

Registered No. 2833805

Jarvis Construction (UK) Limited

Annual report and Accounts

for the year ended 31 March 2002



Jarvis Construction (UK) Limited

Report and accounts for the year ended 31 March 2002

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Jarvis Construction (UK) Limited

Directors and advisors

Directors

P Moayed
B L Westbrook
P M Richardson
P S Goddard
A J Sutton
R W Kendall

Secretary

Jarvis Secretaries Limited

Auditors

Ernst & Young LLP
Becket House
1 Lambeth Palace Road
London SE1 7EU

Registered office

Frogmore Park
Watton-at-Stone
Hertford
SG14 3RU

Bankers

National Westminster Bank Plc
180 Shoreditch High Street
London
E1 6HY

Solicitors

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50 Stratton Street
London
W1X 5FL

Eversheds
Senator House
85 Queen Victoria Street
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Jarvis Construction (UK) Limited

Directors' report for the year ended 31 March 2002

The directors present their report and the audited accounts for the year ended 31 March 2002.

Principal activities and review of the business

The principal activities of the Company during the year were building contracting and civil engineering and it is anticipated that this trade will continue. The profit for the year attributable to shareholders and reported in the accounts was £3,699,000 (2001: loss £1,852,000).

The results are affected by a change of accounting policy in respect of bid costs, following the adoption by Jarvis Construction (UK) Limited of the recently published Abstract 34 from the Urgent Issues Task Force of the Accounting Standards Board on accounting for pre-contract costs (UITF34). The impact of this change in the year ended 31 March 2002 is to reduce reported profits before taxation by £1,069,000 (prior year reported profits before taxation increased by £117,000). The results also reflect the adoption of a full provision for deferred taxation in accordance with FRS 19.

Dividend

The directors do not recommend the payment of a dividend (2001: £ Nil).

Directors and their interests

The directors holding office during the year ended 31 March 2002 and appointed subsequent to that date are shown below.

P Moayed
A J Sutton
R W Kendall
P S Goddard
P M Richardson
H Lafferty (resigned 2 August 2001)
B L Westbrook

At 31 March 2002, none of the directors had any beneficial interest in the shares of the Company. The interests of P Moayed, R W Kendall and A J Sutton in shares of the ultimate parent undertaking, Jarvis plc, are disclosed in the annual report and accounts of that Company.

Interests in Jarvis plc shares of 5p each	At 1 April 2001 or date of appointment	At 31 March 2002
Paul Stephen Goddard	5,000	2,500
Peter Miles Richardson	Nil	Nil
Bernard Leslie Westbrook	3,703	3,703

Jarvis Construction (UK) Limited

Directors' report (continued) for the year ended 31 March 2002

Interests in Options over Jarvis plc shares of 5p each						
Director	Scheme	Grant Date	Exercise Price	Options at 31/3/2002	Dates Exercisable	
					From	To
P S Goddard	Executive	Oct 1998	487.00	10,000	Oct 2001	Oct 2008
		Aug 1999	271.00	5,000	Aug 2002	Aug 2009
		Jul 2000	199.50	6,000	Jul 2003	Jul 2010
		Dec 2001	530.00	8,500	Dec 2004	Dec 2011
P M Richardson	Executive	Oct 1996	89.00	120,000	Oct 1999	Oct 2006
		July 2000	199.50	9,000	July 2003	July 2010
	Share Save	Jan 1998	306.00	924	Feb 2003	July 2003
B L Westbrook	Executive	Jul 1997	277.50	120,000	Jul 2000	Jul 2007
		Jan 2001	264.00	20,000	Jan 2004	Jan 2011

On 5 December 2001 P S Goddard exercised options over 8,734 shares at a price of £0.79. The market price on the day of exercise was £5.40.

On 28 August 2001 P S Goddard sold 2,500 shares at a price of £4.72.

On 25 September 2001 P M Richardson exercised options over 5,000 shares at a price of £0.89. The market price on the day of exercise was £4.10.

On 25 September 2001 P M Richardson sold 5,000 shares at a price of £4.10.

Post Balance Sheet Events

On 12 April 2002 P S Goddard sold 1,250 shares at a price of £5.04.

