

Company Registration No. 3563924

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Financial statements for
the period ended 31 December 1999

AH Ball & Company Limited

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AH Ball & Company Limited

Company information

Directors

P A Doyle
C P Davis
G N Clelland
G P Sivey
W L Green

Secretary

Mowlems Secretariat Limited

Company number

3563924

Registered office

White Lion Court
Swan Street
Isleworth
Middlesex
TW7 6RN

Auditors

Mazars Neville Russell
90 St Vincent Street
Glasgow
G2 5UB

AH Ball & Company Limited

Directors' report For the period ended 31 December 1999

The directors present their report and financial statements for the period ended 31 December 1999.

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 and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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. 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.

Directors

The following directors have held office since 1 April 1999:

G Macdonald	(Resigned 3 April 2001)
WL Green	
P A Doyle	(Appointed 8 December 1999)
C P Davis	(Appointed 8 December 1999)
GN Clelland	(Appointed 8 December 1999)
J J Neville	(Resigned 8 December 1999)
G P Sivey	(Appointed 8 December 1999)

Directors' interests

At the balance sheet date, none of the directors have any interests in the share capital of the company. The interests of the directors in the share capital of the holding company are shown in the Directors Report of that company.

Principal activities and review of the business

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

Given that 75% of Thistle Pipelines Limited was acquired since the year end by John Mowlem & Company Plc, the opportunity to develop the business within a large organisation is excellent.

Results and dividends

The results for the period are set out on page 4.

Post balance sheet events

As of January 2000 the ultimate parent company is John Mowlem & Company Plc, who bought 75% of the share capital of Thistle Pipelines Ltd.

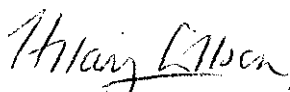
AH Ball & Company Limited

Directors' report For the period ended 31 December 1999

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Mazars Neville Russell be reappointed as auditors of the company will be put to the Annual General Meeting.

Approved by the board on 24 August 2001
and signed on its behalf by



Mowlems Secretariat Limited
Secretary

AH Ball & Company Limited

Independent Auditors' report To the shareholders of AH Ball & Company Limited

We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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. 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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. Our responsibilities do not extend to any other information.

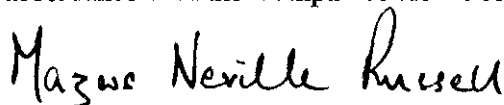
Basis of opinion

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.

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 1999 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



MAZARS NEVILLE RUSSELL
CHARTERED ACCOUNTANTS
and Registered Auditors
Glasgow
28 August 2001

AH Ball & Company Limited

Profit and loss account For the period ended 31 December 1999

		9 months ended 31 December 1999 £	10 months ended 31 March 1999 £
	Notes		
Turnover	2	4,018,186	5,021,117
Cost of sales		(4,232,580)	(4,116,299)
Gross (loss)/profit		(214,394)	904,818
Administrative expenses		(969,052)	(687,257)
Operating (loss)/profit	3	(1,183,446)	217,561
Interest payable and similar charges	4	(6,167)	(22,853)
(Loss)/profit on ordinary activities before taxation		(1,189,613)	194,708
Tax on (loss)/profit on ordinary activities	7	-	-
(Loss)/profit on ordinary activities after taxation	14	(1,189,613)	194,708

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

AH Ball & Company Limited

Balance sheet

As at 31 December 1999

	Notes	1999 £	1999 £
Fixed assets			
Tangible assets	8	62,681	104,803
Current assets			
Stocks	9	77,260	137,753
Debtors	10	866,120	1,118,988
Cash at bank and in hand		167,693	153,669
		<u>1,111,073</u>	<u>1,410,410</u>
Creditors: amounts falling due within one year	11	<u>(2,051,008)</u>	<u>(1,212,277)</u>
Net current (liabilities)/assets		<u>(939,935)</u>	<u>198,133</u>
Total assets less current liabilities		<u>(877,254)</u>	<u>302,936</u>
Creditors: amounts falling due after more than one year	12	<u>(17,651)</u>	<u>(8,228)</u>
		<u>(894,905)</u>	<u>294,708</u>
Capital and reserves			
Share capital	13	100,000	100,000
Profit and loss account	14	<u>(994,905)</u>	<u>194,708</u>
Shareholders' funds - equity interests	15	<u>(894,905)</u>	<u>294,708</u>

