

**PJK INVESTMENTS
LIMITED**
and its subsidiaries

REPORT AND ACCOUNTS

30 October 1994



PJK INVESTMENTS LIMITED
and its subsidiaries

REPORT OF THE DIRECTORS

The Directors submit their report and the accounts for the year ended 30 October 1994.

PRINCIPAL ACTIVITIES

The Company is a holding Company. The principal activities of its subsidiaries comprise public works contracting, property investment and management and other ancillary activities.

REVIEW OF THE BUSINESS

The Directors are again pleased to report another increase in group turnover from £63.1 million to £81.8 million and that profits before tax have recovered from £3.74 million to £6.19 million. All operating companies within the Group were profitable. The continuing policy of investing in property, plant and transport has given rise to further capital expenditure in the year of £3.6 million.

The current year has started satisfactorily although business volume has dropped in some parts of the Group's activities. 1995 will see a fall back from turnover and profit levels achieved in 1994.

LAND AND BUILDINGS

The Directors are of the opinion that the present market values of the Group's properties for own use are in excess of the amounts at which they are stated in the accounts.

FIXED ASSETS

Details of movements in fixed assets are included in notes 12 to 14 to the accounts.

RESULTS AND DIVIDENDS

The results of the Group for the year are set out in detail on page 5.

Dividends of £1,402,830 were paid during the year (1993 - £1,016,512). The Directors recommend that no final dividend be declared (1993 - £Nil).

DIRECTORS

The Directors who served during the year were as follows:

P J Kennedy
J C Parsons
Mrs K Kennedy
R S Boddington

Details of the Directors' interest in shares are shown in note 4 to the accounts.

PJK INVESTMENTS LIMITED
and its subsidiaries

REPORT OF THE DIRECTORS continued

DISABLED PERSONS

The Group has an established policy of encouraging the employment of disabled persons wherever this is practicable. In compliance with the current legislation the Group seeks to employ at least the quota of disabled persons required. The Group endeavour 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 £199,006 (1993 - £40,100).

AUDITORS

A resolution to re-appoint Touche Ross & Co. as auditors will be proposed at the Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'R W Kirkin', written in a cursive style.

R W Kirkin

Secretary

28th July 1995

PJK INVESTMENTS LIMITED
and its subsidiaries

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- * prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

AUDITORS' REPORT TO THE MEMBERS OF PJK INVESTMENTS LIMITED

We have audited the financial statements on pages 5 to 24 which have been prepared under the accounting policies set out on pages 11 to 13.

Respective responsibilities of directors and auditors

As described on page 3 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those 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 circumstances of the Company and the Group, 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 affairs of the Company and the Group as at 30 October 1994 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Touche Ross & Co
Chartered Accountants and Registered Auditors

28 July 1995

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 30 October 1994

	Note	1994 £	1993 £
TURNOVER	1	81,848,607	63,118,722
Cost of Sales		<u>(68,425,114)</u>	<u>(53,344,425)</u>
GROSS PROFIT		13,423,493	9,774,297
Administrative expenses		(7,529,216)	(6,294,786)
Other operating income	5	<u>10,568</u>	<u>36,634</u>
		<u>(7,518,648)</u>	<u>(6,258,152)</u>
OPERATING PROFIT	2	5,904,845	3,516,145
(Loss)/Profit on sale of fixed asset investments		(11,791)	125,371
Interest receivable and similar income	6	313,395	295,435
Amounts written off investments	7	(11,502)	(63,040)
Interest payable and similar charges	8	<u>(8,762)</u>	<u>(135,499)</u>
		281,340	222,267
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>6,186,185</u>	<u>3,738,412</u>
Tax on profit on ordinary activities	9	<u>(2,396,794)</u>	<u>(1,434,734)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		3,789,391	2,303,678
Equity minority interests		<u>(74,802)</u>	<u>(88,148)</u>
PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE MEMBERS OF PJK INVESTMENTS LIMITED		3,714,589	2,215,530
Dividends on equity shares	11	(1,402,830)	(1,016,512)
RETAINED PROFIT FOR THE YEAR	21	<u>2,311,759</u>	<u>1,199,018</u>

There were no recognised gains and losses other than the retained profit for the year and the preceding year.

All the activities relate to continuing operations.