On 5 April 2002 B L Westbrook exercised options over 10,810 shares at a price of £2.775. The market price on the day of exercise was £5.04.

On 5 April 2002 B L Westbrook sold 7,063 shares at a price of £5.085.

On 9 April 2002 B L Westbrook exercised options over 109,190 shares at a price of £2.775. The market price on the day of exercise was £5.03.

On 9 April 2002 B L Westbrook sold 78,920 shares at a price of £5.050.

On 8 April 2002 P M Richardson exercised options over 10,000 shares at a price of £0.89. The market price on the day of exercise was £5.03.

On 8 April 2002 P M Richardson sold 10,000 shares at a price of £5.025.

Jarvis Construction (UK) Limited

Directors' report (continued) for the year ended 31 March 2002

Employee involvement

The directors attach the greatest importance to the development of employee involvement throughout the Company based on good communication and working relationships. Consultation takes place through normal regular management contacts and in meetings with all levels of employees to assist the employees in developing their awareness of the financial and economic factors which affect the business and performance of the Company.

Creditor payment terms

When entering into commitments for the purchase of services and goods the Company gives due consideration to quality, price and the terms of payment. Suppliers are made aware of these terms. The Company abides by these terms where it is satisfied that suppliers have provided the services or goods in accordance with such agreed terms and conditions. In the event of disputes, every effort is made to resolve these quickly.

Statement of 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 affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that year. In preparing those accounts, the directors are required:

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

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Jarvis Construction (UK) Limited

Directors' report (continued) for the year ended 31 March 2002

Auditors

Having passed elective resolutions of the shareholders at an extraordinary general meeting the Company is exempt from the obligation to annually re-appoint auditors and to hold annual general meetings. Accordingly the board recommend that Ernst & Young LLP continue in office as auditors to the Company

By order of the board



Jarvis Secretaries Limited
Secretary

20 SEPT 2002

Jarvis Construction (UK) Limited

Independent auditors' report to the members of Jarvis Construction (UK) Limited

We have audited the Company's accounts for the year ended 31 March 2002, which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 22. These accounts have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the Company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

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

We report to you our opinion as to whether the accounts 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 accounts, 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.

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 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 the 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 information in the accounts.

Jarvis Construction (UK) Limited

Independent auditors' report to the members of Jarvis Construction (UK) Limited (continued)

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 31 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP

Registered Auditor

London

20 September 2002

Jarvis Construction (UK) Limited

Profit and loss account for the year ended 31 March 2002

	Notes	Year ended 31 March 2002 £'000	Restated Year ended 31 March 2001 £'000
Turnover	2	267,465	211,049
Cost of sales		<u>(255,434)</u>	<u>(210,672)</u>
Gross profit		12,031	377
Operating expenses		<u>(6,187)</u>	<u>(3,277)</u>
Operating profit / (loss)	3	<u>5,844</u>	<u>(2,900)</u>
Interest receivable and similar income	7	-	258
Interest payable and similar charges	8	<u>(622)</u>	<u>-</u>
Profit / (loss) on ordinary activities before taxation		5,222	(2,642)
Tax on profit / (loss) on ordinary activities	9	<u>(1,523)</u>	<u>790</u>
Retained profit / (loss) for year		<u>3,699</u>	<u>(1,852)</u>

The above results all relate to continuing operations.

Statement of total recognised gains and losses for the year ended 31 March 2002

	Year ended 31 March 2002 £'000	Restated Year ended 31 March 2001 £'000
Profit / (loss) for the year	3,699	(1,852)
Total recognised gains and losses relating to the year	<u>3,699</u>	<u>(1,852)</u>
Prior year adjustments	(663)	-
Total recognised gains and losses since the last annual financial statements	<u>(3,036)</u>	<u>(1,852)</u>

