

02696865

**Report of the Director and
Financial Statements
for the Year Ended 31 May 2001
for
Tunnel Engineering Services (UK) Limited**



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for the Year Ended 31 May 2001**

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**Company Information
for the Year Ended 31 May 2001**

DIRECTOR: G Clarke

SECRETARY: L Clarke

REGISTERED OFFICE: Heywood Street
Waterhead
Oldham
Lancashire
OL4 2HA

REGISTERED NUMBER: 2696865 (England and Wales)

AUDITORS: Ainleys
Chartered Accountants
Registered Auditors
324 Manchester Road
West Timperley
Altrincham
Cheshire WA14 5NB

Tunnel Engineering Services (UK) Limited

Report of the Director for the Year Ended 31 May 2001

The director presents his report with the financial statements of the company for the year ended 31 May 2001.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of engineering consultants.

DIRECTOR

G Clarke was the sole director during the year under review.

His beneficial interest in the issued share capital of the company was as follows:

	31.5.01	1.6.00
Ordinary 1 shares	33	33

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the director is required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

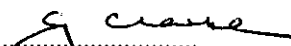
The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Ainleys, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:


.....
DIRECTOR

Dated: 18.02.02.

**Report of the Independent Auditors to the Shareholders of
Tunnel Engineering Services (UK) Limited**

We have audited the financial statements of Tunnel Engineering Services (UK) Limited for the year ended 31 May 2001 on pages four to nine. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of director and auditors

As described on page two the company's director is responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Director is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and transactions with the company is not disclosed.

We read the Report of the Director and consider the implications for our report if we become aware of any apparent misstatements within it.

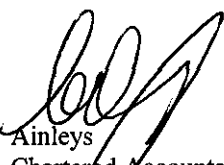
Basis of audit opinion

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 director 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 31 May 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ainleys
Chartered Accountants
Registered Auditors
324 Manchester Road
West Timperley
Altrincham
Cheshire

WA14 5NB

Dated:

19/2/02

Tunnel Engineering Services (UK) Limited

**Profit and Loss Account
for the Year Ended 31 May 2001**

		31.5.01		31.5.00	
	Notes	£	£	£	£
TURNOVER			643,313		497,827
Cost of sales			312,283		227,973
GROSS PROFIT			331,030		269,854
Distribution costs		17,261		-	
Administrative expenses		311,606		327,635	
			328,867		327,635
OPERATING PROFIT/(LOSS)	3		2,163		(57,781)
Interest payable and similar charges			179		327
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION			1,984		(58,108)
Tax on profit/(loss) on ordinary activities	4		(307)		-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION			2,291		(58,108)
Deficit brought forward			(85,793)		(27,685)
DEFICIT CARRIED FORWARD			£(83,502)		£(85,793)

The notes form part of these financial statements

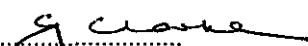
Tunnel Engineering Services (UK) Limited

**Balance Sheet
31 May 2001**

		31.5.01		31.5.00	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	5		16,940		18,240
CURRENT ASSETS:					
Stocks		60,494		50,010	
Debtors	6	75,983		43,721	
Cash at bank and in hand		7,462		10,518	
		143,939		104,249	
CREDITORS: Amounts falling due within one year	7	243,348		207,249	
NET CURRENT LIABILITIES:			(99,409)		(103,000)
TOTAL ASSETS LESS CURRENT LIABILITIES:			£(82,469)		£(84,760)
CAPITAL AND RESERVES:					
Called up share capital	8		99		99
Share premium	9		934		934
Profit and loss account			(83,502)		(85,793)
SHAREHOLDERS' FUNDS:			£(82,469)		£(84,760)

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

ON BEHALF OF THE BOARD:


.....
- DIRECTOR

Approved by the Board on 18.02.02 .