CONSOLIDATED BALANCE SHEET
30 October 1994

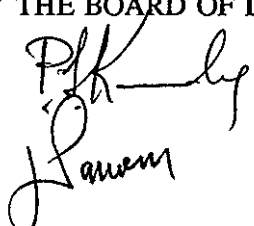
	Note	1994 £	1993 £
FIXED ASSETS			
Tangible assets	12	8,593,657	8,236,496
Investment properties	13	2,053,684	1,973,581
Investments	14	500	-
		<u>10,647,841</u>	<u>10,210,077</u>
CURRENT ASSETS			
Stock and long term contract balances	15	546,375	589,371
Debtors	16	13,731,207	11,107,406
Investments	17	173,452	331,570
Cash at bank and in hand		<u>11,691,632</u>	<u>6,712,100</u>
		26,142,666	18,740,447
CREDITORS:AMOUNTS FALLING DUE WITHIN ONE YEAR	18	<u>(19,162,087)</u>	<u>(13,807,118)</u>
NET CURRENT ASSETS		<u>6,980,579</u>	<u>4,933,329</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		17,628,420	15,143,406
PROVISIONS FOR LIABILITIES AND CHARGES	19	<u>(2,061,720)</u>	<u>(1,933,716)</u>
		<u>15,566,700</u>	<u>13,209,690</u>
CAPITAL AND RESERVES			
Called up share capital	20	39,041,000	39,041,000
Profit and loss account	21	4,412,572	2,100,474
Goodwill	21	<u>(28,631,882)</u>	<u>(28,631,882)</u>
Equity Shareholders' funds		14,821,690	12,509,592
EQUITY MINORITY INTERESTS		<u>745,010</u>	<u>700,098</u>
Total capital employed		<u>15,566,700</u>	<u>13,209,690</u>

APPROVED BY THE BOARD OF DIRECTORS

P J Kennedy

J C Parsons

28 July 1995



PJK INVESTMENTS LIMITED**PARENT COMPANY BALANCE SHEET**

30 October 1994

	Note	1994 £	1993 £
FIXED ASSET INVESTMENTS	14	39,041,000	39,041,000
CURRENT ASSETS			
Debtors	16	50,000	-
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	18	<u>(50,000)</u>	<u>-</u>
NET CURRENT ASSETS		<u>-</u>	<u>-</u>
		<u>39,041,000</u>	<u>39,041,000</u>
CAPITAL AND RESERVES			
Called up share capital	20	<u>39,041,000</u>	<u>39,041,000</u>
		<u>39,041,000</u>	<u>39,041,000</u>

APPROVED BY THE BOARD OF DIRECTORS

P J Kennedy

J C Parsons

28 July 1995



CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 October 1994

	Note	1994 £	1993 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	(a)	<u>9,742,158</u>	<u>5,572,378</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		269,174	295,435
Interest paid		(8,762)	(2,228)
Dividends paid		(1,402,830)	(1,016,512)
Dividends paid to minority shareholders in subsidiary undertakings		(30,890)	(38,076)
Net cash outflow from returns on investments and servicing of finance		<u>(1,173,308)</u>	<u>(761,381)</u>
TAXATION			
Corporation tax paid		<u>(1,277,431)</u>	<u>(1,784,380)</u>
Tax paid		<u>(1,277,431)</u>	<u>(1,784,380)</u>
INVESTING ACTIVITIES			
Payments to acquire tangible fixed assets		(3,595,983)	(3,653,874)
Payments to acquire and improve investment properties		(208,062)	(188,928)
Investment in associated company		(500)	-
Purchase of investments		-	(495,000)
Receipts from sale of tangible fixed assets		1,052,293	188,845
Receipts from sale of investment properties		293,750	347,740
Purchase of a business	(b)	-	(40,000)
Issue of loan		(50,000)	-
Proceeds from disposal of investments		<u>-</u>	<u>635,150</u>
Net cash outflow from investing activities		<u>(2,508,502)</u>	<u>(3,206,067)</u>
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		4,782,917	(179,450)
FINANCING			
Issue of shares to minority shareholder	(c)	<u>-</u>	<u>1,000</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(d)	<u>4,782,917</u>	<u>(178,450)</u>

