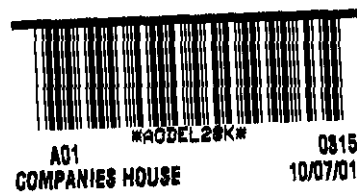


EDMUND NUTTALL LIMITED

Report and Accounts

31 December 2000



Edmund Nuttall Limited

Registered No. 305189

DIRECTORS

P B Brooks (Managing Director)
G K Crabtree
C J A Reigersman
J J M Veraart (resigned as Chairman on 15 July 2000)

SECRETARY

N Simpson

AUDITORS

Ernst & Young
Becket House
1 Lambeth Palace Road
London SE1 7EU

BANKERS

National Westminster Bank PLC
15 Bishopsgate
London EC2P 2AP

SOLICITORS

Cameron McKenna
Mitre House
160 Aldersgate Street
London EC1A 4DD

REGISTERED OFFICE

St James House
Knoll Road
Camberley
Surrey GU15 3XW

MANAGING DIRECTOR'S STATEMENT

Nuttall achieved a very satisfactory performance in the year 2000. Against expectations the volume of activity at £303 million (£312 million) held up close to the previous year, which had seen 20% growth. The result on the year's trading was £15.352 million pre-tax which, although below the previous year's exceptional level, maintained our position as one of the top performers in the civil engineering sector.

Much was achieved during the year to consolidate our position as a provider of best practice in our discipline. We have committed significant investment in terms of finance and human resources to the training and upskilling of our workforce and our subcontractors.

The production of a quality product first time, increased safety awareness in the workforce and commitment by all have confirmed our confidence that all the effort to achieve a qualified workforce to complete our team is worthwhile. At the year end 58% of our workforce have achieved a recognised qualification, with the remainder well on the way to success in 2001.

We believe the value of our comprehensive approach to management training and development, which has been refined over many years, is a major contributor to the rise in repeat and often negotiated business that we have seen in 2000.

Our approach has also proved invaluable in demonstrating the value that we can bring to framework and alliance arrangements for capital works and maintenance service provision in the Rail, Road, Water and Environmental sectors. In the year we have consolidated and improved our position in all of these sectors. Our long term concentration on cost management fits well in the partnering approach of these longer term contractual arrangements in terms of achieving added value for all partners through concise monitoring to demonstrate the continuous improvement that must be achieved.

Projects completed during the year included the infrastructure contracts on the Greenwich peninsular for English Partnerships which, although won in competition, were all undertaken on an informal partnering basis over a three year period. Design and Construct contracts for two major port installations on the Humber for the Simon Group and Associated British Ports both opened for business. The new airport terminal in Harare was also finished, the work was undertaken on a turnkey design and construct arrangement in joint venture with our sister company Interbeton.

The Environment Agency Combined Capital Works I pilot scheme was successfully completed and we have now been awarded the follow on Combined Capital Works II contract. Our Highway Agency A12/M11 improvement at Hackney joint venture contract was also finished, along with work for the M60 widening.

2000 was a year of high investment in tendering for larger projects. The return of stage 2 of the Channel Tunnel Rail Link presented good opportunities for the company to use its skills and as we go into 2001 orders have been secured, providing a good level of activity for the medium term.

The renewed investment programme in roads has provided a good volume of tender opportunities, in addition to the ongoing term maintenance. In the power sector good opportunities have resulted in the secured order for a new plant at Baglan in South Wales to house our client General Electric's latest technology.

The tendering effort in 2000 has resulted in our having a strong long term order book which provides an excellent base for growth in 2001 and beyond. The Broadland PPP with the Environment Agency will be confirmed in the spring of 2001. Within this contract we provide a service for the design, construction and maintenance of flood defences over more than 200km of Broadland frontage.

To further enhance our capability to meet ever increasingly sophisticated needs of the rail market we have acquired Finchpalm Limited, the specialist signalling company. The acquisition will allow Finchpalm to develop within its specialist sector and allow us to combine skills to offer a quality service to a broader element of the rail infrastructure market.

