

Registration number 4230579

Dawnus Construction Limited
Directors' report and financial statements
for the year ended 31 December 2003

Hammond & Davies
Chartered Certified Accountants / Registered Auditors



Dawnus Construction Limited

Company information

Directors	B. Dalling R.T. Evans R.G. Jones A.G. Peters R.D.H. Williams
Secretary	A.G.Peters
Company number	4230579
Registered office	16-18 Pontardulais Road Gorseinon Swansea SA4 4FE
Auditors	Hammond & Davies Chartered Certified Accountants Registered Auditors 16-18 Pontardulais Road Gorseinon Swansea SA4 4FE
Business address	Unit 4/5 Tawe Business Village Swansea Enterprise Park Llansamlet Swansea SA7 9LA
Bankers	Barclays Bank Hall Street Carmarthen

Dawnus Construction Limited

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Dawnus Construction Limited

Directors' report for the year ended 31 December 2003

The directors present their report and the financial statements for the year ended 31 December 2003.

Principal activity and review of the business

The principal activity of the company is that of civil engineering operations. At 31st December 2003, it had three wholly owned subsidiary companies: Dawnus Limited & Dawnus Developments Limited, which provide civil engineering project management services, and Dawnus Plant Limited, which was dormant up to that date.

The company and its subsidiaries secured significant contracts during the year by virtue of the experience and knowledge of the group's staff. Both the professional and direct labour forces continue to expand.

Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of a final dividend.

Future developments

During 2004 and future years, the group is well positioned to expand further. It is also anticipated that contracts will be procured over a much wider geographical area. The plant company has begun operating and will seek to generate substantial external sources of income. A further group company has been established to develop selective residential sites.

Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	31/12/03	01/01/03
B. Dalling	10	10
R.T. Evans	10	10
R.G. Jones	10	10
A.G. Peters	10	10
R.D.H. Williams	10	10

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

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

Dawnus Construction Limited

**Directors' report
for the year ended 31 December 2003**

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

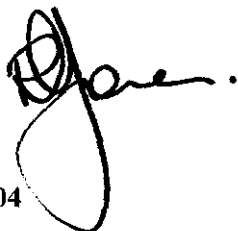
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Hammond & Davies be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 14 May 2004 and signed on its behalf by

R.G. Jones
Director
14 May 2004

A handwritten signature in black ink, appearing to be 'R.G. Jones', written over the printed name and date.

Dawnus Construction Limited

Independent auditors' report to the shareholders of Dawnus Construction Limited

We have audited the financial statements of Dawnus Construction Limited for the year ended 31 December 2003 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention and 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 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 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.

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 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.

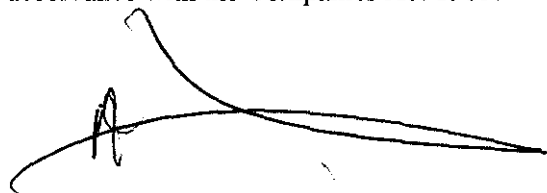
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Dawnus Construction Limited

Independent auditors' report to the shareholders of Dawnus Construction Limited continued

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 and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Hammond & Davies
Chartered Certified Accountants and
Registered Auditors
14 May 2004

16-18 Pontardulais Road
Gorseinon
Swansea SA4 4FE

Dawnus Construction Limited

Profit and loss account for the year ended 31 December 2003

Continuing operations

		2003	2002
	Notes	£	£
Turnover	2	7,941,769	1,954,577
Cost of sales		(6,233,602)	(1,349,388)
Gross profit		1,708,167	605,189
Administrative expenses		(1,505,238)	(529,261)
Other operating income		70	-
Operating profit	3	202,999	75,928
Other interest receivable and similar income	4	5	-
Interest payable and similar charges	5	(2,548)	(220)
Profit on ordinary activities before taxation		200,456	75,708
Tax on profit on ordinary activities	7	(47,894)	(14,996)
Profit on ordinary activities after taxation		152,562	60,712
Retained profit for the year		152,562	60,712
Retained profit/(loss) brought forward		60,371	(341)
Retained profit carried forward		212,933	60,371

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 8 to 19 form an integral part of these financial statements.


Dawnus Construction Limited

**Balance sheet
as at 31 December 2003**

	Notes	2003		2002	
		£	£	£	£
Fixed assets					
Tangible assets	8		214,091		11,851
Investments	9		100,004		100
			<u>314,095</u>		<u>11,951</u>
Current assets					
Debtors	10	1,948,671		565,007	
Cash at bank and in hand		<u>411,598</u>		<u>250,468</u>	
		2,360,269		815,475	
Creditors: amounts falling due within one year	11	<u>(2,190,763)</u>		<u>(711,916)</u>	
Net current assets			<u>169,506</u>		<u>103,559</u>
Total assets less current liabilities			483,601		115,510
Creditors: amounts falling due after more than one year	12		(258,114)		(54,287)
Provisions for liabilities and charges	13		<u>(12,494)</u>		<u>(792)</u>
Net assets			<u>212,993</u>		<u>60,431</u>
Capital and reserves					
Called up share capital	15		60		60
Profit and loss account			<u>212,933</u>		<u>60,371</u>
Equity shareholders' funds	16		<u>212,993</u>		<u>60,431</u>

The financial statements were approved by the Board on 14 May 2004 and signed on its behalf by

R.G. Jones
Director
14 May 2004



The notes on pages 8 to 19 form an integral part of these financial statements.