Approved by the Board on 24 August 2001
and signed on its behalf by

P A Doyle
Director

AH Ball & Company Limited

Cash flow statement For the period ended 31 December 1999

		9 months ended 31 December 1999 £	10 months ended 31 March 1999 £
	Notes		
Net cash inflow/(outflow) from operating activities	16	332,322	(31,827)
Returns on investments and servicing of finance			
Interest paid		<u>(6,167)</u>	<u>(22,853)</u>
Net cash outflow for returns on investments and servicing of finance		(6,167)	(22,853)
Capital expenditure			
Payments to acquire tangible assets		(2,127)	(190,182)
Receipts from sales of tangible assets		-	750
Net cash outflow for capital expenditure		<u>(2,127)</u>	<u>(189,432)</u>
Net cash inflow/(outflow) before management of liquid resources and financing		324,028	(244,112)
Financing			
Issue of ordinary share capital		-	100,000
Capital element of hire purchase contracts		<u>(10,577)</u>	<u>(1,646)</u>
Net cash (outflow)/inflow from financing		<u>(10,577)</u>	<u>98,354</u>
Increase/(decrease) in cash in the period	17	<u>313,451</u>	<u>(145,758)</u>

AH Ball & Company Limited

Notes to the Accounts

For The period Ended 31 December 1999

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

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

1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Stock and work in progress

Stock is valued at the lower of cost and net realisable value.

1.6 Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the period in accordance with SSAP 24.

1.8 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

AH Ball & Company Limited

Notes to the Accounts

For The period Ended 31 December 1999

2 Turnover

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating (loss)/profit	1999 £	1999 £
Operating (loss)/profit is stated after charging:		
Depreciation of tangible assets	71,749	99,357
Operating lease rentals		
- Plant and machinery	820,854	374,914
Auditors' remuneration	10,000	6,750

4 Interest payable	1999 £	1999 £
On bank loans and overdrafts	5,569	17,121
On other loans wholly repayable within 5 years	-	5,366
Hire purchase interest	598	366
	6,167	22,853

5 Employees

Number of employees

The average monthly number of employees (including directors) during the period was:

	1999 Number	1999 Number
Office & management	17	19
Site operations	60	79
	77	98

Employment costs

	£	£
Wages and salaries	2,316,176	2,157,795
Social security costs	203,689	199,151
Other pension costs	16,239	19,927
	2,536,104	2,376,873

AH Ball & Company Limited

Notes to the Accounts

For The period Ended 31 December 1999

6	Directors' emoluments	1999 £	1999 £
	Emoluments for qualifying services	58,497	45,227
	Company pension contributions to money purchase schemes	3,929	3,917
		<u>62,426</u>	<u>49,144</u>

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

7 Taxation

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

AH Ball & Company Limited

Notes to the Accounts

For The period Ended 31 December 1999

8 Tangible fixed assets

	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 April 1999	385,563	56,695	28,931	471,189
Additions	-	2,127	27,500	29,627
At 31 December 1999	385,563	58,822	56,431	500,816
Depreciation				
At 1 April 1999	319,918	37,022	9,446	366,386
Charge for the period	45,701	16,857	9,191	71,749
At 31 December 1999	365,619	53,879	18,637	438,135
Net book value				
At 31 December 1999	19,944	4,943	37,794	62,681
At 31 March 1999	65,645	19,673	19,485	104,803

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

	Motor vehicles £
Net book values	
At 31 December 1999	35,713
At 31 March 1999	15,062
Depreciation charge for the period	
31 December 1999	6,847
31 March 1999	1,369

AH Ball & Company Limited

Notes to the Accounts

For The period Ended 31 December 1999

9	Stocks and work in progress	1999 £	1999 £
	Work in progress	-	24,000
	Finished goods and goods for resale	77,260	113,753
		<u>77,260</u>	<u>137,753</u>
10	Debtors	1999 £	1999 £
	Trade debtors	837,174	1,049,798
	Other debtors	-	26,682
	Prepayments and accrued income	28,946	42,508
		<u>866,120</u>	<u>1,118,988</u>
11	Creditors: amounts falling due within one year	1999 £	1999 £
	Bank loans and overdrafts	-	299,427
	Provision for foreseeable losses	195,000	-
	Net obligations under finance lease and hire purchase contracts	12,437	4,937
	Trade creditors	422,990	317,969
	Amounts owed to parent and fellow subsidiary undertakings	1,014,372	263,243
	Taxes and social security costs	95,326	69,094
	Directors' current accounts	-	41,365
	Other creditors	275,612	90,650
	Accruals and deferred income	35,271	125,592
		<u>2,051,008</u>	<u>1,212,277</u>

The bank overdraft is secured by a floating charge over all the assets. There are cross guarantees between Thistle Pipelines Limited and City Special Waste Limited, along with group facility letters. A key man insurance policy over the life of Gordon Macdonald, for a minimum of £150,000, has also been assigned to the bank.