MANAGING DIRECTOR'S STATEMENT

Ritchies, our other specialist division, has shown strong development in the year. It has consolidated its position as market leader in drilling and blasting for the quarry and open cast industries by securing long term contract arrangements. The geotechnical division has increased its involvement in the rail market and secured a framework arrangement for Railtrack in Scotland. The Decommissioning of Eastside Water Catchments contract for Defence Estates in Gibraltar has established well during the year. All of the specialist equipment to access the difficult site has been developed and constructed in house by the combination of Ritchies and the Plant Division. Site investigation remains one of the Ritchies' core activities, performing well in the home market and also providing support to international activities of our Group.

The buoyant Irish market provided an opportunity for Nuttall to combine with our sister company Ascon, the leading civil engineering contractor in Ireland. In combination we have secured two contracts and we have prequalified in consortium for the first two contracts in the Irish PFI roads programme.

The progress made in 2000 provides Nuttall with a strong base for trading in 2001. The concentration by so many within our team to continually improve the process of civil engineering contracting without being diverted by the rhetoric of change gives us confidence that we will remain at the high end of profitability in our sector. On behalf of the Board of Directors I thank all of our employees for their sustained effort and contribution to what has been achieved and will continue to sustain the solid development of Edmund Nuttall Limited.



P B Brooks
Managing Director

DIRECTORS' REPORT

The directors present their report and group accounts for the year ended 31 December 2000.

RESULTS AND DIVIDENDS

The results of the group are set out on page 8. During the year an additional 5,000,000 ordinary £1 shares were issued and fully paid. The directors recommend a final ordinary dividend amounting to £5,200,000, making the total of ordinary dividends £10,200,000 for the year.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the group is that of civil engineering, carried out through operating divisions, together with contracting and other related activities. A review of the activities of the group is given in the Managing Director's Statement preceding this report.

ACQUISITIONS

During the year, the group acquired a specialist electrical contracting company operating within the rail industry, Finchpalm Limited, to strengthen its presence in this market area. The group also acquired a specialist concrete spraying company, Concrete Construction Technology Limited, to gain the expertise held by that company. Concrete Construction Technology Limited was liquidated subsequent to the year end with the activities now being carried out within the group.

RESEARCH AND DEVELOPMENT

During the year, research and development was confined to that required in the construction of the various projects undertaken in the normal course of business.

ENVIRONMENT

The directors are conscious of the contribution that can be made to good business practice by giving proper attention to environmental matters. Developments in this area, in pace with clients' needs, have proceeded throughout the year.

FIXED ASSETS

The movements in tangible fixed assets during the year are shown in note 13 to the accounts.

EMPLOYEES

The directors attach great importance to the maintenance of good communications with employees. The Messenger, published four times a year, is distributed to all permanent employees and group news sheets are issued at frequent intervals to keep members of the staff up to date with new developments. Conferences are held each year to discuss both general and particular aspects of group policy with groups of more senior employees. Seminars and training meetings are held on a regular basis to ensure that other members of our staff, particularly younger members, are involved as widely as possible in the development of the business.

It is the policy of the group to encourage the employment and training of disabled people wherever appropriate and to evaluate all employees solely on the basis of merit.

POLITICAL AND CHARITABLE CONTRIBUTIONS

No political contributions were made during the year (1999 - £nil) the total amount of charitable donations was £12,616 (1999 - £16,324).

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS

The directors who served during the year ended 31 December 2000 were as listed on page 1. J J M Veraart resigned as a director and as Chairman of the company on 15 July 2000.

None of the directors has any personal or beneficial interest in the shares of the company.

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

Ernst & Young has stated that, during 2001, it is intending to transfer its business to a limited liability partnership, incorporated under the Limited Liability Partnership Act 2000, to be called Ernst & Young LLP. If this happens, it is the current intention of the directors to use their statutory powers to treat the appointment of Ernst & Young as extending to Ernst & Young LLP.

By order of the board



Secretary

Date

25th June 2001

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT 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 group and of the profit or loss of the group 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 group 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 group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS

to the members of Edmund Nuttall Limited

We have audited the accounts on pages 8 to 23, which have been prepared under the historical cost convention and on the basis of accounting policies set out on pages 11 and 12.

