

MACOB CONSTRUCTION LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 1999



Company No. 2477393

MACOB CONSTRUCTION LIMITED

COMPANY INFORMATION

Directors	Mr R J Roberts Mr N Melhuish
Secretary	Mr D M Walters
Company Number	2477393
Registered Office	46/48 Coity Road Bridgend CF31 1LR
Auditors	Clay Shaw Thomas Charter House 46/48 Coity Road Bridgend CF31 1LR
Bankers	Barclays Bank Plc Corporate Banking Centre PO Box 747 Llanishen Cardiff CF4 5ZY

MACOB CONSTRUCTION LIMITED

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MACOB CONSTRUCTION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30TH JUNE 1999

The directors present their report together with the audited accounts for the year ended 30th June 1999.

Principal Activities and Review of Business

The company's principal activity continued to be that of building and civil engineering contractors.

Results and Dividends

The results for the year are set out in the profit and loss account on page 4.

The company suffered a slight downturn in turnover during the year as a large amount of management time and effort was placed in securing a number of high profile contracts for the forthcoming financial year.

The company also suffered a retained loss due to a single bad debt. Although the debtor did not go into receivership until August 1999, it was agreed by the directors that it would be prudent to provide for the full amount of the debt in the year ended 30th June 1999.

The directors are confident that the company will see an upturn in both turnover and profits for the forthcoming financial year following the resources placed in securing these projects. The company will also be carrying out the construction activities in conjunction with the PFI arm of the group.

Dividends

The directors recommend dividends amounting to £200,000 (1998 £100,000).

Directors

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	Ordinary Shares	
	30th	<i>1st</i>
	June	<i>July</i>
	1999	<i>1998</i>
Mr R J Roberts	-	-
Mr N Melhuish	-	-

Macob Construction Limited is a 95% subsidiary of Macob Holdings Limited. Mr R J Roberts owns 100% of the ordinary share capital in Macob Holdings Limited.

Political and Charitable Contributions

The company made no political or charitable contributions during the year.

MACOB CONSTRUCTION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30TH JUNE 1999

Directors' Responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of the company's affairs and of the profit or loss for that year. In preparing these accounts the directors are required to:

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

Prepare the accounts 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 enable them to ensure that the accounts 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.

Auditors

A resolution to reappoint Clay Shaw Thomas Chartered Accountants as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on

, and signed on its behalf.



Mr D M Walters, Secretary

Date: 24/10/99

AUDITORS' REPORT TO THE SHAREHOLDERS OF MACOB CONSTRUCTION LIMITED

We have audited the accounts 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

As described on page 1 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and report our opinion to you.

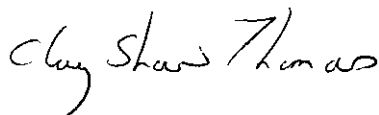
Basis of Opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 the information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30th June 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Clay Shaw Thomas
Chartered Accountants and Registered Auditors
Charter House
46/48 Coity Road
Bridgend
CF31 1LR
Date: 22-10-99

MACOB CONSTRUCTION LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 30TH JUNE 1999**

	Notes	1999 £	1998 £
Turnover	2	4,813,854	6,740,807
Cost of Sales		(4,411,975)	(6,005,493)
Gross Profit		401,879	735,314
Administrative Expenses		(281,577)	(194,239)
Operating Profit	3	120,302	541,075
Other Exceptional Items	4	(440,997)	-
		(320,695)	541,075
Interest Receivable		22,011	-
Interest Payable and Similar Charges	6	(305)	(21,922)
Loss/Profit on Ordinary Activities before Taxation		(298,989)	519,153
Tax on loss/profit on ordinary activities	7	110,732	(162,449)
Loss/Profit for the Financial Year		(188,257)	356,704
Dividends	8	(200,000)	(100,000)
Retained Loss/Profit for the Year	14	(388,257)	256,704

All amounts relate to continuing activities.

There were no recognised gains or losses for 1999 or 1998 other than those included in the profit and loss account.

MACOB CONSTRUCTION LIMITED

BALANCE SHEET

AS AT 30TH JUNE 1999

	Notes	£	1999 £	£	1998 £
Fixed Assets					
Tangible assets	9		6,276		11,891
Current Assets					
Stocks	10	1,035,652		700,678	
Debtors	11	987,949		769,014	
Cash at bank and in hand		88,809		1,250,073	
		<u>2,112,410</u>		<u>2,719,765</u>	
Creditors: Amounts Falling Due Within One Year	12	<u>(1,639,766)</u>		<u>(1,864,479)</u>	
Net Current Assets			<u>472,644</u>		<u>855,286</u>
Total Assets Less Current Liabilities			<u>478,920</u>		<u>867,177</u>
Capital and Reserves					
Share capital	13		100		100
Profit and loss account	14		478,820		867,077
Shareholders' Funds	15		<u>478,920</u>		<u>867,177</u>

These accounts were approved by the board on

22/10/99

and signed on its behalf.

Mr R J Roberts
Director



MACOB CONSTRUCTION LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH JUNE 1999

1 Accounting Policies

Basis of Accounting

The Accounts have been prepared under the historical cost convention.

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is part of a group

Turnover

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

Depreciation

Tangible fixed assets are stated at cost. Depreciation is calculated to write down the cost of tangible fixed assets over their expected useful lives using the straight line basis as follows:

Fixtures and fittings	15% per annum
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Work in Progress

Work in Progress is valued as the lower of cost and net realisable value. Cost is that expenditure which has been incurred in the normal course of business in bringing the product to its present location and condition. Net realisable value is based on estimated selling price less future costs to completion and selling costs.

