

MACOB (SOUTHERN) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2002

Company Registration Number 2719531



CLAY SHAW THOMAS

Chartered Accountants & Registered Auditors
Charter House
46/48 Coity Road
Bridgend
CF31 1XX

MACOB (SOUTHERN) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2002

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MACOB (SOUTHERN) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Mr R J Roberts Mr T C Goulding
Company secretary	Mr D M Walters
Registered office	46/48 Coity Road Bridgend CF31 1XX
Auditors	Clay Shaw Thomas Chartered Accountants & Registered Auditors Charter House 46/48 Coity Road Bridgend CF31 1XX
Bankers	Barclays Bank plc Corporate Banking Centre 3rd Floor Windsor Court Windsor Place Cardiff CF10 3ZL

MACOB (SOUTHERN) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 JUNE 2002

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 June 2002.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year continued to be that of groundworks and related activities.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 30 June 2002	At 1 July 2001
Mr R J Roberts	—	—
Mr T C Goulding	—	—
	<u>—</u>	<u>—</u>

Macob (Southern) Limited is a 100% subsidiary of Macob Holdings Limited. Mr R J Roberts has a beneficial interest in 100% of the issued share capital of Macob Holdings Limited.

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 affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 8, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

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 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. 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.

POST BALANCE SHEET EVENT

There were no post balance sheet events.

MACOB (SOUTHERN) LIMITED


THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 JUNE 2002

AUDITORS

A resolution to re-appoint Clay Shaw Thomas as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed by order of the directors



MR D M WALTERS
Company Secretary

Approved by the directors on 19.12.02

MACOB (SOUTHERN) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 30 JUNE 2002

We have audited the financial statements on pages 6 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on page 2.

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 Directors' Report 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 directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

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 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.

MACOB (SOUTHERN) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 30 JUNE 2002

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2002 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



CLAY SHAW THOMAS
Chartered Accountants
& Registered Auditors

Charter House
46/48 Coity Road
Bridgend
CF31 1XX

19.12.02.

MACOB (SOUTHERN) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 JUNE 2002

	Note	2002 £	2001 £
TURNOVER	2	4,759,095	5,092,926
Cost of sales		<u>(3,942,335)</u>	<u>(4,478,769)</u>
GROSS PROFIT		816,760	614,157
Administrative expenses		<u>(420,978)</u>	<u>(358,761)</u>
OPERATING PROFIT	3	395,782	255,396
Interest receivable	6	19,568	6,010
Interest payable	7	—	(12)
		<u> </u>	<u> </u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		415,350	261,394
Tax on profit on ordinary activities	8	<u>(129,713)</u>	<u>(81,993)</u>
		<u> </u>	<u> </u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		285,637	179,401

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

The notes on pages 8 to 13 form part of these financial statements.

MACOB (SOUTHERN) LIMITED

BALANCE SHEET

YEAR ENDED 30 JUNE 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Tangible assets	9	11,781	12,484
CURRENT ASSETS			
Stocks	10	13,618	28,941
Debtors	11	1,877,356	1,816,549
Cash at bank and in hand		819,345	229,413
		<u>2,710,319</u>	<u>2,074,903</u>
CREDITORS: Amounts falling due within one year	12	<u>1,698,874</u>	<u>1,349,798</u>
NET CURRENT ASSETS		<u>1,011,445</u>	<u>725,105</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,023,226</u>	<u>737,589</u>
CAPITAL AND RESERVES			
Called-up equity share capital	14	200,002	200,002
Profit and Loss Account	15	823,224	537,587
SHAREHOLDERS' FUNDS	16	<u>1,023,226</u>	<u>737,589</u>

These financial statements were approved by the directors on the 19.12.02 and are signed on their behalf by:


MR R J ROBERTS

The notes on pages 8 to 13 form part of these financial statements.

MACOB (SOUTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2002

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	- 25% per annum
Fixtures & Fittings	- 15% per annum
Equipment	- 15% per annum

Stocks

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

Long term contracts

The attributable profit on long term contracts is recognised once their outcome can be assessed with reasonable certainty. The profit recognised reflects the proportion of work completed to date on the project.

Costs associated with long term contracts are included in the work in progress to the extent that they cannot be matched with contract work accounted for as turnover. Long term contract balances included in work in progress are stated at cost, after provision has been made for any foreseeable losses and the deduction of applicable payments on account.

Full provision is made for losses on all contracts in the year in which the loss is first foreseen.