Respective responsibilities of directors and auditors

As described on page 6 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

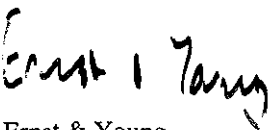
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group'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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 31 December 2000 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
London

Date

25 June 2001

Edmund Nuttall Limited

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2000

	Notes	2000 £000	1999 £000
TURNOVER			
Continuing operations:			
Group and share of joint ventures	2	303,335	311,988
Less: Share of joint ventures' turnover		(21,081)	(25,061)
Ongoing Acquisitions		281,979	284,623
		275	2,304
GROUP TURNOVER		282,254	286,927
Costs and expenses	3	(276,691)	(275,007)
OPERATING PROFIT			
Continuing operations:			
Ongoing Acquisitions		5,563	12,280
		-	(360)
GROUP OPERATING PROFIT		5,563	11,920
Share of operating profit in joint ventures		5,773	2,537
	4	11,336	14,457
Interest receivable	7	4,342	4,058
Interest payable	8	(326)	(74)
		4,016	3,984
PROFIT OF ORDINARY ACTIVITIES BEFORE TAXATION		15,352	18,441
Tax on profit on ordinary activities	9	(3,909)	(6,019)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		11,443	12,422
EQUITY MINORITY INTERESTS		219	295
PROFIT FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF THE PARENT UNDERTAKING		11,662	12,717
DIVIDENDS PAID AND PROPOSED	11	(10,200)	(28,150)
RETAINED PROFIT/(LOSS) FOR THE YEAR		1,462	(15,433)

GROUP STATEMENT OF TOTAL RECOGNISED GAINS OR LOSSES


There are no recognised gains or losses other than the result for the year 2000 and the result for the year 1999.

The movement on reserves is stated in note 22 to these accounts.

Edmund Nuttall Limited

GROUP BALANCE SHEET at 31 December 2000

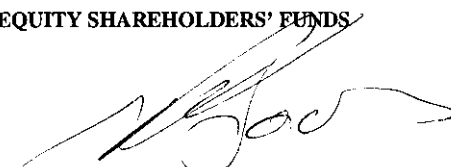
	Notes	2000 £000	1999 £000
FIXED ASSETS			
Intangible assets	12	2,723	–
Tangible assets	13	19,576	15,989
Investments in joint ventures:	14		
Share of gross assets		602	9,337
Share of gross liabilities		(4,696)	(5,318)
		<u>18,205</u>	<u>20,008</u>
CURRENT ASSETS			
Stocks and work in progress	16	532	586
Debtors	17	96,830	62,462
Cash at bank and in hand		38,041	75,298
		<u>135,403</u>	<u>138,346</u>
CREDITORS: Amounts falling due within one year	18	<u>(118,354)</u>	<u>(130,568)</u>
NET CURRENT ASSETS		<u>17,049</u>	<u>7,778</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>35,254</u>	<u>27,786</u>
CREDITORS: amounts falling due after more than one year	19	(1,704)	(145)
PROVISIONS FOR LIABILITIES AND CHARGES	20	(2,560)	(2,894)
		<u>30,990</u>	<u>24,747</u>
MINORITY INTERESTS			
Equity		(147)	(366)
		<u>30,843</u>	<u>24,381</u>
CAPITAL AND RESERVES			
Called up share capital	21	27,000	22,000
Profit and loss account	22	3,843	2,381
EQUITY SHAREHOLDERS' FUNDS		<u>30,843</u>	<u>24,381</u>