Deferred Taxation

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability. No liability has been provided for this year as this would not be material.

2 Turnover

The turnover was derived from the company's principal activity which was carried out wholly in the UK.

3 Operating Profit

The operating profit is arrived at after charging:

	1999	1998
	£	£
Depreciation of owned assets	13,348	5,316
Hire of equipment	145,316	146,751
Auditors' remuneration	4,200	3,800

MACOB CONSTRUCTION LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH JUNE 1999

4	Exceptional Items	1999 £	1998 £
	Other Exceptional Items	(440,997)	-
		<u>(440,997)</u>	<u>-</u>

The other exceptional items relates to a bad debt provision made in respect of a customer.

5 Directors and Employees

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

	1999 £	1998 £
Wages and salary costs including those recharged from group companies.	327,923	253,250
Social security costs	38,676	28,134
	<u>366,599</u>	<u>281,384</u>

The average weekly number of employees, including directors, and those recharged from group companies during the year was as follows:

	1999 Number	1998 Number
Management	3	3
Administration	5	3
Construction	11	9
	<u>19</u>	<u>15</u>

Directors' emoluments

	1999 £	1998 £
Emoluments	43,185	33,583
	<u>43,185</u>	<u>33,583</u>

6 Interest Payable and Similar Charges

	1999 £	1998 £
Bank overdrafts and loans	305	21,922
	<u>305</u>	<u>21,922</u>

MACOB CONSTRUCTION LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH JUNE 1999

7 Taxation

	1999 £	1998 £
Based on the loss/profit for the year		
UK corporation tax at 30% (1998 31%)	(82,668)	162,449
Overprovision for corporation tax in prior years	(28,064)	-
	<u>(110,732)</u>	<u>162,449</u>

8 Dividends

	1999 £	1998 £
Ordinary dividends	200,000	100,000
	<u>200,000</u>	<u>100,000</u>

9 Tangible Fixed Assets

	Fixtures and Fittings	Total
Cost	£	£
At 1st July 1998	45,813	45,813
Additions	7,732	7,732
At 30th June 1999	53,545	53,545
Depreciation		
At 1st July 1998	33,921	33,921
Charge for the year	13,348	13,348
At 30th June 1999	47,269	47,269
Net Book Value		
At 30th June 1999	6,276	6,276
<i>At 30th June 1998</i>	<i>11,892</i>	<i>11,892</i>

10 Stocks

	1999 £	1998 £
Work in progress	773,152	438,178
Land	262,500	262,500
	<u>1,035,652</u>	<u>700,678</u>

MACOB CONSTRUCTION LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH JUNE 1999

11	Debtors	1999 £	1998 £
	Trade debtors	25,791	10,099
	Amounts owed by group undertakings	320,016	170,797
	Amounts owed by undertakings in which the company has a participating interest	968	1,268
	Amounts receivable on contracts	477,146	480,510
	Other debtors	163,096	103,272
	Prepayments and accrued income	406	406
	Directors' loan accounts (Note 17)	526	2,662
		<u>987,949</u>	<u>769,014</u>

Other debtors includes £142,821 (1998 £97,325) in respect of taxation.

12	Creditors: Amounts Falling Due Within One Year	1999 £	1998 £
	Bank loans and overdrafts (Note 16)	239,862	263,812
	Payments received on account	49,964	38,869
	Trade creditors	690,984	221,169
	Amounts owed to group undertakings	465,097	397,447
	Other taxes and social security	5,375	181,390
	Other creditors	183,818	757,526
	Accruals and deferred income	4,666	4,266
		<u>1,639,766</u>	<u>1,864,479</u>

Other creditors include £5,375 (1998 £181,390) in respect of taxation and social security.

13	Share Capital	1999 £	1998 £
	Authorised Equity Shares		
	Authorised ordinary shares of £1 each	10,000	10,000
		<u>10,000</u>	<u>10,000</u>
	Allotted Equity Shares		
	Issued and fully paid ordinary shares of £1 each	100	100
		<u>100</u>	<u>100</u>

MACOB CONSTRUCTION LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH JUNE 1999

14 Reserves

	Profit and Loss Account
	£
At 1st July 1997	610,373
Loss/Profit for the year	256,704
At 1st July 1998	867,077
Loss/Profit for the year	(388,257)
At 30th June 1999	478,820

15 Reconciliation of Shareholders' Funds

	1999 £	1998 £
Loss/Profit for the financial year	(188,257)	356,704
Dividends	(200,000)	(100,000)
Decrease/Increase in the shareholders' funds	(388,257)	256,704
Opening shareholders' funds	867,177	610,473
Closing shareholders' funds	478,920	867,177

16 Bank Security

Barclays Bank plc hold an unlimited cross guarantee for the bank funding of all group companies.

17 Transactions With Directors and Related Parties

Macob Construction Limited is a 95% subsidiary of Macob Holdings Limited, and as such has taken advantage of the exemption stated in FRS 8 which does not require the disclosure of transactions between group companies if at least 90% of the voting rights are controlled within the group.

The amount owed to Macob Construction Limited from the director Mr R J Roberts as at 30th June 1999 amounted to £526 (1998 £630). The maximum balance owed to the company during the year was £630.

No interest has currently been charged on this account.

18 Ultimate Parent Undertaking

The ultimate parent company of Macob Construction Limited is Macob Holdings Limited, a company registered in Wales. The ultimate controlling party is Mr R J Roberts owning 100% of the issued share capital in Macob Holdings Limited.