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 October 1994

(a) **RECONCILIATION OF OPERATING PROFIT TO NET
CASH INFLOW FROM OPERATING ACTIVITIES**

	1994 £	1993 £
Operating profit	5,904,845	3,516,145
Depreciation charge	2,640,443	2,369,353
Profit on sale of fixed assets	(453,913)	(128,277)
Profit on sale of investment property	(126,638)	-
Exchange differences	39,492	(18,478)
Increase in reinstatement and other provisions	136,917	173,964
Decrease/(Increase) in stocks	42,996	(493,816)
Increase in debtors	(2,668,684)	(2,653,782)
Increase in creditors	4,226,700	2,807,269
	<u>9,742,158</u>	<u>5,752,378</u>
Net cash inflow from operating activities	<u>9,742,158</u>	<u>5,752,378</u>

(b) **ANALYSIS OF THE NET OUTFLOW OF CASH
AND CASH EQUIVALENTS IN RESPECT OF
THE PURCHASE OF A BUSINESS**

Cash consideration	-	40,000
Net outflow	-	40,000
Net Assets acquired:		
Goodwill	-	40,000

(c) **ANALYSIS OF CHANGES IN FINANCING**

	£	£
Minority Interests		
At 1 November 1993	700,098	649,026
Share of profit after taxation	74,802	88,148
Dividends	(30,890)	(38,076)
Issue of shares	1,000	1,000
	<u>745,010</u>	<u>700,098</u>
At 30 October 1994	<u>745,010</u>	<u>700,098</u>

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 October 1994

(d) **ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS**

	1994 £	1993 £
At 31 October 1993	6,993,670	6,905,209
Increase/(Decrease) in cash and cash equivalents during the year	4,782,917	(178,450)
Movement in provisions against current asset investments	(11,503)	3,266
Transfer from fixed asset investment	-	263,645
	<u>11,765,084</u>	<u>6,993,670</u>
At 30 October 1994	<u>11,765,084</u>	<u>6,993,670</u>

(e) **ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET**

	Cash at bank and in hand £	Amounts disclosed within Current asset investments £	Total £
At 1 November 1992	6,890,550	14,659	6,905,209
Change in year	(178,450)	-	(178,450)
Transfer from fixed asset investments	-	263,645	263,645
Provisions released	-	3,266	3,266
	<u>6,712,100</u>	<u>281,570</u>	<u>6,993,670</u>
At 31 October 1993	6,712,100	281,570	6,993,670
Change in year	4,979,532	(196,615)	4,782,917
Provisions created	-	(11,503)	(11,503)
	<u>11,691,632</u>	<u>73,452</u>	<u>11,765,084</u>
At 30 October 1994	<u>11,691,632</u>	<u>73,452</u>	<u>11,765,084</u>

**RECONCILIATION OF MOVEMENTS
IN SHAREHOLDERS' FUNDS**
for the year ended 30 October 1994

Profit for the financial year	3,714,589	2,215,530
Dividends	(1,402,830)	(1,016,512)
	<u>2,311,759</u>	<u>1,199,018</u>
Foreign Exchange gain	339	-
Purchased goodwill written off	-	(40,000)
	<u>2,312,098</u>	<u>1,159,018</u>
Net Addition to shareholders' funds	<u>2,312,098</u>	<u>1,159,018</u>
Opening shareholders' funds	12,509,592	11,350,574
	<u>14,821,690</u>	<u>12,509,592</u>
Closing shareholders' funds	<u>14,821,690</u>	<u>12,509,592</u>

NOTES TO THE ACCOUNTS
30 October 1994

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historic cost convention as modified by the revaluation of investment properties and in accordance with applicable accounting standards. Compliance with SSAP 19, "Accounting for Investment Properties" requires departure from the requirements of the Companies Act 1985 relating to depreciation and an explanation of the departure is given below. The principal accounting policies adopted by the Group are as follows:

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. The Group's share of profit and attributable taxation of the associated company is included in the consolidated profit and loss account. The Group's interest in the net assets of that company is shown under Investments in the consolidated balance sheet.

JDM (Diamondmasters) Limited, a subsidiary company formed during the previous financial year, has prepared its first set of audited accounts for the eighteen months ending 30 October 1994. The company's Management accounts were consolidated for the six month period to 31 October 1993, and the 12 months to 30 October 1994 are included in the Consolidated Accounts.

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 are treated as movements on the reserves. All other currency adjustments are included in the profit before taxation.

TURNOVER

Turnover represents the value of work carried out and goods and services provided during the year.