Jarvis Construction (UK) Limited

Balance sheet at 31 March 2002

	Notes	31 March 2002 £'000	Restated 31 March 2001 £'000
Fixed assets			
Tangible assets	10	11,595	4,095
Investments	11	1,599	1,599
		<u>13,194</u>	<u>5,694</u>
Current assets			
Stock and work in progress		3,229	572
Debtors	12	68,003	67,520
Cash at bank and in hand		39,620	-
		<u>110,852</u>	<u>68,092</u>
Creditors: amounts falling due within one year	13	<u>(117,957)</u>	<u>(70,153)</u>
Net current liabilities		<u>(7,105)</u>	<u>(2,061)</u>
Total assets less current liabilities		<u>6,089</u>	<u>3,633</u>
Creditors: amounts falling due after more than one year	14	-	(1,548)
Provision for deferred taxation	15	(305)	-
Net assets		<u>5,784</u>	<u>2,085</u>
Capital and reserves			
Called up share capital	16	5,299	5,299
Capital reserve	17	4,000	4,000
Profit and loss account	17	(3,515)	(7,214)
Equity shareholders' funds	18	<u>5,784</u>	<u>2,085</u>

The accounts on pages 8 to 20 were approved by the board on 2002 and were signed on its behalf by:



R W Kendall
Director

20 SEPT 2002

Jarvis Construction (UK) Limited

Notes to the accounts for the year ended 31 March 2002

1 Principal accounting policies

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 1985.

Basis of accounting

As the Company is a wholly owned subsidiary of Jarvis plc, group accounts have not been prepared in accordance with Section 228 of the Companies Act 1985.

During the year Jarvis Construction (UK) Limited adopted FRS19 (Deferred Taxation) and the provisions of UITF 34 (Pre-Contract Costs). The comparative figures have been restated to reflect the change in accounting policy regarding UITF34. Note 19 gives further details of the new policy and the effect of the changes of accounting policy. The adoption of FRS19 has no material impact.

Tangible fixed assets

Tangible fixed assets are stated at cost to the Company, being their purchase cost including fair value adjustments, together with any incidental expenses of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets, less any residual value, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal rates of depreciation used for this purpose are: -

Leasehold Improvements	15%
Fixture & Fittings	12.5%
Office Equipment	12.5% – 33.3%

The Company has adopted FRS11 in compliance with which any permanent impairment of fixed assets will be charged to the profit and loss account in the year it arises.

Long term contracts

Amounts recoverable on contracts represent the cost of work carried out to date, including uncertified amounts where the directors have satisfied themselves that entitlement has been established, together with any attributable profit, less any foreseeable losses and progress payments received and receivable. Attributable profit represents that part of the contract profit that is currently estimated to arise which fairly reflects the work completed by the accounting date. Such profits are recognised only when the out turn of the contract can be foreseen with reasonable certainty. Provision is made for losses as soon as they are foreseen.

Jarvis Construction (UK) Limited

Notes to the accounts (continued) for the year ended 31 March 2002

Stocks and work in progress

These are valued at the lower of cost and estimated net realisable value and have been adjusted to reflect the provisions of UITF34.

Taxation

(i) Current tax

The charge for current taxation for the year is based on the result for the year, adjusted for disallowable items.

(ii) Deferred tax

The charge for deferred tax incorporates the requirements of FRS 19 (Deferred Tax) which is mandatory for all accounting periods ending on or after 23 January 2002. Full provision has been made for deferred taxation in respect of timing differences that have originated, but not reversed at the balance sheet date where an event has occurred that results in an obligation to pay more or less tax in the future by the balance sheet date except that:

- Provision is made for gains on disposal of assets that have been rolled over into replacement assets.
- Provision is not made for the remittance of a subsidiary, associate or joint venture's earnings that would cause tax to be payable whereon commitment has been made to the remittance of the earnings.
- Deferred tax assets are recognised to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on the tax rates enacted at the balance sheet date.

This policy represents a change from previous years where the provision for deferred tax was made for all material timing differences to the extent that it was probable a liability or asset would crystallise. However, no adjustments to the previous years' results have been made and the directors are of the opinion that the effect on previous results is not significant.

Jarvis Construction (UK) Limited

Notes to the accounts (continued) for the year ended 31 March 2002

Leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term. Leasing agreements, which transfer to the Company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. Finance charges are allocated to the profit and loss account so as to produce a constant periodic rate of charge on the remaining balance of the obligation.