 Director
 25th June 2001 Date

Edmund Nuttall Limited

BALANCE SHEET at 31 December 2000

	Notes	2000 £000	1999 £000
FIXED ASSETS			
Tangible assets	13	15,519	12,500
Investments	14	11,898	5,852
		<u>27,417</u>	<u>18,352</u>
CURRENT ASSETS			
Stocks and work in progress	16	517	570
Debtors	17	94,566	65,894
Cash at bank and in hand		37,425	73,344
		<u>132,508</u>	<u>139,808</u>
CREDITORS: amounts falling due within one year	18	(115,136)	(121,708)
NET CURRENT ASSETS		<u>17,372</u>	<u>18,100</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>44,789</u>	<u>36,452</u>
CREDITORS: amounts falling due after more than one year	19	(5,555)	(3,852)
PROVISIONS FOR LIABILITIES AND CHARGES	20	(2,560)	(2,862)
		<u>(8,115)</u>	<u>(6,714)</u>
		<u>36,674</u>	<u>29,738</u>
CAPITAL AND RESERVES			
Called up share capital	21	27,000	22,000
Profit and loss account	22	9,674	7,738
EQUITY SHAREHOLDERS' FUNDS		<u>36,674</u>	<u>29,738</u>


 Director
 25th June 2001
 Date

NOTES TO THE ACCOUNTS
at 31 December 2000

1. ACCOUNTING POLICIES

Basis of preparation

The accounts have been prepared under the historical cost convention basis and in accordance with applicable accounting standards.

Basis of consolidation

The group accounts consolidate the accounts of Edmund Nuttall Limited and its subsidiary undertakings drawn up to 31 December each year. No profit and loss account is presented for Edmund Nuttall Limited as permitted by section 230 of the Companies Act 1985. The company has taken advantage of the exemption in FRS 1 from the requirement to prepare a cash flow statement.

Fair value accounting

The purchase consideration for businesses acquired is allocated to assets and liabilities on the basis of fair value at the date of acquisition.

Goodwill

Prior to 1 January 1999, depending on the circumstances of each acquisition, purchased and consolidation goodwill was either set off directly against reserves or was amortised through the profit and loss account over the directors' estimate of its useful life.

In accordance with FRS 10 "Goodwill and Intangible Assets", purchased goodwill arising on businesses acquired on or after 1 January 1999 will be capitalised on the balance sheet and amortised through the profit and loss account over the directors' estimate of its useful life, subject to a maximum of twenty years. Impairment reviews will be carried out if events or circumstances indicate that the carrying value of goodwill will not be recovered in full, and any diminution in value will be charged through the profit and loss account.

Turnover

Turnover, which is stated net of VAT, represents the sales value of work done in the year including estimates of amounts not invoiced and adjustments relating to prior years which have been agreed during the year.

Depreciation

Depreciation is provided on all tangible fixed assets other than assets in the course of construction at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Plant and machinery, fixtures, fittings, tools and equipment	—	over 2 to 10 years
Leasehold premises	—	over 10 years
Freehold premises	—	over 50 years

Research and development

All research and development costs are written off as incurred.

NOTES TO THE ACCOUNTS
at 31 December 2000

1. ACCOUNTING POLICIES (continued)

Stocks and work in progress

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

Contract work in progress is valued at total costs incurred, net of amounts transferred to the profit and loss account in respect of work carried out to date, less foreseeable losses and applicable payments on account. The resultant balance is either included in debtors as 'amounts recoverable on contracts' or in creditors as 'payments on account on long term contracts'. Turnover includes residual amounts on contracts completed prior to 31 December 2000 and an appropriate proportion of the estimated amounts of current contracts based on valuations by officials of the group. No credit is taken in respect of contract claims until legal entitlement has been established and agreed. Provision is made in full for any anticipated losses on current contracts.

Joint ventures

In the normal course of business the group invests in joint ventures. In accordance with FRS 9 (Associates and Joint Ventures) the group discloses joint ventures separately. The investments are stated at the group's share of the gross assets and gross liabilities of the joint ventures adjusted where necessary to bring the value of the underlying contracts in line with group policy.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the foreseeable future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Deferred taxation assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Pension costs

Contributions to the contributory pension schemes are charged to the profit and loss account so as to spread the costs of pensions over employees' working lives with the group. Variations from the regular cost are spread over the average remaining service lives of current employees.

2. TURNOVER

Turnover is attributable to one activity, civil engineering and related operations.

