

A H BALL & COMPANY LIMITED

REPORT AND ACCOUNTS

at

31st December 2000

Registered in England
No 3563924



A H BALL & COMPANY LIMITED

REPORT OF THE DIRECTORS

For the year ended 31st December 2000

The directors have pleasure in submitting their Report and Accounts for the year ended 31st December 2000.

Principal Activity and Review of Operations

The principal activity of the company continued to be that of civil engineering, primarily for the water industry, and other utility industries.

The results for the year are set out on page 8.

Safety

A H Ball & Company Limited is committed to the health and safety of all employees and other persons who may be affected by its activities, by the provision and maintenance, so far as is reasonably practicable, of safe and healthy working conditions, safe plant, practices and systems of work.

Health and safety programmes are administered to ensure that the policy commitments of the company are implemented.

Line managers and supervisors, assisted by specialist staff, are held accountable for the implementation of such health and safety programmes. Line management is also required to prepare and maintain the detailed organisation and arrangements necessary to support policy and programme implementation. Audit procedures are established to monitor policy and programme implementation.

All employees have a responsibility for their own safety and the safety of others. They are kept informed of health and safety issues through training and consultation.

It is the policy of A H Ball & Company Limited to:

- provide a place of work that is safe and without risk to the health, safety and welfare of all its employees, independent contractors, members of associated companies and the general public, so far as it is reasonably practicable;

- provide adequate training;

- seek continually to improve its health, safety and welfare performance;

- monitor the performance of activities against this policy statement;

- make safety an integral part of the management of the company;

- comply fully with the law;

- make regular reviews of this policy and to institute improvements, where possible;

A H BALL & COMPANY LIMITED

REPORT OF THE DIRECTORS (continued)

consult with employees and to encourage their constructive contribution to the development of safety policy, to the implementation of safety management systems, to increase their awareness of health and safety and to ensure that all necessary measures are taken to make this policy effective;

sustain and develop this policy by the implementation of safety management systems.

Employment

The company is an Equal Opportunities Employer and its policy is to provide equal opportunities for all, regardless of race, religion, sex or disablement.

The company recognises the importance of good communications and relations with employees.

Employees are encouraged to become aware of and promote the overall work and performance of the parent Group, John Mowlem & Company PLC. The Group SAYE share option scheme offers United Kingdom employees a convenient tax effective and economical way to save and acquire Ordinary Shares. Each employee receives periodic copies of a house journal and across the Group, staff representatives serve as trustees in the administration of the Group pension scheme.

The company's policy on the employment of disabled persons is to follow the provisions and guidance incorporated in the Disability Discrimination Act 1995. We, therefore, give full consideration to applications for employment from disabled persons, having regard to their particular aptitude and abilities, as well as to safety and environmental circumstances. In addition we endeavour to maintain the employment of employees who become disabled during their employment with the company.

A H Ball & Company Limited recognises that the training and development of its employees, to maximise their efficiency at work and their potential to meet future business needs, makes a fundamental contribution to the continuing growth and profitability of the company and of the parent Group.

In particular, training and development:

assists in identifying and realising profitable opportunities for maintaining and expanding the company's activities;

improves the management of its employees at all levels creating conditions in which they are encouraged and motivated to use and develop their own potential to contribute towards achieving the company's objectives;

enable all operations to be carried out in such a way as to safeguard the health and welfare of all its employees, independent contractors, members of associated companies and the general public, so far as is reasonably practicable.

contd.

A H BALL & COMPANY LIMITED

REPORT OF THE DIRECTORS (continued)

As part of business planning there will be a regular analysis of employee training and development required to meet overall business objectives.

The company is concerned with stability and growth and will therefore provide for succession and planned expansion. Such provision shall include the active development of its employees for planned roles.

Employees have a duty to participate fully in any training provided by the company, the development of employees' potential being a shared commitment.

Training and development activities will be evaluated to monitor their effectiveness.

Quality

The company's activities are covered by registration with the BSI to BS EN ISO 9002 : 1994.

Environmental

The company remains committed to the preservation and protection of the environment and promoting sustainable development through its activities. The company is also committed to continually improving its environmental performance and to this end it is involved in a number of initiatives including participation in Government and Industry schemes to enhance the management of environmental issues.

During the year a group wide initiative "Minimum Standards for Sites 2000" has been put in place which provides a benchmark standard on safety and environmental issue for all operational sites.

The company is now in the process of producing a fully integrated Safety and Environmental Management system (SEMS) with the aim of certification of the SEMS to ISO 14001, the international standard for environmental management systems.

The company has reviewed and updated its Environmental Policy, and the key features are:-

- o seek to minimise the environmental impacts of its activities and continually improve its environmental performance;
- o employ systems and procedures that ensure the company's compliance with all relevant laws and regulations relating to the environment
- o promote sustainable development, in partnership with its stakeholders by conserving energy, materials and resources through minimising consumption and maximising efficiency;
- o provide employee training to enhance environmental awareness of the potential impacts from operations and the use of suitable control measures;

contd.