Dawnus Construction Limited

Cash flow statement for the year ended 31 December 2003

	Notes	2003 £	2002 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		202,999	75,928
Depreciation		57,111	4,309
(Increase) in debtors		(1,383,664)	(564,947)
Increase in creditors		1,405,444	683,001
Net cash inflow from operating activities		<u>281,890</u>	<u>198,291</u>

Cash flow statement

Net cash inflow from operating activities		281,890	198,291
Returns on investments and servicing of finance	18	(2,543)	(220)
Taxation	18	(14,204)	-
Capital expenditure	18	(92,109)	(9,503)
Acquisitions and disposals	18	(99,904)	(100)
		<u>73,130</u>	<u>188,468</u>
Financing	18	88,000	62,000
Increase in cash in the year		<u>161,130</u>	<u>250,468</u>

Reconciliation of net cash flow to movement in net debt (Note 19)

Increase in cash in the year		161,130	250,468
Cash inflow from decrease in debts and lease financing		(88,000)	(62,000)
Change in net funds resulting from cash flows		73,130	188,468
New finance leases and hire purchase contracts		(167,242)	(6,657)
Movement in net debt in the year		(94,112)	181,811
Net funds at 1 January 2003		181,811	-
Net funds at 31 December 2003		<u>87,699</u>	<u>181,811</u>

Dawnus Construction Limited

Notes to the financial statements for the year ended 31 December 2003

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention .

1.2. Turnover

Turnover represents the value of invoiced work, after the deduction of trade discounts and value added tax, adjusted for changes in the amounts recoverable on long term contracts.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Plant and machinery	-	20% Straight Line
Fixtures, fittings and equipment	-	25% Straight Line [33.33% computer equipment]
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 their useful economic 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 on a straight line basis over the period of the lease.

1.5. Investments

Fixed asset investments are stated at cost less provision for diminution in 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 provisions 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 received on account.

Dawnus Construction Limited

Notes to the financial statements for the year ended 31 December 2003

..... continued

1.7. Deferred taxation

The company adopted Financial Reporting Standard 19 "Deferred Taxation" (FRS 19) during the financial year.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider 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 an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Prior to the adoption of FRS 19, the company provided for deferred taxation only to the extent that timing differences were expected to materialise in the foreseeable future. However, no prior year adjustment is required in respect of the adoption of the new policy.

1.8. Group accounts

The company is entitled to the exemption under Section 248 of the Companies Act 1985 from the obligation to prepare group accounts. These accounts present information about the company as an individual undertaking and not about the whole group.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

3. Operating profit

	2003	2002
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	57,111	4,309
Auditors' remuneration	3,100	2,350

Dawnus Construction Limited

**Notes to the financial statements
for the year ended 31 December 2003**

..... continued

4. Interest receivable and similar income	2003	2002
	£	£
Other interest	5	-
	<u>5</u>	<u>-</u>
5. Interest payable and similar charges	2003	2002
	£	£
Interest payable on loans < 1 yr	-	9
Hire purchase interest	2,548	211
	<u>2,548</u>	<u>220</u>
6. Employees		
Number of employees	2003	2002
The average monthly numbers of employees during the year were:		
	39	16
	<u>39</u>	<u>16</u>
Employment costs	2003	2002
	£	£
Wages and salaries	925,293	302,221
Social security costs	83,672	26,262
	<u>1,008,965</u>	<u>328,483</u>

Dawnus Construction Limited

**Notes to the financial statements
for the year ended 31 December 2003**

..... continued

6.1. Directors' emoluments	2003	2002
(paid via subsidiary undertaking)	£	£
Remuneration and other emoluments	269,961	187,178
Pension contributions	17,400	11,925
	<u>287,361</u>	<u>199,103</u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>5</u>	<u>5</u>
Highest paid director	£	£
Amounts included above:		
Emoluments and other benefits	60,378	45,070
Pension contributions	3,900	2,925
	<u>64,278</u>	<u>47,995</u>