An analysis of turnover by geographical market is given below:

	2000	1999
	£000	£000
Geographical area:		
United Kingdom	260,955	295,726
Rest of Europe	10,957	—
Outside Europe	31,423	16,262
	<u>303,335</u>	<u>311,988</u>

NOTES TO THE ACCOUNTS
at 31 December 2000

3. COSTS AND EXPENSES

	2000 £000	1999 £000
Staff costs (note 6)	51,680	44,087
Raw materials and consumables	44,542	58,075
Other external charges	175,605	167,403
Depreciation – Owned assets	4,864	3,063
Amortisation of goodwill	–	2,379
	<u>276,691</u>	<u>275,007</u>

4. OPERATING PROFIT

This is stated after charging:

	2000 £000	1999 £000
Hire of plant and machinery	23,567	30,257
Operating lease rentals	349	342
Auditors' remuneration	91	82
	<u> </u>	<u> </u>

5. DIRECTORS' REMUNERATION

	2000 £000	1999 £000
Remuneration as executives	379	341
	<u> </u>	<u> </u>
The emoluments of directors, excluding pension contributions, were as follows:		
Chairman's emoluments	–	–
	<u> </u>	<u> </u>
Highest paid director	195	185
	<u> </u>	<u> </u>

The accrued pension entitlement of the highest paid director at 31 December 2000 was £87,708 (1999 – £77,344).

6. STAFF COSTS

	2000 £000	1999 £000
Wages and salaries	45,499	38,801
Social security costs	4,009	3,388
Other pension costs	2,172	1,898
	<u>51,680</u>	<u>44,087</u>

NOTES TO THE ACCOUNTS
at 31 December 2000

6. STAFF COSTS (continued)

The average number of persons employed by the group during the year, including directors and excluding those employed by joint ventures, was as follows:

	2000 No.	1999 No.
Weekly paid staff	849	717
Monthly paid staff	969	904
	<u>1,818</u>	<u>1,621</u>

7. INTEREST RECEIVABLE

	2000 £000	1999 £000
Interest receivable from group undertakings	4,083	4,048
Interest receivable – other	259	10
	<u>4,342</u>	<u>4,058</u>

8. INTEREST PAYABLE

	2000 £000	1999 £000
Interest payable	326	74

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

Based on the profit for the year:

	2000 £000	1999 £000
Corporation tax payable	4,440	6,475
Deferred taxation (note 20)	(32)	(32)
	<u>4,408</u>	<u>6,443</u>
Corporation tax over provided in previous years	(499)	(424)
	<u>3,909</u>	<u>6,019</u>

10. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT UNDERTAKING

The profit dealt with in the accounts of the parent undertaking was £12,136,000 (1999 – £16,216,000).

NOTES TO THE ACCOUNTS
at 31 December 2000

11. DIVIDENDS

	2000 £000	1999 £000
Equity dividends on ordinary shares:		
Interim paid on 22,000,000 shares of £0.23 (1999 – £1.28)	5,000	28,150
Final proposed on 27,000,000 shares of £0.19 (1999 – £nil)	5,200	–
	<u>10,200</u>	<u>28,150</u>

12. INTANGIBLE FIXED ASSETS

	<i>Goodwill</i> £000
Cost:	
At 1 January 2000	–
Additions	2,723
At 31 December 2000	<u>2,723</u>
Amortisation:	
At 1 January 2000	–
Provided during the year	–
At 31 December 2000	<u>–</u>
Net book value:	
At 31 December 2000	<u>2,723</u>
At 31 December 1999	<u>–</u>

Additions to goodwill during the year relate to the acquisition of Finchpalm Limited and is being amortised evenly over the directors' estimate of its useful economic life of fifteen years.

