with through the profit and loss account.

AVENT ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 1999

1 ACCOUNTING POLICIES (continued)

Lease commitments and hire purchase contracts

Payments under operating leases are charged to the profit and loss account as incurred.

Assets financed under hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful economic lives.

Assets financed under finance leases are capitalised in the balance sheet at their fair value and are depreciated over the shorter of the term of the lease and their estimated useful economic lives.

Finance charges and interest in connection with finance leases and hire purchase contracts are charged to the profit and loss account on the sum of the digits basis.

Maintenance provision

Provision is made for the anticipated cost of remedial work under the terms of the various contracts on work completed at the balance sheet date.

2 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit on ordinary activities before taxation is attributable to the principal activity of the company.

The profit is stated after charging:

	1999	1998
	£	£
Depreciation	65,425	231,390
(Profit) on disposal of tangible fixed assets	(2,635)	(346,002)
Auditors' remuneration	9,250	9,250
Aggregate directors' emoluments	162,057	31,582
Analysis of turnover is as follows:		
	1999	1998
	£	£
British Isles	7,248,241	6,833,872
West Africa	-	475,800
	7,248,241	7,309,672

AVENT ENGINEERING LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 5 APRIL 1999****3 EXCEPTIONAL ITEM**

	1999	1998
	£	£
Profit on disposal of fixed assets	-	337,392
(Recovery of)/Bad debt on termination of West African project	145,761	(234,382)
	<u>145,761</u>	<u>103,010</u>

4 INTEREST RECEIVABLE

	1999	1998
	£	£
Deposit interest receivable	<u>8,824</u>	<u>-</u>

5 INTEREST PAYABLE

	1999	1998
	£	£
Bank loans and overdrafts	-	19,701
Hire purchase and finance lease interest	3,004	13,611
	<u>3,004</u>	<u>33,312</u>

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999	1998
	£	£
U.K. corporation tax at 21%	31,292	46,114
Corporation tax recoverable by utilisation of group roll-over relief claim	(49,945)	-
Prior year adjustments - corporation tax	33,986	836
	<u>15,333</u>	<u>46,950</u>

The prior year adjustment arises from utilisation of group relief. No inter group charge is made for such relief.

The roll-over relief arises from the roll-over of a group gain from the previous year into the group's new office building.

7 DIVIDENDS

	1999	1998
	£	£
Dividend	<u>-</u>	<u>12,000</u>

AVENT ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 1999

8 STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	1999	1998
	£	£
Wages and salaries	3,100,719	2,831,317
Social security costs	289,884	259,641
	<u>3,390,603</u>	<u>3,090,958</u>

The average monthly number of employees during the year was 182 (1998 - 164).

9 TANGIBLE FIXED ASSETS

	Plant and equipment	Motor vehicles	Office equipment	Total
	£	£	£	£
COST				
At 6 April 1998	233,604	118,399	16,884	368,887
Additions	51,156	85,966	16,709	153,831
Disposals	-	(14,922)	-	(14,922)
At 5 April 1999	<u>284,760</u>	<u>189,443</u>	<u>33,593</u>	<u>507,796</u>
DEPRECIATION				
At 6 April 1998	156,452	37,787	9,655	203,894
Charge for the year	29,837	32,253	3,335	65,425
Released on disposals	-	(14,350)	-	(14,350)
At 5 April 1999	<u>186,289</u>	<u>55,690</u>	<u>12,990</u>	<u>254,969</u>
NET BOOK VALUE				
At 5 April 1998	<u>77,152</u>	<u>80,612</u>	<u>7,229</u>	<u>164,993</u>
At 5 April 1999	<u>98,471</u>	<u>133,753</u>	<u>20,603</u>	<u>252,827</u>

AVENT ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 1999

9 TANGIBLE FIXED ASSETS (continued)

Financing

Details of tangible fixed assets held under finance leases, which are included above, are as follows:

	1999	1998
	£	£
Net book value at 5 April 1999	64,711	69,920
Depreciation charge for the year	9,066	14,948

10 STOCK

	1999	1998
	£	£
Raw materials and consumables	46,347	80,157

There were no significant differences between the replacement cost and the values disclosed for all categories of stock.