Dawnus Construction Limited

Notes to the financial statements for the year ended 31 December 2003

..... continued

7. Tax on profit on ordinary activities

Analysis of charge in period	2003 £	2002 £
Current tax		
UK corporation tax	36,192	14,204
Total current tax charge	36,192	14,204
Deferred tax		
Timing differences, origination and reversal	11,702	792
Total deferred tax	11,702	792
Tax on profit on ordinary activities	47,894	14,996

Factors affecting tax charge for period

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

	2003 £	2002 £
Profit on ordinary activities before taxation	200,456	75,708
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30.00% (31 December 2002 : 19.25%)	60,137	14,574
Effects of:		
Expenses not deductible for tax purposes	177	433
Capital allowances for period in excess of depreciation	(14,565)	(803)
Marginal relief	(9,557)	-
Current tax charge for period	36,192	14,204

Dawnus Construction Limited

**Notes to the financial statements
for the year ended 31 December 2003**

..... continued

8. Tangible fixed assets	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2003	-	3,410	12,750	16,160
Additions	240,700	701	17,950	259,351
At 31 December 2003	240,700	4,111	30,700	275,511
Depreciation				
At 1 January 2003	-	1,121	3,188	4,309
Charge for the year	48,140	1,297	7,674	57,111
At 31 December 2003	48,140	2,418	10,862	61,420
Net book values				
At 31 December 2003	192,560	1,693	19,838	214,091
At 31 December 2002	-	2,289	9,562	11,851

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

Asset description	2003		2002	
	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Plant and machinery	190,400	47,600	-	-
Motor vehicles	3,575	1,787	5,363	1,788
	193,975	49,387	5,363	1,788

Dawnus Construction Limited

Notes to the financial statements for the year ended 31 December 2003

..... continued

9. Fixed asset investments	Subsidiary undertakings shares £	Total £
Cost		
At 1 January 2003	100	100
Additions	99,904	99,904
At 31 December 2003	100,004	100,004
Net book values		
At 31 December 2003	100,004	100,004
At 31 December 2002	100	100

9.1. Holdings of 20% or more

The company holds 20% or more of the share capital of the following companies:

Company	Country of registration or incorporation	Nature of business	Shares held class	Proportion of shares held
Subsidiary undertaking				
Dawnus Ltd.	England & Wales	Project management	Ordinary	100%
Dawnus Developments Ltd.	England & Wales	Project management	Ordinary	100%
Dawnus Plant Ltd.	England & Wales	Plant hire	Ordinary	100%

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves £	Profit for the year £
Dawnus Ltd.	188,337	77,498
Dawnus Developments Ltd.	40,150	40,148
Dawnus Plant Ltd.	2	-

Dawnus Construction Limited

**Notes to the financial statements
for the year ended 31 December 2003**

..... continued

10. Debtors	2003	2002
	£	£
Trade debtors	999,377	155,797
Amounts recoverable on long term contracts	757,515	406,942
Other debtors	179,991	-
Called up share capital not paid	60	60
Prepayments and accrued income	11,728	2,208
	<u>1,948,671</u>	<u>565,007</u>
 11. Creditors: amounts falling due within one year	 2003	 2002
	£	£
Loans	-	12,000
Contract payments received on account	5,547	1,106
Net obligations under finance leases and hire purchase contracts [secured]	65,785	2,370
Trade creditors	1,133,145	450,526
Amounts owed to group undertaking	10,156	49,122
Corporation tax	36,192	14,204
Other taxes and social security costs	115,571	21,968
Directors' accounts	341	341
Other creditors	47,009	3,701
Accruals and deferred income	777,017	156,578
	<u>2,190,763</u>	<u>711,916</u>
 12. Creditors: amounts falling due after more than one year	 2003	 2002
	£	£
Loans	150,000	50,000
Net obligations under finance leases and hire purchase contracts [secured]	108,114	4,287
	<u>258,114</u>	<u>54,287</u>

Dawnus Construction Limited

**Notes to the financial statements
for the year ended 31 December 2003**

..... continued

13. Provisions for liabilities and charges

	Deferred taxation (Note 14) £	Total £
At 1 January 2003	792	792
Movements in the year	11,702	11,702
At 31 December 2003	<u>12,494</u>	<u>12,494</u>

14. Provision for deferred taxation

	2003 £	2002 £
Accelerated capital allowances	<u>12,494</u>	<u>792</u>
Provision at 1 January 2003	792	
Deferred tax charge in profit and loss account	11,702	
Provision at 31 December 2003	<u>12,494</u>	

15. Share capital

	2003 £	2002 £
Authorised		
1,000 Ordinary shares of 1 each	<u>1,000</u>	<u>1,000</u>
Allotted		
60 Ordinary shares of 1 each	<u>60</u>	<u>60</u>

Dawnus Construction Limited

**Notes to the financial statements
for the year ended 31 December 2003**

..... continued

16. Reconciliation of movements in shareholders' funds	2003	2002
	£	£
Profit for the year	152,562	60,712
Opening shareholders' funds	60,431	(281)
Closing shareholders' funds	<u>212,993</u>	<u>60,431</u>