NOTES TO THE ACCOUNTS
30 October 1994

1. ACCOUNTING POLICIES continued

TANGIBLE FIXED ASSETS AND DEPRECIATION

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

The rates are as follows:

Land and buildings:

Freehold land	- Nil%
Freehold buildings	- 2.5%
Leasehold	- equal annual instalments over the period of the lease
Plant and machinery	- 10% to 50% on cost
Wagons and other vehicles	- 25% to 100% on cost

INVESTMENT PROPERTIES

In accordance with Statement of Standard Accounting Practice No 19 investment properties are re-valued annually by the Directors and at least every five years by an external valuer. The aggregate surplus or deficit arising on revaluation is transferred to revaluation reserve except for shortfalls between aggregate cost and valuation which are charged to profit and loss account.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, because their properties are not held for consumption but for their investment potential, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

INVESTMENTS

Investment income is included in the accounts of the year in which it is receivable. Fixed asset investments are stated at cost less provisions for permanent diminution in value, and current asset investments are stated at the lower of cost and net realisable value.

STOCK

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

NOTES TO THE ACCOUNTS
30 October 1994

1. ACCOUNTING POLICIES continued

LONG TERM CONTRACTS IN PROGRESS

Amounts recoverable on long term contracts are included in debtors and comprise any excess of cumulative turnover for a contract over cumulative payments on account for that contract.

Long term contract balances are stated, contract by contract, at cumulative costs less cumulative amounts transferred to cost of sales, less foreseeable losses and applicable payments on account. Any resulting excesses, for a particular contract, of foreseeable losses or payments on account are included in creditors.

Turnover and related costs on each long term contract are recorded in the profit and loss account as contract activity progresses. Turnover includes attributable profit when the outcome to the contract can be assessed with reasonable certainty. Full provision is made for losses on a contract and no credit is taken for claims by the Company until there is a firm agreement with the client.

REINSTATEMENT PROVISION

The reinstatement provision represents the Group's estimate of 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.

DEFERRED TAXATION

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

PENSIONS

The Group operates a contributory defined benefit pension scheme which covers a large proportion of its permanent staff employees. The scheme funds are administered by trustees and are independent of the Group's finances. Contributions are paid to the scheme in accordance with recommendations of independent actuaries whose reports are compiled every three years. The Company's contributions are charged against profits so as to spread the cost over the service lives of employees in the scheme.

NOTES TO THE ACCOUNTS

30 October 1994

2. TOTAL OPERATING PROFIT

1994
£

1993
£

Operating profit is arrived at after charging/(crediting):

Depreciation	2,640,443	2,369,353
Profit on sale of tangible assets	(453,913)	(128,277)
Hire of plant and machinery	4,662,760	3,833,819
Auditors remuneration - audit fees	47,975	47,798
- non-audit fees	65,242	44,030

3. EMPLOYEES

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

No.

No.

Production staff	681	574
Administrative staff	152	135
	<u>833</u>	<u>709</u>

The costs incurred in respect of these employees were:

£

£

Wages and salaries	16,463,212	13,089,726
Social security costs	1,664,104	1,331,144
Other pension costs	573,522	507,281
	<u>18,700,838</u>	<u>14,928,151</u>

4. DIRECTORS

1994
£

1993
£

(a) Emoluments of Directors included in employee costs were:

Management remuneration	<u>1,148,872</u>	<u>980,126</u>
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The number of Directors whose emoluments (excluding pension contributions) fell into the following ranges was:

No.

No.

Not more than £ 5,000	one	one
£50,001 - £55,000	none	one
£55,001 - £60,000	one	none
£310,001 - £315,000	none	one
£320,001 - £325,000	one	none
£570,001 - £575,000	none	one
£610,001 - £615,000	one	none

NOTES TO THE ACCOUNTS
30 October 1994

The Chairman received emoluments during the year of £321,037 (1993: £314,467) and the highest paid Director £743,733 (1992: £573,999).

(b) Directors' interests

The interests of P J Kennedy and Mrs K Kennedy are shown in note 23 to the accounts. No other Director had an interest in the shares of the Company or its ultimate parent company during the year.

