

# **A H Ball & Company Limited**

## **Directors' Report and Accounts**

**31 December 2003**

Registered number 3563924



# **A H Ball & Company Limited**

## **Directors' Report and Accounts**

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# A H Ball & Company Limited

## Directors' report

The directors present their annual report and audited Accounts for the year ended 31 December 2003.

### Principal activity

The principal activity of the company was that of civil engineering, primarily for the water industry, and other utility industries. On 1 January 2003 the trading activities were transferred to Mowlem plc and all assets and liabilities of a trading nature, including deferred taxation, were hived-up to Mowlem plc at net book value.

### Results and dividend

The profit for the year was £3,372 (2002 : loss of £55,526). The directors do not recommend a dividend (2002: £nil).

### Directors

The following served as directors during the year:

C P Davis  
P A Doyle (resigned, 31 March 2003)  
G P Sivey  
G N Clelland

The beneficial interest of the directors, including their spouses and children who have not attained majority, in the Ordinary Shares of the ultimate holding company, Mowlem plc, required to be disclosed by the Companies Act 1985, are as below:

	Options and ordinary shares of 25p each			
	1 January 2003		31 December 2003	
	Shares	Options	Shares	Options
C P Davis	-	-	-	34,589
P A Doyle	1,937	-	-	-
G P Sivey	-	3,375	-	5,332
G N Clelland	-	-	-	1,757

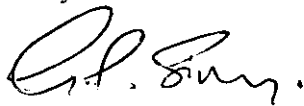
Except as detailed above, none of the directors had an interest in the share capital of any other group companies except as a nominee.

There were no contracts or arrangements in which the directors of the company had interests which are required to be disclosed under the Companies Act 1985.

### Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

  
Director

White Lion Court  
Swan Street  
Isleworth  
Middlesex  
2004

## **A H Ball & Company Limited**

### **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 and of the profit or loss of the company for that period. In preparing those Accounts, 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 Accounts;
- prepare the Accounts 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 Accounts comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and prevent and detect fraud and other irregularities.

## **Independent auditors' report to the members of A H Ball & Company Limited**

We have audited the financial statements on pages 5 to 11.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

### **Basis of audit opinion**

We conducted our audit in accordance with 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.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**KPMG Audit Plc**  
*Chartered Accountants*  
*Registered Auditor*

8 Salisbury Square  
London  
EC4Y 8BB

28 October 2004

## A H Ball & Company Limited

### Profit and loss account for the year ended 31 December 2003

	Notes	2003 £	2002 £
<b>Turnover</b>		-	7,636,501
Operating costs less other income	2	-	(7,698,689)
<b>Operating loss before interest</b>		-	(62,188)
Interest payable	4	-	(120,331)
<b>Loss on ordinary activities before taxation</b>		-	(182,519)
Taxation	6	3,372	126,993
<b>Profit/(loss) for the financial year</b>		3,372	(55,526)
Deficit brought forward		(1,066,661)	(1,011,135)
<b>Deficit carried forward</b>		(1,063,289)	(1,066,661)

All activities in the year are discontinued.

There are no recognised gains and losses for the year and the preceding year other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses is given.

There are no movements in shareholders' funds other than the profit for the year. Accordingly, no reconciliation of movements in shareholders' funds is given.

Historical cost profits and losses are as shown in the profit and loss account above.

# A H Ball & Company Limited

## Balance sheet at 31 December 2003

	Notes	2003 £	2002 £
<b>Fixed assets</b>			
Tangible assets	7	-	332
<b>Current assets</b>			
Debtors	8	-	3,296,205
<b>Creditors: Amounts falling due within one year</b>	9	(963,289)	(4,263,188)
<b>Net current liabilities</b>		(963,289)	(966,983)
<b>Net liabilities</b>		(963,289)	(966,651)
<b>Capital and reserves</b>			
Called up share capital	10	100,000	100,000
Profit and loss account		(1,063,289)	(1,066,661)
<b>Equity shareholders' funds – deficit</b>		(963,289)	(966,661)

These financial statements were approved by the board of directors on 25<sup>th</sup> October 2004 and were signed on its behalf by:

  
Director

# **A H Ball & Company Limited**

## **Notes to the Accounts**

### **1. Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of Preparation*

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

The financial statements have been prepared on the going concern basis which the Directors believe to be appropriate for the following reasons. The Company is dependent for its working capital on funds provided to it by Mowlem plc, the Company's ultimate holding undertaking. Mowlem plc has provided the Company with an undertaking that, for a period of at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and, in particular, will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although at the date of approval of these financial statements, the Directors have no reason to believe that it will not do so.

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cashflow statement, being a wholly owned subsidiary of a parent undertaking established under the law of a member state of the European Community.