NOTES TO THE ACCOUNTS
at 31 December 2000

13. TANGIBLE FIXED ASSETS

Group

	<i>Freehold offices £000</i>	<i>Leasehold offices £000</i>	<i>Plant and machinery £000</i>	<i>Fixtures, fittings, tools and equipment £000</i>	<i>Total</i>
Cost:					
At 1 January 2000	4,543	13	21,251	9,087	34,894
Additions	—	—	8,076	736	8,812
Additions on acquisition	344	—	76	47	467
Disposals	—	—	(1,453)	(1,431)	(2,884)
At 31 December 2000	4,887	13	27,950	8,439	41,289
Depreciation:					
At 1 January 2000	111	13	13,090	5,691	18,905
Provided during the year	99	—	3,913	852	4,864
Disposals	—	—	(968)	(1,088)	(2,056)
At 31 December 2000	210	13	16,035	5,455	21,713
Net book value:					
At 31 December 2000	4,677	—	11,915	2,984	19,576
At 31 December 1999	4,432	—	8,161	3,396	15,989

Company

	<i>Freehold offices £000</i>	<i>Plant and machinery £000</i>	<i>Fixtures, fittings, tools and equipment £000</i>	<i>Total £000</i>
Cost:				
At 1 January 2000	4,261	17,649	8,144	30,054
Additions	—	6,803	573	7,376
Disposals	—	(1,001)	(1,325)	(2,326)
At 31 December 2000	4,261	23,451	7,392	35,104
Depreciation:				
At 1 January 2000	110	12,288	5,156	17,554
Provided during the year	98	2,849	821	3,768
Disposals	—	(690)	(1,047)	(1,737)
At 31 December 2000	208	14,447	4,930	19,585
Net book value:				
At 31 December 2000	4,053	9,004	2,462	15,519
At 31 December 1999	4,151	5,361	2,988	12,500

Edmund Nuttall Limited

NOTES TO THE ACCOUNTS at 31 December 2000

14. INVESTMENTS

Group

Investments in joint ventures

<i>Name</i>	<i>% Financial interest</i>	<i>Nature of business</i>
Nuttall/Norwest Holst Joint Venture – Minworth	50	Civil Engineering
Norwest Holst/Nuttall Joint Venture – Hackney	50	Civil Engineering
Cairo Wastewater Consortium	18	Civil Engineering
Interbeton/Nuttall Harare International Airport	30	Civil Engineering
Nuttall/Norwest Holst Joint Venture – sludge digestion	50	Civil Engineering
Interbeton/Nuttall Ghana Road	30	Civil Engineering
Nuttall/Ascon Joint Venture – Cork	50	Civil Engineering
Nuttall/Ascon Joint Venture – Dublin	50	Civil Engineering

Company

£000

Shares in subsidiary undertakings at cost:

At 1 January 2000

5,852

Additions

6,046

At 31 December 2000

11,898

The additions in the year include:

1. The issue of 1,000,000 additional £1 shares in the previously acquired company John Martin Construction Limited;
2. Acquisition of Finchpalm Limited (see note 15); and
3. Acquisition of Concrete Construction Technology Limited for a consideration of £140,000.

The company's subsidiary undertakings at 31 December 2000 are:

<i>Name of undertaking</i>	<i>Country of registration</i>	<i>Holding of ordinary shares %</i>	<i>Nature of business</i>
Ascon Contracting Limited	England	75	Contractor
Edmund Nuttall Demolition Limited	England	100	Dormant
Nuttall Contract Hire Limited	England	100	Contract hire
John Martin Construction Limited	England	100	Civil Engineering
John Martin Construction (Plant) Limited	England	100	Civil Engineering
Broadland Environmental Services Limited	England	90	Civil Engineering
Finchpalm Limited	England	100	Specialist rail electrical contractor
Concrete Construction Technology Limited	England	100	Specialist concrete spraying contractor

NOTES TO THE ACCOUNTS
at 31 December 2000

15. ACQUISITIONS

During the year, the following businesses were acquired:

<i>Business</i>	<i>Acquisition date</i>
Finchpalm Limited	12 December 2000
Concrete Construction Technology Limited	26 June 2000

The principal activity of these businesses is detailed in note 14 to the accounts.