11 DEBTORS

	1999	1998
	£	£
Trade debtors	1,058,887	1,088,495
Amounts due from group undertakings	201,400	-
Corporation tax recoverable	49,945	-
Other debtors	2,711	8,045
Prepayments and accrued income	-	2,959
	1,312,943	1,099,499

All amounts included above are considered receivable within one year of the balance sheet date.

AVENT ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 1999

12 CREDITORS: amounts falling due within one year

	1999	1998
	£	£
Net obligations under finance leases	30,290	37,297
Trade creditors	654,663	563,418
Amounts owed to group undertakings	-	61,860
Current corporation tax	31,292	43,114
Social security and other taxes	120,198	271,165
Advance corporation tax on proposed dividend	-	3,000
Accruals and deferred income	201,717	91,551
	<u>1,038,160</u>	<u>1,071,405</u>

13 CREDITORS: amounts falling due after more than one year

	1999	1998
	£	£
Net obligations under finance leases	<u>22,894</u>	<u>12,112</u>

14 LEASE COMMITMENTS

Net obligations under finance leases and hire purchase contracts:

	1999	1998
	£	£
Within one year	30,290	37,297
Between two to five years	22,894	12,112
	<u>53,184</u>	<u>49,409</u>

The obligations under finance leases and hire purchase contracts are repayable by instalments.

AVENT ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 1999

15 PROVISION FOR LIABILITIES AND CHARGES

	1999	1998
	£	£
Maintenance provision	85,004	-

Movements during the year were as follows:

Maintenance provision

	1999	1998
	£	£
At 6 April 1998	-	-
Provided in the year	90,378	-
Released in the year	(5,374)	-
At 5 April 1999	85,004	-

16 CALLED UP SHARE CAPITAL

	1999	1998
	£	£
Authorised 100,000 ordinary shares of £1 each	100,000	100,000
Allotted, called up and fully paid Ordinary shares of £1 each	100,000	100,000

17 PROFIT AND LOSS ACCOUNT

	1999	1998
	£	£
At 6 April 1998	312,793	196,692
Profit for the financial year	230,412	116,101
At 5 April 1999	543,205	312,793

AVENT ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 1999

18 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1999	1998
	£	£
Profit for the financial year	230,412	128,101
Dividends	-	12,000
	<hr/>	<hr/>
Opening shareholders' funds	230,412	116,101
	412,793	296,692
	<hr/>	<hr/>
Closing shareholders' funds	643,205	412,793
	<hr/>	<hr/>

19 CAPITAL COMMITMENTS

The company had no capital commitments at 5 April 1999 (1998 - nil).

20 CONTINGENT LIABILITIES

The company had outstanding Performance Bonds at 5 April 1999 to the value of £67,371 (1998 - £20,000).

21 RELATED PARTY TRANSACTIONS

Avent Holdings Limited is the parent company of Avent Engineering Limited. Costs relating to Avent Holdings Limited which were subsequently recharged amounted to £57,596 (1998 - £54,848).

Avent Holdings Limited charged a management fee of £80,000 (1998 - £95,000) to Avent Engineering Limited for management services rendered. In addition Avent Holdings Limited charged a fee of £237,178 (1998 - nil) to Avent Engineering Limited in respect of hire of plant and machinery. These charges were considered to be at market value.

As at 5 April 1999 Avent Engineering Limited was owed an amount of £201,400 (1998 - £61,860 debt) from Avent Holdings Limited.

22 ULTIMATE HOLDING COMPANY

The directors consider the ultimate parent undertaking to be Avent Holdings Limited, a company which is registered in England and Wales.