MACOB (SOUTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2002

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2002	2001
	£	£
United Kingdom	<u>4,759,095</u>	<u>5,092,926</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	2002	2001
	£	£
Depreciation	4,050	3,549
Auditors' remuneration		
- as auditors	<u>4,500</u>	<u>4,400</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2002	2001
	No.	No.
Number of production staff	41	40
Number of administration and management	8	12
	<u>49</u>	<u>52</u>

The aggregate payroll costs of the above were:

	2002	2001
	£	£
Wages and salaries	1,147,876	976,229
Social security costs	125,118	116,100
	<u>1,272,994</u>	<u>1,092,329</u>

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2002	2001
	£	£
Aggregate emoluments	<u>35,890</u>	<u>36,720</u>

MACOB (SOUTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2002

6. INTEREST RECEIVABLE

	2002 £	2001 £
Bank interest receivable	<u>19,568</u>	<u>6,010</u>

7. INTEREST PAYABLE

	2002 £	2001 £
Interest payable on bank borrowing	<u>-</u>	<u>12</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

Taxation

	2002 £	2001 £
Current tax:		
UK Corporation tax based on the results for the year at 30% (2001 - 30%)	<u>129,713</u>	<u>81,993</u>
Total current tax	<u>129,713</u>	<u>81,993</u>

9. TANGIBLE FIXED ASSETS

	Plant & Machinery £	Fixtures & Fittings £	Equipment £	Total £
COST				
At 1 July 2001	4,295	4,333	12,166	20,794
Additions	-	1,804	1,543	3,347
At 30 June 2002	<u>4,295</u>	<u>6,137</u>	<u>13,709</u>	<u>24,141</u>
DEPRECIATION				
At 1 July 2001	2,148	2,009	4,153	8,310
Charge for the year	1,073	921	2,056	4,050
At 30 June 2002	<u>3,221</u>	<u>2,930</u>	<u>6,209</u>	<u>12,360</u>
NET BOOK VALUE				
At 30 June 2002	<u>1,074</u>	<u>3,207</u>	<u>7,500</u>	<u>11,781</u>
At 30 June 2001	<u>2,147</u>	<u>2,324</u>	<u>8,013</u>	<u>12,484</u>

MACOB (SOUTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2002

10. STOCKS

	2002	2001
	£	£
Stock of materials	13,618	21,900
Long term work in progress	—	7,041
	<u>13,618</u>	<u>28,941</u>

11. DEBTORS

	2002	2001
	£	£
Amounts owed by group undertakings	397,025	391,131
Amounts owed by undertakings in which the company has a participating interest	306,048	—
Amounts recoverable on long term contract	1,046,247	1,281,599
Other debtors	128,036	143,819
	<u>1,877,356</u>	<u>1,816,549</u>

12. CREDITORS: Amounts falling due within one year

	2002	2001
	£	£
Payments received on account	467,805	170,000
Trade creditors	642,196	645,981
Amounts owed to group undertakings	432,273	429,747
Other creditors including taxation and social security:		
Corporation tax	129,713	81,993
Other taxation and social security	1,135	3,054
Other creditors	21,252	14,623
Accruals and deferred income	4,500	4,400
	<u>1,698,874</u>	<u>1,349,798</u>

MACOB (SOUTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2002

13. RELATED PARTY TRANSACTIONS

Macob (Southern) Limited is a 100% subsidiary of Macob Holdings Limited, and as such has taken advantage of the exemption stated in FRS8 which does not require the disclosure of transactions between group companies if at least 90% of the voting rights are controlled within the group.

During the year the company entered into transactions with other group companies where less than 90% of the voting rights are controlled within the group. The aggregate amounts of the company's trade with these companies are as follows:

- (1) Services purchased £514 (2001: Nil)
- (2) Sales provided Nil (2001: £22,000)

The above transactions were on normal trade terms. As at the financial year end £605 (2001: Nil) was owed to these companies in respect of these transactions, but no amounts were owed to Macob (Southern) Limited (2001: Nil).

The company also has quasi-loan arrangements with these companies. Details of the aggregate amounts are as follows:

- (1) Quasi-loans received Nil (2001: £128), with no amounts owing as at 30th June 2002 (2001: £128).

14. SHARE CAPITAL

Authorised share capital:

	2002 £	2001 £
201,000 Ordinary shares of £1 each	<u>201,000</u>	<u>201,000</u>

Allotted, called up and fully paid:

	2002 £	2001 £
Ordinary share capital	<u>200,002</u>	<u>200,002</u>

15. RESERVES

	Profit and loss account £
Balance brought forward	358,186
Retained profit for the year	<u>179,401</u>
Balance brought forward	537,587
Retained profit for the year	<u>285,637</u>
Balance carried forward	<u>823,224</u>

MACOB (SOUTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2002

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002	2001
	£	£
Profit for the financial year	285,637	179,401
Opening shareholders' equity funds	<u>737,589</u>	<u>558,188</u>
Closing shareholders' equity funds	<u>1,023,226</u>	<u>737,589</u>

17. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking of Macob (Southern) Limited is Macob Holdings Limited, a company registered in Wales. The ultimate controlling party is Mr R J Roberts who has a beneficial interest in 100% of the issued share capital of Macob Holdings Limited.

18. BANK SECURITY

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