

**KENNEDY GROUP INVESTMENTS  
LIMITED**

**REPORT AND ACCOUNTS**

**29 October 2000**



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## **KENNEDY GROUP INVESTMENTS LIMITED**

### **REPORT OF THE DIRECTORS**

The directors submit their report and the accounts for the year ended 29 October 2000.

### **PRINCIPAL ACTIVITIES**

The company is the parent company of Kennedy Construction Group Limited.

### **REVIEW OF THE BUSINESS**

The directors are satisfied with the company's results for the year and its future prospects.

### **RESULTS AND DIVIDENDS**

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

Dividends of £4,000,000 were paid during the year (1999 - £2,000,000). The directors recommend that a final dividend of £3,000,000 be paid (1999 - £1,900,000).

### **DIRECTORS**

Neither of the directors had any interest in the share capital of the company. The directors who served during the year were as follows:


P V Carolan  
S E Atkinson

The beneficial interests of the directors in the ordinary share capital of the ultimate parent company, Proby Limited, are shown in that company's accounts.

### **AUDITORS**

A resolution to re-appoint Deloitte & Touche as auditors will be proposed at the annual general meeting.

By order of the Board

  
S E Atkinson

21 March 2001

Secretary

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company 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 view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company 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 will continue in business.

## AUDITORS' REPORT TO THE MEMBERS OF KENNEDY GROUP INVESTMENTS LIMITED

We have audited the financial statements on pages 4 to 8 which have been prepared under the accounting policies set out on page 6.

### Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements which are prepared in accordance with applicable United Kingdom law and accounting standards. 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company, 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 company's state of affairs as at 29 October 2000 and its the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche  
Chartered Accountants and Registered Auditors  
201 Deansgate  
Manchester M60 2AT

21 March 2001

**PROFIT AND LOSS ACCOUNT**

for the year ended 29 October 2000

	Note	2000	1999
		£	£
Operating income	2	<u>7,000,000</u>	<u>3,900,000</u>
PROFIT FOR THE FINANCIAL YEAR		7,000,000	3,900,000
Dividends on equity shares	4	<u>(7,000,000)</u>	<u>(3,900,000)</u>
RETAINED RESULT FOR THE YEAR		<u>-</u>	<u>-</u>

There are no recognised gains and losses other than the results for the year and the preceeding year.

All the activities relate to continuing operations.

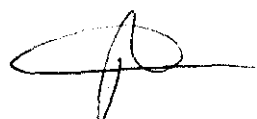
## BALANCE SHEET

29 October 2000

	Note	2000 £	1999 £
FIXED ASSET INVESTMENTS	5	39,585,000	39,585,000
CURRENT ASSETS			
Debtors	6	3,000,000	1,900,000
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	7	<u>(3,000,000)</u>	<u>(1,900,000)</u>
NET CURRENT ASSETS		-	-
TOTAL ASSETS LESS CURRENT LIABILITIES		-	39,585,000
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	8	<u>(544,000)</u>	<u>(544,000)</u>
		<u>39,041,000</u>	<u>39,041,000</u>
CAPITAL AND RESERVES			
Called up share capital	9	<u>39,041,000</u>	<u>39,041,000</u>
Equity shareholders' funds		<u>39,041,000</u>	<u>39,041,000</u>

APPROVED BY THE BOARD OF DIRECTORS

P V Carolan



S E Atkinson



21 March 2001

## NOTES TO THE ACCOUNTS

29 October 2000

## 1. ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies adopted are as follows:

## 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.

	2000 £	1999 £
<b>2. OPERATING INCOME</b>		
Income from fixed asset investments	<u>7,000,000</u>	<u>3,900,000</u>
<b>3. EMPLOYEES</b>		
The company had no employees throughout the year, and the directors received no emoluments.		
<b>4. DIVIDENDS ON EQUITY SHARES</b>		
Ordinary shares:		
Paid - 10.24p (1999 - 5.12p) per ordinary share	4,000,000	2,000,000
Payable - 7.68p (1999 - 4.87p) per ordinary share	<u>3,000,000</u>	<u>1,900,000</u>
	<u>7,000,000</u>	<u>3,900,000</u>

## NOTES TO THE ACCOUNTS

29 October 2000

## 5. FIXED ASSET INVESTMENTS

Shares in  
Subsidiaries  
£

Cost and balance sheet value:

At 29 October 2000 and 31 October 1999

39,585,000

The subsidiary company of which the Company holds 100% of Ordinary shares issued as at 29 October 2000 is Kennedy Construction Group Limited. The following companies are 100% owned by Kennedy Construction Group Limited:

Kennedy Utility Management Limited  
Kennedy Asphalt Limited  
Kennedy Pipelining Services Limited  
STH Plant Limited  
Hale Brooks Limited (incorporated in the Isle of Man)

In addition to the above, the following companies are 100% owned by subsidiaries of Kennedy Construction Group Limited:

Kennedy Utility Services (Scotland) Limited (registered in Scotland)  
Astley Self Drive Limited  
Kendat Cabling Services Limited  
Kennedy Brooks Limited (registered in Ireland) - in liquidation

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

The principal activities of subsidiary companies are public works contracting and other ancillary services.

In accordance with Section 228(1) Companies Act 1985 group accounts have not been prepared on the basis that the company is a wholly owned subsidiary of Proby Limited, which is incorporated in Great Britain.

In the directors opinion the aggregate value of the shares in and amounts due from each subsidiary is not less than the aggregate value of the amounts at which is not less than they are stated in the accounts.

## 6. DEBTORS

	2000 £	1999 £
Dividends receivable	<u>3,000,000</u>	<u>1,900,000</u>

## 7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Dividend payable	<u>3,000,000</u>	<u>1,900,000</u>
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## NOTES TO THE ACCOUNTS

29 October 2000

8. CREDITORS: AMOUNTS FALLING  
DUE AFTER ONE YEAR

	2000	1999
	£	£
Amounts due to subsidiary	<u>544,000</u>	<u>544,000</u>

## 9. CALLED UP SHARE CAPITAL

Authorised:

Ordinary  
shares of  
£1 each

At 29 October 2000 and At 31 October 1999

50,000,000

Allotted and fully paid:

At 29 October 2000 and At 31 October 1999

39,041,000

The ordinary shares of £1 each are equity shares.

10. RECONCILIATION OF MOVEMENTS IN  
SHAREHOLDERS' FUNDS

Profit for the financial year	7,000,000	3,900,000
Dividends	<u>(7,000,000)</u>	<u>(3,900,000)</u>
Net movement in shareholders' funds	-	-
Opening shareholders' funds	<u>39,041,000</u>	<u>39,041,000</u>
Closing shareholders' funds	<u>39,041,000</u>	<u>39,041,000</u>

## 11. CONTINGENT LIABILITY

Under the terms of a cross guarantee between the company, its parent and subsidiary companies, the company has a contingent liability at 29 October 2000 of £12,974,906 for the bank borrowings of other group companies (1999 - £13,462,486).

## 12. ULTIMATE PARENT COMPANY

The company's ultimate parent company is Proby Limited, a company incorporated in Great Britain and registered in England and Wales.

The company has taken advantage of the exemptions provided by FRS 8 not to disclose transactions with entities that are part of the same group.

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