

PROBY LIMITED
REPORT AND ACCOUNTS
31 October 2003



REPORT OF THE DIRECTORS

The directors submit their report and accounts for the year ended 31 October 2003.

PRINCIPAL ACTIVITIES

The company no longer trades.

DIRECTORS

The directors who served during the year were as follows:

P V Carolan

N D Cocker

I M Grice - resigned 10 December 2003

A P Jackson - resigned 20 December 2003

None of the directors had an interest in the share capital of the company during the year.

The shareholdings of I M Grice, A P Jackson, P V Carolan and N D Cocker in Alfred McAlpine PLC are shown in the notes to the financial statements of Alfred McAlpine PLC, Alfred McAlpine Support Services and Investments Limited and Alfred McAlpine Utility Services Group Limited.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 October 2003 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

By order of the Board .



G J Forster
Secretary

29 May 2004

BALANCE SHEET

31 October 2003

	Note	2003 £	2002 £
FIXED ASSET INVESTMENTS	2	1	1
CURRENT ASSETS			
Debtors	3	<u>59,867,277</u>	<u>59,867,277</u>
		59,867,277	59,867,277
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	4	<u>(13,140,712)</u>	<u>(13,140,712)</u>
NET CURRENT ASSETS		46,726,565	46,726,565
TOTAL ASSETS LESS CURRENT LIABILITIES		46,726,566	46,726,566
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	5	(12,875,000)	(12,875,000)
NET ASSETS		<u>33,851,566</u>	<u>33,851,566</u>
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	6	25,700,000	25,700,000
RESERVES			
Reserve for redemption premium	7	7,830,679	7,830,679
Profit and loss account	7	<u>320,887</u>	<u>320,887</u>
		8,151,566	8,151,566
TOTAL SHAREHOLDERS' FUNDS		<u>33,851,566</u>	<u>33,851,566</u>
Attributable to equity shareholders		520,887	520,887
Attributable to non-equity shareholders		<u>33,330,679</u>	<u>33,330,679</u>

There are no recognised gains and losses for the year or the preceding year.

The company's operations are discontinued within the meaning of Financial Reporting Standard No. 3 – Reporting Financial Performance.

For the year ended 31 October 2003 the company was entitled to the exemption under section 249AA(1) of the Companies Act 1985.

Members have not required the company to obtain an audit in accordance with section 249(B)(2) of the Companies Act 1985.

BALANCE SHEET (Continued)
31 October 2003

The directors acknowledge their responsibility for:

- (i) Ensuring the company keeps accounting records which comply with section 221; and
- (ii) Preparing accounts, 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 its profit or loss for the financial year, in accordance with section 226. They also comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

APPROVED BY THE BOARD OF DIRECTORS

N D Cocker

A handwritten signature in black ink, appearing to read 'N D Cocker', written in a cursive style.

29 May 2004

NOTES TO THE ACCOUNTS

31 October 2003

1. ACCOUNTING POLICIES

The financial statements have been 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 diminution in value.

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 Alfred McAlpine Utility Services Group Limited which is incorporated in Great Britain.

CASH FLOW STATEMENT

The company has taken advantage of the exemptions afforded to group companies under FRS1 (revised) not to include a cash flow statement in the accounts.

2. FIXED ASSET INVESTMENTS

**Shares in
Subsidiaries**
£

Cost and balance sheet value:

At 31 October 2002 & 31 October 2003

1

Name	Nature of business	Percentage holding	Incorporation
Kennedy Highways Limited	Dormant Company	100%	England & Wales

3. DEBTORS

2003 2002
£ £

Amounts due from group undertakings	<u>59,867,277</u>	<u>59,867,277</u>
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Amounts due from group undertakings are interest free, unsecured and have no fixed date for repayment.

NOTES TO THE ACCOUNTS

31 October 2003

4. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2003	2002
	£	£

Amounts due to group undertakings	<u>13,140,712</u>	<u>13,140,712</u>
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Amounts due to group undertakings are interest free, unsecured and have no fixed date for repayment.

5. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR	2003	2002
	£	£

Amounts owed to group undertakings	<u>12,875,000</u>	<u>12,875,000</u>
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The non interest-bearing loan of £12,875,000 is from Alfred McAlpine plc.

6. **CALLED UP SHARE CAPITAL**

<u>Authorised:</u>	2003	2002
	£	£
Ordinary shares of £1 each	200,000	200,000
Preference shares of £1 each	22,000,000	22,000,000
Deferred shares of £1 each	<u>5,500,000</u>	<u>5,500,000</u>
	<u>27,700,000</u>	<u>27,700,000</u>

Issued and fully paid:

Ordinary shares of £1 each	200,000	200,000
Preference shares of £1 each	20,000,000	20,000,000
Deferred shares of £1 each	<u>5,500,000</u>	<u>5,500,000</u>
	<u>25,700,000</u>	<u>25,700,000</u>

- i) The shareholders waive their rights to the 8% per annum dividend on the cumulative preference shares and it is the board's intention to redeem the preference shares class by 28 February 2005 or sooner.

The shareholders have priority to a return of capital on a winding up, or other repayment of capital. The company may serve notice at any time to redeem shares early. The shareholders may require early redemption only in certain circumstances such as if the company is in default.

The preference shareholders have no other entitlement to participation in the profits or assets of Proby Limited. Nor do they have voting rights except if the company is in default.

- ii) The shareholders waive their rights to the 5% per annum dividend on the non-cumulative deferred shares and it is the boards intention to redeem the deferred shares class by 28 February 2005 or sooner

NOTES TO THE ACCOUNTS

31 October 2003

In the event of a return on capital the deferred shareholders rank behind the preference shareholders and the return of amounts paid up by ordinary shareholders. The deferred shareholders have no further rights to profits or assets of the company.

7. RESERVES

	Redemption premium	Profit and loss account	Total
	£	£	£
At 31 October 2002 & 31 October 2003	<u>7,830,679</u>	<u>320,887</u>	<u>8,151,566</u>

8. CONTINGENT LIABILITIES

The company is liable under the group election scheme for the value added tax liabilities of other group companies. The contingent liability at 31 October 2003 amounted to £2,396,908 (2002 - £1,888,168).

9. ULTIMATE PARENT COMPANY

The company's immediate parent company is Alfred McAlpine Utility Services Group Limited, which is incorporated in England and Wales. The ultimate parent company is Alfred McAlpine Plc, which is incorporated in England and Wales.

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

Copies of the financial statements of Alfred McAlpine Utility Services Group Limited and group financial statements of Alfred McAlpine PLC are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.