Depreciation on such assets is charged to the profit and loss account over the shorter of the lease term and their useful life.

Pensions

Contributions to employees' personal pension arrangements during the year are charged to the profit and loss account as incurred. Details of the pension arrangements are given in note 6.

Cash flow statement

The Company is a wholly owned subsidiary of Jarvis plc and the cash flows of the Company are included in the consolidated cash flow statement of Jarvis plc. Consequently the Company is exempt under the terms of Financial Reporting Standard No.1 (revised) from publishing a cash flow statement.

Related party transactions

The Company is a wholly owned subsidiary of Jarvis plc and as such the Company has taken advantage under the terms of Financial Reporting Standard No.8 not to disclose related party transactions.

2 Turnover

Turnover, all of which arises from operations within the United Kingdom, excludes value added tax and trade discounts, and represents the value of contract work carried out during the year.

Jarvis Construction (UK) Limited

Notes to the accounts (continued) for the year ended 31 March 2002

3 Operating profit / (loss)

	Year ended 31 March 2002 £'000	Year ended 31 March 2001 £'000
The operating profit / (loss) is stated after charging:		
Operating lease rentals:- land and buildings	-	97
- plant and machinery	16	31
Rent payable	384	360
Auditors remuneration – audit services	90	90
- non audit services	63	13
Depreciation of tangible fixed assets	<u>1,902</u>	<u>1,107</u>

4 Directors' remuneration

	Year ended 31 March 2002 £'000	Year ended 31 March 2001 £'000
Directors		
Aggregate remuneration	<u>269</u>	<u>294</u>

The aggregate value of contributions paid by the Company to defined contribution pension arrangements in respect of the directors who served during the year was £16,979 (2001: £25,000).

The remuneration of the highest paid director, P M Richardson, was as follows:

	Year ended 31 March 2002 £'000	Year ended 31 March 2001 £'000
Emoluments	143	105
Payments made to defined contribution pension arrangements	<u>9</u>	<u>9</u>

Jarvis Construction (UK) Limited

Notes to the accounts (continued) for the year ended 31 March 2002

5 Employee information

The average monthly number of persons employed by the Company, including executive directors, during the year was as follows:

	Year ended 31 March 2002 Number	Year ended 31 March 2001 Number
Employees	<u>549</u>	<u>492</u>

The employment costs of all employees included above were:

	Year ended 31 March 2002 £'000	Year ended 31 March 2001 £'000
Wages and salaries	17,070	15,001
Social security costs	1,756	1,452
Other pension costs	<u>665</u>	<u>563</u>
	<u>19,491</u>	<u>17,016</u>

6 Pension arrangements

For eligible employees, contributions are made to employees' personal pension schemes, based on a predetermined percentage of individuals salaries.

7 Interest receivable and similar income

	Year ended 31 March 2002 £'000	Year ended 31 March 2001 £'000
Other interest receivable	<u>-</u>	<u>258</u>

8 Interest payable and similar charges

	Year ended 31 March 2002 £'000	Year ended 31 March 2001 £'000
Interest payable to fellow group undertakings	602	-
Interest payable – other	<u>20</u>	<u>-</u>
	<u>622</u>	<u>-</u>

Jarvis Construction (UK) Limited

Notes to the accounts (continued) for the year ended 31 March 2002

9 Tax on profit on ordinary activities

a)	Analysis of charge for the year	Year ended 31 March 2002 £'000	Restated Year ended 31 March 2001 £'000
	<i>Current tax:</i>		
	Current tax on income for the year	1,218	(790)
	Tax on profit on ordinary activities (note 9(b))	<u>1,218</u>	<u>(790)</u>
	<i>Deferred tax:</i>		
	Timing differences	492	-
	Over-provision in respect of prior years	<u>(187)</u>	<u>-</u>
	Total deferred tax (note 15)	305	-
	Tax on profit on ordinary activities	<u>1,523</u>	<u>(790)</u>

b) Factors affecting tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30 %). The differences are explained below:

	Year ended 31 March 2002 £'000	Restated Year ended 31 March 2001 £'000
Profit on ordinary activities before tax	<u>5,222</u>	<u>(2,642)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	1,567	(793)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	144	3
Capital allowances for year in excess of depreciation	(261)	-
Loss on sale of fixed assets	14	-
Short term timing differences	<u>(246)</u>	<u>-</u>
Current tax charge for period (note 8(a))	<u>1,218</u>	<u>(790)</u>

c) Factors that may affect future tax charges

The Company carried forward losses of £2.7m (2001:£3.0m) which will reduce tax payments in future years if there are sufficient profits available for offset.