AH Ball & Company Limited

Notes to the Accounts

For The period Ended 31 December 1999

12 Creditors: amounts falling due after more than one year	1999 £	1999 £
Net obligations under finance leases and hire purchase agreements	<u>17,651</u>	<u>8,228</u>

The amounts falling due for net obligations under finance leases and hire purchase contracts are fully repayable within five years.

13 Share capital	1999 £	1999 £
Authorised		
200,000 Ordinary shares of £ 1 each	<u>200,000</u>	<u>200,000</u>
Allotted, called up and fully paid		
100,000 Ordinary shares of £ 1 each	<u>100,000</u>	<u>100,000</u>

14 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 1999	194,708
Retained loss for the period	<u>(1,189,613)</u>
Balance at 31 December 1999	<u>(994,905)</u>

15 Reconciliation of movements in shareholders' funds	1999 £	1999 £
(Loss)/Profit for the financial period	(1,189,613)	194,708
Proceeds from issue of shares	<u>-</u>	<u>100,000</u>
Net (depletion in)/addition to shareholders' funds	(1,189,613)	294,708
Opening shareholders' funds	<u>294,708</u>	<u>-</u>
Closing shareholders' funds	<u>(894,905)</u>	<u>294,708</u>

AH Ball & Company Limited

Notes to the Accounts

For The period Ended 31 December 1999

16 Reconciliation of operating (loss)/profit to net cash inflow/(outflow) from operating activities	1999	1999
	£	£
Operating (loss)/profit	(1,183,446)	217,561
Depreciation of tangible assets	71,749	99,357
Loss on disposal of tangible assets	-	83
Decrease/(increase) in stocks	60,493	(137,753)
Decrease/(increase) in debtors	252,868	(1,118,988)
Increase in creditors within one year	1,130,658	907,913
Net cash inflow/(outflow) from operating activities	332,322	(31,827)

17 Analysis of net funds/(debt)	1 April 1999	Cash flow	Other non-cash changes	31 December 1999
	£	£	£	£
Net cash:				
Cash at bank and in hand	153,669	14,024		167,693
Bank overdrafts	(299,427)	299,427		-
	<u>(145,758)</u>	<u>313,451</u>		<u>167,693</u>
Debt:				
Finance leases	(13,165)	10,577	(27,500)	(30,088)
Net (debt)/funds	<u>(158,923)</u>	<u>324,028</u>	<u>(27,500)</u>	<u>137,605</u>

18 Reconciliation of net cash flow to movement in net debt	1999	1999
	£	£
Increase/(decrease) in cash in the period	313,451	(145,758)
Cash outflow from decrease in debt and lease financing	10,577	1,646
Change in net debt resulting from cash flows	324,028	(144,112)
New finance lease	(27,500)	(14,811)
Movement in net funds/(debt) in the period	296,528	(158,923)
Opening net debt	(158,923)	-
Closing net funds/(debt)	137,605	(158,923)

AH Ball & Company Limited

Notes to the Accounts

For The period Ended 31 December 1999

19 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost represents contributions payable by the company to the fund and amounted to £16,239 (1999: £19,927).

20 Financial commitments

At 31 December 1999 the company had annual commitments under non-cancellable operating leases as follows:

	1999 £	1999 £
Expiry date:		
Within one year	166,661	73,467
Between two and five years	141,700	168,425
	<u>308,361</u>	<u>241,892</u>

21 Contingent liabilities

The company has guaranteed the bank borrowings of City Special Waste Limited and Thistle Pipelines Limited. At the balance sheet date, the guaranteed bank borrowings amounted to £446,283 (1999: £560,000).

22 Related party transactions

The company conducted business on normal commercial terms with the following related parties:

Company	Relationship
Thistle Pipelines Limited	Parent company
City Special Waste Limited	Fellow subsidiary

Amounts due from related parties at the balance sheet date were:

	1999 £	1999 £
Thistle Pipelines Limited	<u>1,014,372</u>	<u>263,243</u>

The company purchased/(sold) goods and services to the following related parties during the year:

	1999 £	1999 £
Thistle Pipelines Limited	<u>378,549</u>	<u>53,309</u>

AH Ball & Company Limited

Notes to the Accounts

For The period Ended 31 December 1999

23 Control

The parent company is Mowlem Utility Services Limited (formerly Thistle Pipelines Limited), a company registered in Scotland. As of January 2000 the ultimate parent company is John Mowlem & Company Plc who bought 75% of the share capital of Mowlem Utility Services Limited.