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account deferred taxation. In accordance with FRS 19 'Deferred Tax', deferred taxation is provided fully and on a non-discounted basis at future corporation tax rates in respect of timing differences between profits computed for taxation and accounts purposes.



# A H Ball & Company Limited

## Notes (continued)

### 2 Operating costs less other income

	2003 £	2002 £
Raw materials and consumables	-	777,176
Staff costs	-	2,593,880
Other external charges	-	4,319,236
Depreciation	-	10,761
Other operating income	-	(2,364)
	-	7,698,689
Staff costs (including directors)		
Wages and salaries	-	2,522,934
Social security costs	-	45,991
Other pension costs	-	24,955
	-	2,593,880
Other external charges include:		
Plant hire	-	1,244,721
Other operating lease rentals	-	26,120
Auditors' remuneration: audit fees	-	5,000

### 3 Average number of persons employed

	2003 No.	2002 No.
Direct	-	88
Indirect	-	18
	-	106

### 4 Interest

	2003 £	2002 £
Net interest payable – group undertakings	-	120,331

### 5 Auditors' remuneration

The auditors' remuneration for 2003 was paid by Mowlem plc, the ultimate holding company.

# A H Ball & Company Limited

## Notes (continued)

### 6 Tax on loss on ordinary activities

Analysis of credit	2003 £	2002 £
<b>Current tax</b>		
UK corporation tax credit at 30% (2002 – 30%) on loss for the year	-	70,074
Adjustments in respect of previous period	3,372	-
	<hr/>	<hr/>
Total current tax	3,372	70,074
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	56,919
	<hr/>	<hr/>
Tax credit for the year	3,372	126,993

The tax assessed differs from the application of the standard rate of corporation tax in the UK (30%) to the company's loss before taxation for the following reasons:

	2003 £	2002 £
Loss on ordinary activities before tax	-	182,519
	<hr/>	<hr/>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK (30%)	-	54,756
Expenses not deductible for tax purposes	-	(445)
Capital allowances in excess of depreciation	-	15,763
Adjustments to tax charges of previous period	3,372	-
	<hr/>	<hr/>
	3,372	70,074

### Deferred tax movement

	2003 £	2002 £
At beginning of year	508,582	451,663
Transferred to profit and loss account	-	56,919
Transferred to parent company on hive-up	(508,582)	-
	<hr/>	<hr/>
At end of year	-	508,582

### Amounts fully provided for deferred taxation

Accelerated capital allowances	-	56,919
Unutilised tax losses	-	451,663
	<hr/>	<hr/>
At end of year	-	508,582

# A H Ball & Company Limited

## Notes (continued)

### 7 Tangible fixed assets

	Plant and Equipment £
Cost at 1 January 2003	30,058
Transferred to Parent company on hive-up	<u>(30,058)</u>
Cost at 31 December 2003	-
Depreciation at 1 January 2003	29,726
Transferred to Parent company on hive-up	<u>(29,726)</u>
At 31 December 2003	-
Net book value 31 December 2003	-
Net book value 31 December 2002	<u>332</u>

### 8 Debtors

	2003 £	2002 £
Trade debtors	-	961,082
Amount recoverable on contracts	-	1,175,619
Current tax	-	477,628
Deferred tax (see note 6)	-	508,582
Other	-	173,294
	-	<u>3,296,205</u>

### 9 Creditors due within one year

	2003 £	2002 £
Trade creditors	-	1,009,941
Amounts owed to group undertakings	963,289	2,899,187
Bank overdraft	-	354,060
	963,289	<u>4,263,188</u>

### 10 Share capital

	2003 £	2002 £
Authorised 200,000 ordinary shares of £1 each	200,000	200,000
Allotted, called up and fully paid 100,000 ordinary shares of £1 each	100,000	100,000

## A H Ball & Company Limited

### Notes (continued)

#### 11 Remuneration of directors

	2003	2002
	£	£
Salary	-	35,835
Bonus	-	29,337
Pension contribution	-	3,740
	-	68,912

The aggregate emoluments of the highest paid director were £nil (2002 : £68,912).

#### 12 Related Party Transactions

The company is exempt from the requirements of Financial Reporting Standard 8: Related Parties to disclose transactions with members of the Mowlem plc group as more than 90% of its voting rights are controlled within the group.

#### 13 Ultimate and controlling holding company

The ultimate and controlling holding company is Mowlem plc, a company incorporated in Great Britain and registered in England and Wales.

The largest group in which the results of the company are consolidated is that headed by Mowlem plc. The consolidated accounts of Mowlem plc are available to the public and may be obtained from White Lion Court, Swan Street, Isleworth, Middlesex, TW7 6RN.

No other group accounts include the results of the company.