Jarvis Construction (UK) Limited
Notes to the accounts (continued)
for the year ended 31 March 2002

10 Tangible fixed assets

	Plant, vehicles and equipment £'000
Cost	
At 1 April 2001	7,046
Additions	9,449
Disposals	(830)
At 31 March 2002	15,665
Depreciation	
At 1 April 2001	2,951
Charge for the year	1,902
Disposals	(783)
At 31 March 2002	4,070
Net book value:	
At 31 March 2002	11,595
At 31 March 2001	4,095

11 Fixed asset investments

Subsidiary undertakings	Year ended 31 March 2002 £'000	Year ended 31 March 2001 £'000
Cost	6,649	6,649
Less: provision for diminution in value	(5,050)	(5,050)
Net book value	1,599	1,599

Name of undertakings	Description of Share held
J Jarvis & Sons Limited	Ordinary 5p shares
Shephard Hill Civil Engineering Limited	Ordinary £1 shares
Jarvis (Scotland) Limited	Ordinary £1 shares
Newman Interiors Limited	Ordinary £1 shares

All of the above companies are registered in Great Britain operate in the United Kingdom and are 100% owned, the investment comprising ordinary shares only. At 31 March 2002, none of the companies were trading.

Jarvis Construction (UK) Limited

Notes to the accounts (continued) for the year ended 31 March 2002

12 Debtors

	31 March 2002 £'000	Restated 31 March 2001 £'000
Amounts recoverable on contracts	32,508	33,570
Amounts owed by group associates	5,467	9,281
Amounts owed by fellow subsidiary undertakings	2,872	7,059
Prepayments and accrued income	13,904	7,745
Trade debtors	7,972	-
Other debtors	5,280	6,932
Taxation and social security	-	1,552
Corporation tax	-	1,381
	<u>68,003</u>	<u>67,520</u>

Amounts recoverable on contracts include £7,001,000 (2001 : £9,690,000) which is expected to take more than twelve months to realise.

13 Creditors: amounts falling due within one year

	31 March 2002 £'000	Restated 31 March 2001 £'000
Overdrafts	-	1,093
Trade creditors	39,318	44,670
Amounts owed by fellow subsidiary undertakings	42,796	3,594
Taxation and social security	818	-
Accruals and deferred income	33,870	20,562
Other creditors	242	234
Corporation tax	913	-
	<u>117,957</u>	<u>70,153</u>

Amounts owed to group undertakings are included under amounts falling due within one year as there are no specific terms as to the repayment.

14 Creditors: Amounts falling due in more than one year

	31 March 2002 £'000	31 March 2001 £'000
Trade creditors	<u>-</u>	<u>1,548</u>

Jarvis Construction (UK) Limited
Notes to the accounts (continued)
for the year ended 31 March 2002

15 Provision for deferred taxation

	31 March 2002 £'000	31 March 2001 £'000
The provision for deferred tax consists of:		
Accelerated capital allowances	305	-
Provision for deferred tax	<u>305</u>	<u>-</u>
Provision at 1 April 2001	-	-
Deferred tax charge in profit and loss account for Period (refer note 9)	305	-
Provision at end of period	<u>305</u>	<u>-</u>

16 Called up share capital

	31 March 2002 £'000	31 March 2001 £'000
Authorised		
6,000,000 Ordinary shares of £1 each	<u>6,000</u>	<u>6,000</u>
Allotted, called up and fully paid		
5,299,001 Ordinary shares of £1 each	<u>5,299</u>	<u>5,299</u>