A H BALL & COMPANY LIMITED

REPORT OF THE DIRECTORS (continued)

- o introduce Environmental Supply Chain Management to encourage suppliers to minimise the use of materials, energy or processes which may be harmful to the environment;
- o implement site specific safety and environmental plans;
- o set objectives and targets to monitor environmental performance.

The participation and co-operation of all employees is vital to the success of this policy.

Creditor payment policies

The company does not follow any code or standard on payment practice as it is the company's policy to settle creditors promptly on mutually agreed terms. The terms will vary from supplier to supplier and suppliers will be aware of the terms of payment.

For smaller suppliers where no terms are agreed, payment will normally be made in the month following receipt of goods or services, or shortly thereafter.

contd.

A H BALL & COMPANY LIMITED

REPORT OF THE DIRECTORS (continued)

Directors and Directors' Interests

The names of the directors holding office at the date of this Report and their beneficial interests in the ordinary share capital of the parent company, John Mowlem & Company PLC are as follows:-

	Beneficial interest as at		SAYE as at	
	1.1.00	31.12.00	1.1.00	31.12.00
C P Davis	-	-	-	-
PA Doyle	-	-	-	-
W L Green	-	-	-	-
G P Sivey	-	-	4,725	4,725

Dividends

A dividend of £207,000 has been proposed in respect of the year ended 31st December 2000.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the appointment of KPMG Audit Plc as auditors will be proposed at the Annual General Meeting.

White Lion Court
Swan Street
Isleworth
Middlesex, TW7 6RN

BY ORDER OF THE BOARD

Thiaig Ellison
Authorised Representative
Mowlem Secretariat Ltd.

Company Secretary

9.11.2001

A H BALL & COMPANY LIMITED

DIRECTORS' RESPONSIBILITIES

in respect of the preparation of the Accounts

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; and

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 to prevent and detect fraud and other irregularities.

A H BALL & COMPANY LIMITED

REPORT OF THE AUDITORS

To the shareholders of A H BALL & COMPANY LIMITED

We have audited the accounts on pages 8 to 16.

Respective responsibilities of directors and auditors

The directors are responsible for the preparing the directors' report and, as described on page 6 the financial statements in accordance with applicable United Kingdom 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. 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.

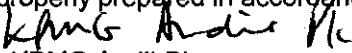
Basis of opinion

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 affairs of the company at 31st December 2000 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

21 November 2001

A H BALL & COMPANY LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31st December 2000

	Notes	2000 £	1999 £
Turnover from continuing operations		4,171,924	4,018,186
Operating costs less other income	1	3,745,618	5,201,632
Operating profit before interest		426,306	(1,183,446)
Interest Payable	3	(12,013)	(6,167)
Profit/(loss) on ordinary activities before taxation		414,293	(1,189,613)
Taxation	4	0	0
Profit/(loss) on ordinary activities after taxation		414,293	(1,189,613)
Dividend		(207,000)	0
Retained profit/(loss)	10	207,293	(1,189,613)

A statement of movements on reserves is given in note 10.

A H BALL & COMPANY LIMITED

BALANCE SHEET at 31st December 2000

	Notes	2000 £	1999 £
Tangible Fixed assets	5	29,476	62,681
Current assets			
Stocks	6	0	77,260
Debtors	7	1,114,474	866,120
Cash at bank and in hand		85,102	167,693
		1,199,576	1,111,073
Creditors due within one year	8	1,916,664	2,051,008
Net current liabilities		(717,088)	(939,935)
Total assets less current liabilities		(687,612)	(877,254)
Creditors due after one year		0	(17,651)
Net Liabilities		(687,612)	(894,905)
Capital and Reserves			
Called up share capital	9	100,000	100,000
Profit and loss account	10	(787,612)	(994,905)
Equity shareholders' funds		(687,612)	(894,905)

These financial statements were approved by the Board on 9th November 2001 and were signed on its behalf by:



WL Green

A H BALL & COMPANY LIMITED

**RECOGNISED GAINS AND LOSSES
MOVEMENTS IN SHAREHOLDERS' FUNDS**

Statement of total recognised gains and (losses)	2000	1999
	£	£
Profit on ordinary activities after tax	414,293	(1,189,613)
Dividend	(207,000)	0
Retained profit/(loss)	207,293	(1,189,613)
Unrealised gain on property revaluation	0	0
Total gains and losses recognised in the year	207,293	(1,189,613)

Reconciliation of movements in shareholders' funds	2000	1999
	£	£
Total recognised gains and losses for the year	207,293	(1,189,613)
Shareholders' funds at beginning of year	(894,905)	294,708
Shareholders' funds at end of year	(687,612)	(894,905)

Note of historical cost profits or losses

There is no material difference between the historical cost profit and loss and that presented in the company's Profit and Loss account.