5. OTHER OPERATING INCOME	1994 £	1993 £
Income from fixed asset investments	-	36,634
Income from current asset investments	<u>10,568</u>	<u>-</u>
	<u>10,568</u>	<u>36,634</u>
6. INTEREST RECEIVABLE AND SIMILAR INCOME		
Interest receivable:		
Bank deposits	246,190	274,635
Other interest	22,984	20,800
Exchange differences	<u>44,221</u>	<u>-</u>
	<u>313,395</u>	<u>295,435</u>
7. AMOUNTS WRITTEN OFF INVESTMENTS		
Movement in provisions against investments	<u>11,502</u>	<u>63,040</u>

NOTES TO THE ACCOUNTS
30 October 1994

8. INTEREST PAYABLE AND SIMILAR CHARGES	1994 £	1993 £
On bank loans, overdrafts and other loans repayable within 5 years	8,762	2,228
Exchange differences	-	133,271
	<u>8,762</u>	<u>135,499</u>

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

Taxation is based on the profits for the year and comprises:

Corporation tax at 33% (1993 - 33%) of taxable profit	2,384,034	1,396,327
Deferred taxation	(6,043)	17,170
Tax credits on UK dividends received	2,113	-
	<u>2,380,104</u>	<u>1,413,497</u>

Prior year adjustments:

Corporation tax	24,572	7,890
Deferred taxation	(2,870)	13,347
Income Tax	(5,012)	-
	<u>2,396,794</u>	<u>1,434,734</u>

The tax for the year has been increased/(decreased)
by the following amounts as a result of:

Different overseas tax rates	(2,876)	-
General disallowable expenditure	97,867	164,288
Depreciation on assets not qualifying for capital allowances	16,795	20,228
Deferred taxation not provided	236,804	30,125
	<u>348,590</u>	<u>214,641</u>

10. RESULT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE
MEMBERS OF PJK INVESTMENTS LIMITED

	1994 £	1993 £
Dealt with in the accounts of the parent Company	<u>1,402,830</u>	<u>1,016,512</u>

The Company has taken advantage of Section 230 of the
Companies Act 1985 and consequently a profit and loss
account for the Company alone is not presented.

11. DIVIDENDS ON EQUITY SHARES

Paid - ordinary shares	<u>1,402,830</u>	<u>1,016,512</u>
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NOTES TO THE ACCOUNTS
30 October 1994

12. TANGIBLE ASSETS

	Land and buildings £	Plant and machinery £	Total £
THE GROUP			
Cost:			
At 31 October 1993	3,423,391	12,540,996	15,964,387
Additions	217,637	3,378,346	3,595,983
Disposals	(81,434)	(1,538,062)	(1,619,496)
At 30 October 1994	<u>3,559,594</u>	<u>14,381,280</u>	<u>17,940,874</u>
Depreciation:			
At 31 October 1993	234,418	7,493,473	7,727,891
Charge for the year	59,749	2,580,694	2,640,443
On disposals	(3,270)	(1,017,847)	(1,021,117)
At 30 October 1994	<u>290,897</u>	<u>9,056,320</u>	<u>9,347,217</u>
Balance sheet value:			
At 30 October 1994	<u>3,268,697</u>	<u>5,324,960</u>	<u>8,593,657</u>
At 31 October 1993	<u>3,188,973</u>	<u>5,047,523</u>	<u>8,236,496</u>
The balance sheet value of land and buildings comprises:		1994 £	1993 £
Freehold		1,854,066	1,759,115
Long leasehold		<u>1,414,631</u>	<u>1,429,858</u>
		<u>3,268,697</u>	<u>3,188,973</u>
Future capital expenditure:			
Authorised by the Directors but not contracted for		-	115,860
		-	<u>115,860</u>

NOTES TO THE ACCOUNTS
30 October 1994

13. INVESTMENT PROPERTIES

THE GROUP	Freehold land and buildings £
Cost and valuation at 31 October 1993	1,973,581
Additions at cost	208,062
Disposals	(167,112)
Exchange differences	39,153
	<u>2,053,684</u>
Cost and valuation at 30 October 1994	<u>2,053,684</u>

At 30 October 1994 the properties were valued by the Directors and considered to have a market value of £2,053,684 (1993 - £1,973,581). The historical cost of properties owned at 30 October 1994 was £2,053,684 (1993 - £1,973,581).