17 Reserves

	Capital Reserve £'000	Profit and Loss Account £'000
At 1 April 2001 - as originally disclosed	4,000	(6,551)
Prior year adjustment	-	(663)
At 1 April 2001- as restated	<u>4,000</u>	<u>(7,214)</u>
Retained profit for the year	-	3,699
At 31 March 2002	<u>4,000</u>	<u>(3,515)</u>

18 Reconciliation of movements on shareholders' funds

	Year ended 31 March 2002 £'000	Year ended 31 March 2001 £'000
Opening shareholders' funds	2,085	4,682
Prior year adjustment	-	(745)
Profit / (loss) for the financial year	3,699	(1,852)
Closing shareholders' funds	<u>5,784</u>	<u>2,085</u>

Jarvis Construction (UK) Limited

Notes to the accounts (continued) for the year ended 31 March 2002

19 Change in accounting policy – pre-contract costs

Jarvis Construction Limited has implemented the requirements of UITF 34 (pre-contract costs), which was issued on 21 May 2002. The new accounting policy is as follows:

“All costs incurred in advance of a contract being awarded are written off to the profit and loss account, until the date that, in the opinion of the directors, it is virtually certain that the contract has been secured. Where the directors consider virtual certainty has been achieved

but the contract has not yet been awarded, costs are carried as work in progress, to the extent that the contract is expected to result in future net cash inflows (i.e. future revenues less attributable costs).

Where guarantees have been given by prospective clients in respect of the reimbursement of pre-contract costs should the Company's bid be unsuccessful, then relevant costs will be included as an asset to the extent that they are considered recoverable”.

The above treatment represents a change from previous years, where all costs incurred in advance of a contract being awarded were included in work in progress upon preferred bidder status being confirmed.

The impact of the new policy on the accounts for year ended 31 March 2002 and on the previous year are set out below. The comparative figures shown in these accounts have been restated to reflect these changes.

	Operating profit/(loss) £'000	Profit/(loss) before tax £'000	Taxation £'000	Profit and Loss Account £'000	Net Assets £'000
Year ended 31 March 2002					
As would have been reported under the previous accounting policy	6,913	6,291	(1,844)	(2,767)	6,532
Effect of change in accounting policy	<u>(1,069)</u>	<u>(1,069)</u>	<u>321</u>	<u>(748)</u>	<u>(748)</u>
As Presented	<u>5,844</u>	<u>5,222</u>	<u>(1,523)</u>	<u>(3,515)</u>	<u>5,784</u>
Year ended 31 March 2001					
As previously reported	(3,017)	(2,759)	825	(6,551)	2,748
Effect of change in accounting policy	<u>117</u>	<u>117</u>	<u>(35)</u>	<u>(663)</u>	<u>(663)</u>
As revised	<u>(2,900)</u>	<u>(2,642)</u>	<u>790</u>	<u>(7,214)</u>	<u>2,085</u>

Jarvis Construction (UK) Limited

Notes to the accounts (continued) for the year ended 31 March 2002

20 Contingent liabilities

The Company has guaranteed performance bonds in respect of contracts entered into by fellow subsidiary undertakings in the normal course of business. Guarantees have been given by the Company in the ordinary course of business, without limit, in respect of loans and overdrafts of its ultimate parent and fellow subsidiary undertakings, which amounted to £115,000,000 at 31 March 2002 (2001: £116,000,000).

21 Capital commitments and leasing

The Company had no capital commitments at 31 March 2002 (2001: £Nil). At 31 March 2002, the Company has the following obligations under non-cancellable operating leases:

	31 March 2002		31 March 2001	
	Plant & Machinery	Land & Buildings	Plant & Machinery	Land & Building
Expiring within one year	50	-	3	60
Expiring between two and five years	25	-	3	-
Expiring after five years	-	-	18	-
	<u>75</u>	<u>-</u>	<u>24</u>	<u>60</u>

22 Ultimate parent undertaking

The Company's immediate and ultimate parent undertaking and ultimate controlling party is Jarvis plc a Company registered in England and Wales, whose annual report and accounts may be obtained from the Secretary, Jarvis plc, Frogmore Park, Watton-at-Stone, Hertford, SG14 3RU.