A H BALL & COMPANY LIMITED

NOTES TO THE ACCOUNTS

1. Operating costs less other income	2000 £	1999 £
Raw materials and consumables	984,416	1,209,388
Staff costs	1,023,523	2,536,104
Other external charges	1,707,131	1,384,391
Depreciation	33,205	71,749
Other operating income	(2,657)	0
	3,745,618	5,201,632
Staff costs (including directors)		
Wages and salaries	905,475	2,316,176
Social security costs	90,548	203,689
Other pension costs	27,500	16,239
	1,023,523	2,536,104
Other external charges includes		
Plant hire	628,559	820,854
Other operating lease rentals	10,571	48,721
Auditors' remuneration : audit fees	6,750	9,583
2. Average number of persons employed	2000 No.	1999 No.
Direct	47	60
Indirect	16	17
	63	77
3. Interest	2000 £	1999 £
Interest payable - non group	12,013	6,167

A H BALL & COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

4. Taxation

The company has no tax charge due to losses carried forward.

5. Tangible fixed assets

	Land and Buildings Freehold £	Plant and Equipment £	Total £
Cost at 1st January 2000	0	500,816	500,816
Additions	0	0	0
Disposals	0	0	0
Cost at 31st December 2000	0	500,816	500,816
Depreciation at 1st January 2000	0	438,135	438,135
Charge for the year	0	33,205	33,205
Disposals			0
At 31st December 2000	0	471,340	471,340
Net book value 31st December 2000	0	29,476	29,476
31st December 1999	0	62,681	62,681

Included above are assets held under finance leases or hire purchase contracts as follows

	2000 £	1999 £
Net book values	18,163	35,713
Depreciation charge for the period	7,048	6,847

A H BALL & COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

6. Stocks	2000	1999
	£	£
Raw materials and consumables	0	77,260

The replacement cost of stocks is not materially different from their balance sheet value.

7. Debtors	2000	1999
	£	£
Trade debtors	1,114,474	837,174
Prepayments and accrued income	0	28,946
	1,114,474	866,120

Trade debtors include amounts falling due after more than one year totalling £54,834 (1999- £188,974).

8. Creditors due within one year	2000	1999
	£	£
Trade creditors	319,764	422,990
Amounts owed to group undertakings	1,596,900	1,014,372
Other creditors	0	275,612
Taxation and social security	0	95,326
Accruals and deferred income	0	242,708
	1,916,664	2,051,008

A H BALL & COMPANY LIMITED**NOTES TO THE ACCOUNTS (continued)****9. Share capital**

	2000 £	1999 £
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

10. Reserves

	Profit and loss account £	Revaluation reserve £	Total £
At 1st January 2000	(994,905)	0	(994,905)
Retained profit for the year	207,293	0	207,293
At 31st December 2000	(787,612)	0	(787,612)

12. Commitments

There were no capital commitments contracted for at 31st December 2000 (1999 - nil)

13. Contingent liabilities

The company has guaranteed the bank borrowings of City Special Waste Limited and Thistle Pipelines Limited.

14. Ultimate parent company

The ultimate parent company is John Mowlem and Company PLC, registered in England. Consolidated accounts are available to the public from White Lion Court, Swan Street, Isleworth Middlesex, TW7 6RN.

A H BALL & COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

15. Remuneration of directors	2000	1999
	£	£
Directors' emoluments	65,272	58,497
Company pension contributions to money purchase schemes	3,274	3,929
	68,546	62,426

The aggregate emoluments of the highest paid director were £68,546 (1999 - £62,426).
On 1st November he became a member of the John Mowlem & Company PLC Pension and Life Assurance Scheme under which his accrued pension at the year end was £163.

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1. (1999 - 1)

A H BALL & COMPANY LIMITED

PRINCIPAL ACCOUNTING POLICIES

A summary of principal accounting policies, all of which have been applied consistently throughout the year, is set out below.

Basis of accounting

The financial statements are prepared under the historical cost convention.

The company is exempt from the requirement of Financial Reporting Standard No 1 (Revised) to include a cash flow statement as part of its accounts because it is a subsidiary of John Mowlem & Company PLC and its cash flows are included within the consolidated cash flow statement of that company.

Turnover

Turnover is defined as the value of goods and services supplied net of trade discounts, V.A.T. and other sales related taxes.

Depreciation

Depreciation is provided on a straight line basis at rates calculated to write off the cost or valuation of fixed assets over their estimated useful lives as follows:

Plant and machinery	25% straight line
Fixtures, fittings and equipment	25% straight line
Motor vehicles	25% straight line

Stocks

Stocks are valued at the lower of net realisable value and cost.

Long term contracts

Civil engineering and building work-in-progress is valued at cost plus attributable profits less foreseeable losses in accordance with SSAP 9. The excess of the value of work done over amounts invoiced is included in debtors as amounts recoverable on contracts.