14. FIXED ASSET INVESTMENTS

(a) THE GROUP	<u>Subsidiaries</u> £	<u>Associate- Share of Net Assets</u> £	<u>Total</u> £
Cost:			
At 31 October 1993	156,685	-	156,685
Additions	<u>-</u>	<u>500</u>	<u>500</u>
At 30 October 1994	<u>156,685</u>	<u>500</u>	<u>157,185</u>
Provisions:			
At 31 October 1993 and 30 October 1994	<u>156,685</u>	<u>-</u>	<u>156,685</u>
Balance sheet value:			
At 30 October 1994	<u>-</u>	<u>500</u>	<u>500</u>
At 31 October 1993	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE ACCOUNTS

30 October 1994

14. FIXED ASSET INVESTMENTS continued

(b) THE COMPANY

Shares in
Subsidiary
£

Cost:

At 31 October 1993
and 30 October 1994

39,041,000

Balance sheet value:

At 31 October 1993
and 30 October 1994

39,041,000

- (c) The subsidiary company of which the Company holds 99.091% of the ordinary shares issued as at 30 October 1994 is Kennedy Construction Group Limited. The following companies are owned by Kennedy Construction Group Limited:

Joseph Kennedy & Co (Manchester) Limited	99.091%
Kennedy Asphalt Limited	99.091%
Kennedy Construction Limited	76.300%
Kennedy Pipelining Services Limited	89.182%
STH Plant Limited	99.091%
North Cheshire Properties Limited	74.328%
Hale Brooks Insurance Company Limited (incorporated in the Isle of Man)	99.091%
Greythorn Limited (incorporated in Ireland)	99.091%
JDM (Diamondmasters) Limited	89.182%

In addition to the above, the following companies are owned by subsidiaries of Kennedy Construction Group Limited:

Kennedy Gas Services (Scotland) Limited (registered in Scotland)	99.091%
Astley Self Drive Limited	89.180%
Kennedy Construction (Scotland) Limited (registered in Scotland)	99.091%
Kennedy Brooks Limited (registered in Ireland)	99.091%

Kennedy Brooks Limited is in voluntary liquidation and has not been consolidated as in the opinion of the Directors the amounts involved are not material.

Except as stated above all the subsidiaries are incorporated in Great Britain and registered in England and Wales.

The total value of goodwill written off on consolidation of the above subsidiaries is £28,783,173 (1993 -£28,783,173).

NOTES TO THE ACCOUNTS
30 October 1994

14. FIXED ASSET INVESTMENTS continued

- (d) On 22 September 1992, a subsidiary company, Joseph Kennedy and Co (Manchester) Limited entered into a joint venture agreement with Datwyler (UK) Limited and subscribed for 50% of the ordinary share capital of Kendat Cabling Services Limited. The results of Kendat Cabling Limited for the year ended 31 October 1994 have been equity accounted for. The Group's share of profit was £nil and its share of net assets was £500, at 30 October 1994.
- (e) On 1 November 1993, STH Plant Limited, sold 10% of its investments (1,000 £1 ordinary shares) in Astley Self Drive Limited at par.
- (f) Unless otherwise stated the principal activities of subsidiary and associated companies is public works contracting, property investment and management and other ancillary services.

15. STOCK AND LONG TERM CONTRACT BALANCES	£	£
THE GROUP	1994	1993
	£	£
Raw materials and consumables	329,943	176,081
Long terms contract balances	<u>216,432</u>	<u>413,290</u>
	<u>546,375</u>	<u>589,371</u>

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

NOTES TO THE ACCOUNTS
30 October 1994

16. DEBTORS

	GROUP		COMPANY	
	1994	1993	1994	1993
	£	£	£	£
Trade debtors	11,580,014	9,123,552	-	-
Amounts recoverable on long term contracts	1,344,604	982,754	-	-
Other debtors	425,195	720,267	50,000	-
Prepayments and accrued income	381,394	280,833	-	-
	<u>13,731,207</u>	<u>11,107,406</u>	<u>50,000</u>	<u>-</u>

The following amounts which are included above are due after more than one year:

Trade debtors	<u>218,676</u>	<u>180,314</u>	<u>-</u>	<u>-</u>
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17. CURRENT ASSET INVESTMENTS

At Cost:

	GROUP	
Listed on a recognised stock exchange	73,452	281,570
Unlisted	50,000	50,000
Other loans	50,000	-
	<u>173,452</u>	<u>331,570</u>

Book value of the listed shares equates to their market value at 30 October 1994.