17. Related party transactions

During the year, management fees receivable from Dawnus Limited and Dawnus Developments Limited [subsidiary undertakings] amounted to £102,000 and £115,000 respectively; and professional charges from those companies amounted to £806,186 and £137,500 respectively. As at the balance sheet date, the amount due from Dawnus Developments Limited was £105,125. At the same date, the amounts due to Dawnus Limited and Dawnus Developments Limited were £485,442 and £44,062 respectively in respect of trading debts; and a further £10,156 on an inter-company current account with Dawnus Limited. Mr.A.G.Peters, Director was also owed £ 341 by the company as at the balance sheet date.

Dawnus Construction Limited

**Notes to the financial statements
for the year ended 31 December 2003**

..... continued

18. Gross cash flows

	2003 £	2002 £
Returns on investments and servicing of finance		
Interest received	5	-
Interest paid	(2,548)	(220)
	<u>(2,543)</u>	<u>(220)</u>
Taxation		
Corporation tax paid	(14,204)	-
	<u>(14,204)</u>	<u>-</u>
Capital expenditure		
Payments to acquire tangible assets	(92,109)	(9,503)
	<u>(92,109)</u>	<u>(9,503)</u>
Acquisitions and disposals		
Payments on acquisition of group interests	(99,904)	(100)
	<u>(99,904)</u>	<u>(100)</u>
Financing		
Other new long term loans	100,000	50,000
Other new short term loans	-	12,000
Repayment of other short term loans	(12,000)	-
	<u>88,000</u>	<u>62,000</u>

Dawnus Construction Limited

**Notes to the financial statements
for the year ended 31 December 2003**

..... continued

19. Analysis of changes in net funds

	Opening balance	Cash flows	Other changes	Closing balance
	£	£	£	£
Cash at bank and in hand	250,468	161,130		411,598
Debt due within one year	(12,000)	12,000	-	-
Debt due after one year	(50,000)	(100,000)	-	(150,000)
Finance leases and hire purchase contracts	(6,657)	-	(167,242)	(173,899)
	<u>(68,657)</u>	<u>(88,000)</u>	<u>(167,242)</u>	<u>(323,899)</u>
Net funds	<u>181,811</u>	<u>73,130</u>	<u>(167,242)</u>	<u>87,699</u>

Dawnus Construction Limited

The following pages do not form part of the statutory accounts.

Dawnus Construction Limited

**Detailed trading and profit and loss account
for the year ended 31 December 2003**

	2003		2002	
	£	£	£	£
Sales				
Work done		7,724,769		1,914,577
Administration fees receivable		217,000		40,000
		<u>7,941,769</u>		<u>1,954,577</u>
Cost of sales				
Materials	2,624,257		418,854	
Travel & subsistence	109,131		24,907	
Direct wages	925,293		302,221	
Employer's NI contributions	83,672		26,262	
Subcontract labour	1,591,897		193,258	
Small tools & consumables	2,225		253	
Hire of plant and machinery	889,460		360,584	
Utility & waste disposal charges	7,667		23,049	
	<u>6,233,602</u>		<u>1,349,388</u>	
		(6,233,602)		(1,349,388)
Gross profit		1,708,167		605,189
Administrative expenses				
Staff training	6,661		3,667	
Rent payable	29,399		-	
Rates & water	12,294		210	
Service charges & security	36,181		2,283	
Insurance	124,228		59,951	
Heat & light	6,756		1,688	
Cleaning	2,406		220	
Repairs and renewals	7,421		1,062	
Printing, postage and stationery	11,252		3,037	
Advertising & marketing	3,442		1,666	
Telephone & fax	18,755		10,033	
Motor expenses	32,239		4,499	
Entertaining	589		-	
Professional charges from group companies	943,686		393,552	
Legal charges	-		2,248	
Professional & consultancy	204,150		30,264	
Accountancy	2,310		4,280	
Audit	3,100		2,350	

Dawnus Construction Limited

Detailed trading and profit and loss account for the year ended 31 December 2003

	2003		2002	
	£	£	£	£
Bank charges	387		1,160	
Sundry expenses	1,800		972	
Journals & subscriptions	1,071		1,810	
Depreciation on plant and machinery	48,140		-	
Depreciation on FF & Equipment	1,297		1,121	
Depreciation on motor vehicles	7,674		3,188	
		(1,505,238)		(529,261)
		202,929		75,928
Other operating income				
Sundry income	70		-	
		70		-
Operating profit		202,999		75,928
Other income and expenses				
Interest receivable				
Other interest	5		-	
		5		-
Interest payable				
Bank interest	-		9	
HP interest and fin. lease charges	2,548		211	
		(2,548)		(220)
Net profit for the year		200,456		75,708