**Notes to the Financial Statements
for the Year Ended 31 May 2001**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery etc	- 20% on reducing balance and 25% on reducing balance
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Stocks

Stock and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the director, there is reasonable probability that the liability will not arise in the foreseeable future.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. STAFF COSTS

	31.5.01	31.5.00
	£	£
Wages and salaries	181,668	215,597
Social security costs	16,910	25,294
Other pension costs	2,278	-
	<u>200,856</u>	<u>240,891</u>

The average monthly number of employees during the year was as follows:

	31.5.01	31.5.00
Administration	10	2
Engineering	3	14
	<u>13</u>	<u>16</u>

**Notes to the Financial Statements
for the Year Ended 31 May 2001**

3. OPERATING PROFIT/(LOSS)

The operating profit (2000 - operating loss) is stated after charging:

	31.5.01	31.5.00
	£	£
Depreciation - owned assets	<u>4,500</u>	<u>3,259</u>
Director's emoluments and other benefits etc	<u>41,490</u>	<u>44,020</u>

4. TAXATION

The tax credit on the profit on ordinary activities for the year was as follows:

	31.5.01	31.5.00
	£	£
UK corporation tax	<u>(307)</u>	<u>-</u>

5. TANGIBLE FIXED ASSETS

	Office Equipment	Plant and machinery	Fixtures and fittings
	£	£	£
COST:			
At 1 June 2000	<u>2,725</u>	<u>15,413</u>	<u>2,655</u>
At 31 May 2001	<u>2,725</u>	<u>15,413</u>	<u>2,655</u>
DEPRECIATION:			
At 1 June 2000	<u>1,921</u>	<u>8,612</u>	<u>2,114</u>
Charge for year	<u>201</u>	<u>1,360</u>	<u>108</u>
At 31 May 2001	<u>2,122</u>	<u>9,972</u>	<u>2,222</u>
NET BOOK VALUE:			
At 31 May 2001	<u>603</u>	<u>5,441</u>	<u>433</u>
At 31 May 2000	<u>804</u>	<u>6,801</u>	<u>541</u>

**Notes to the Financial Statements
for the Year Ended 31 May 2001**

5. TANGIBLE FIXED ASSETS - continued

	Motor vehicles	Computer equipment	Totals
	£	£	£
COST:			
At 1 June 2000	600	23,402	44,795
Additions	3,200	-	3,200
	<u>3,800</u>	<u>23,402</u>	<u>47,995</u>
At 31 May 2001	3,800	23,402	47,995
DEPRECIATION:			
At 1 June 2000	347	13,561	26,555
Charge for year	863	1,968	4,500
	<u>1,210</u>	<u>15,529</u>	<u>31,055</u>
At 31 May 2001	1,210	15,529	31,055
NET BOOK VALUE:			
At 31 May 2001	<u>2,590</u>	<u>7,873</u>	<u>16,940</u>
At 31 May 2000	<u>253</u>	<u>9,841</u>	<u>18,240</u>

**6. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.5.01 £	31.5.00 £
Trade debtors	62,960	31,639
Prepayments & accrued income	13,023	12,082
	<u>75,983</u>	<u>43,721</u>

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

	31.5.01 £	31.5.00 £
Trade creditors	170,453	142,447
Directors current accounts	16,775	8,138
Other creditors	11,831	8,073
V.A.T.	21,739	16,157
Social security & other taxes	21,550	29,219
Accrued expenses	1,000	3,215
	<u>243,348</u>	<u>207,249</u>

**Notes to the Financial Statements
for the Year Ended 31 May 2001**

8. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal	31.5.01	31.5.00
		value:	£	£
1,000	Ordinary	1	<u>1,000</u>	<u>1,000</u>

Allotted, issued and fully paid:				
Number:	Class:	Nominal	31.5.01	31.5.00
		value:	£	£
99	Ordinary	1	<u>99</u>	<u>99</u>

9. SHARE PREMIUM

			31.5.01	31.5.00
			£	£
Brought forward			<u>934</u>	<u>934</u>