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		COMPANY	
Trade creditors	10,436,692	8,799,964	-	-
Payments on account of long term contracts	40,048	157,370	-	-
Amounts owed to group companies	-	-	50,000	-
Corporation tax	2,389,423	1,266,166	-	-
Other taxation and social security	2,199,752	1,158,459	-	-
Other creditors	1,329,496	490,562	-	-
Accruals and deferred income	2,766,676	1,934,597	-	-
	<u>19,162,087</u>	<u>13,807,118</u>	<u>50,000</u>	<u>-</u>

NOTES TO THE ACCOUNTS

30 October 1994

19. PROVISION FOR LIABILITIES
AND CHARGES

	1994 £	1993 £
Deferred taxation	83,805	92,718
Reinstatement and other provisions	<u>1,977,915</u>	<u>1,840,998</u>
	<u>2,061,720</u>	<u>1,933,716</u>

(a) Deferred taxation

Movement in year

At 31 October 1993	92,718
Credit for the year	(6,043)
Prior year adjustment	<u>(2,870)</u>
At 30 October 1994	<u>83,805</u>

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

	<u>Provided</u>		<u>Unprovided</u>	
	1994 £	1993 £	1994 £	1993 £
Capital allowances in excess of depreciation	107,457	148,480	(276,830)	(183,404)
Short term timing differences	(23,652)	(55,762)	(318,637)	(164,892)
Capital losses	<u>-</u>	<u>-</u>	<u>(211,735)</u>	<u>(211,315)</u>
	<u>83,805</u>	<u>92,718</u>	<u>(807,202)</u>	<u>(559,611)</u>

(b) Reinstatement and other provisions

	<u>Reinstatement and remedial</u> £	<u>Plant repairs</u> £	<u>Total</u> £
Movement in the year:			
At 31 October 1993	1,623,208	217,790	1,840,998
Utilised in the year	(981,310)	(298,462)	(1,279,772)
Provided in the year	<u>1,276,153</u>	<u>140,536</u>	<u>1,416,689</u>
At 30 October 1994	<u>1,918,051</u>	<u>59,864</u>	<u>1,977,915</u>

NOTES TO THE ACCOUNTS
30 October 1994

20. CALLED UP SHARE CAPITAL

	Ordinary shares of £1 each
Authorised:	
At 30 October 1994 and 31 October 1993	<u>£50,000,000</u>

Allotted and fully paid:

At 30 October 1994 and 31 October 1993	<u>£39,041,000</u>
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The Ordinary shares of £1 each are equity shares.

21. RESERVES

	<u>Goodwill</u> £	<u>Profit and loss account</u> £
At 31 October 1993	(28,631,882)	2,100,474
Exchange differences	-	339
Retained profit for the year	<u>-</u>	<u>2,311,759</u>
At 30 October 1994	<u>(28,631,882)</u>	<u>4,412,572</u>

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

NOTES TO THE ACCOUNTS

30 October 1994

22. PENSIONS

The Group operates a contributory defined benefit pension scheme which covers a large proportion of its permanent staff employees and directors.

Pension costs are assessed in accordance with the advice of a professionally qualified actuary using the attained age method. Actuarial valuations of the pension scheme are performed triennially. The most recent such valuation was made as at 1 July 1992, and the assumptions which had the most significant effect on the results of the valuation were as follows:

	<u>% per annum</u>
Increase in present and future pensions	3
Excess of average rate of return on investments over average salary increases	1

The total market value of pension scheme assets was £4,926,104 and, based on the above method and assumptions, was sufficient to cover 109.8% of the benefits which had accrued to pension scheme members after allowing for future increases in earnings. This surplus will be eliminated for funding purposes by maintaining the contributions of the Group and employees at 10% and 5% of earnings respectively.

The total pension cost for the Group was £573,610 (1993 - £507,281). Since the actuarial valuation a special contribution of £200,000 has been made to fund agreed benefit improvements (1993 - £200,000).

£8,019 (1993 -£49,944) is included within debtors, this being the excess of the cumulative amounts paid over the accumulated pension cost.

23. ULTIMATE PARENT COMPANY

The Company's parent company is Bertrem Limited, a company incorporated and registered in the Isle of Man.

The entire issued share capital of Bertrem Limited is held directly by or in trust for the benefit of certain individuals which include Mr P J Kennedy, Mrs K Kennedy and other members of their family.

Copies of the Group financial statements of Bertrem Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.