Analysis of the acquisition of Finchpalm Limited:

Net assets at book and fair value at date of acquisition:

	<i>£000</i>
Tangible fixed assets	467
Debtors	2,899
	<hr/>
	3,366
Creditors due within one year	(1,144)
	<hr/>
Net assets	2,222
Goodwill arising on acquisition	2,723
	<hr/>
	4,945
	<hr/>
Discharged by:	
Cash payment	3,000
Accrual for future payments	1,906
Associated costs	39
	<hr/>

16. STOCKS AND WORK IN PROGRESS

	<i>2000</i>	<i>Group</i>	<i>2000</i>	<i>Company</i>
	<i>£000</i>	<i>1999</i>	<i>£000</i>	<i>1999</i>
		<i>£000</i>		<i>£000</i>
Raw materials and consumables	532	586	517	570
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE ACCOUNTS
at 31 December 2000

17. DEBTORS

	<i>Group</i>		<i>Company</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Amounts recoverable on contracts	30,595	20,997	26,274	18,572
Joint ventures	—	729	1,893	729
Trade debtors	36,508	32,355	32,824	31,746
Amounts owed by subsidiary undertakings	—	—	7,250	7,643
Amounts owed by parent and fellow group undertakings	23,991	4,266	23,322	4,263
Corporation tax	399	75	—	—
Other debtors	5,337	4,040	3,003	2,941
	<u>96,830</u>	<u>62,462</u>	<u>94,566</u>	<u>65,894</u>

18. CREDITORS: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Bank overdraft	6,422	13	5,592	—
Payments on account on long term contracts	27,648	37,403	27,648	32,905
Contract provisions	7,598	3,202	7,598	3,202
Amounts owed to joint ventures	—	11,861	5,987	11,861
Amounts owed to parent and fellow group undertakings	854	1,028	911	1,028
Trade creditors	31,676	10,164	30,437	8,155
Corporation tax	5,208	9,444	5,257	9,938
Other taxes and social security costs	2,665	4,328	1,921	3,300
Other creditors	7,196	11,095	6,298	10,778
Finance leases	50	127	—	—
Accruals and deferred income	23,837	41,903	18,287	40,541
Proposed dividend	5,200	—	5,200	—
	<u>118,354</u>	<u>130,568</u>	<u>115,136</u>	<u>121,708</u>

19. CREDITORS: amounts falling due after more than one year

	<i>Group</i>		<i>Company</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Amounts owed to subsidiary undertakings	—	—	3,852	3,852
Finance leases	1	145	—	—
Other creditors	1,703	—	1,703	—
	<u>1,704</u>	<u>145</u>	<u>5,555</u>	<u>3,852</u>

NOTES TO THE ACCOUNTS
at 31 December 2000

20. PROVISIONS FOR LIABILITIES AND CHARGES

	<i>Pension provision £000</i>	<i>Deferred taxation £000</i>	<i>Total £000</i>
<i>Group</i>			
At 1 January 2000	2,862	32	2,894
Credit for year	(302)	(32)	(334)
Charge for year	—	—	—
At 31 December 2000	2,560	—	2,560
<i>Company</i>			
At 1 January 2000	2,862	—	2,862
Credit for year	(302)	—	(302)
At 31 December 2000	2,560	—	2,560
Deferred taxation provided in the accounts is as follows:			
		<i>2000</i>	<i>1999</i>
		<i>£000</i>	<i>£000</i>
Capital allowances in advance of depreciation		—	32

21. SHARE CAPITAL

During the year an additional 5,000,000 ordinary shares of £1 were allotted, called up and fully paid.

	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	<i>Authorised</i>	<i>Authorised</i>	<i>Allotted called up and fully paid</i>	<i>Allotted called up and fully paid</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
150,000 3.85% redeemable cumulative preference shares of £1 each	150	150	—	—
27,000,000 ordinary shares of £1 each (1999 – 22,000,000 ordinary shares of £1 each)	27,000	22,000	27,000	22,000
	27,150	22,150	27,000	22,000

NOTES TO THE ACCOUNTS
at 31 December 2000

22. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

<i>Group</i>	<i>Share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 1 January 1999	850	17,814	18,664
Profit for the year	—	12,717	12,717
Dividend	—	(28,150)	(28,150)
Share capital issued during the year	21,150	—	21,150
At 1 January 2000	22,000	2,381	24,381
Profit for the year	—	11,662	11,662
Dividend	—	(10,200)	(10,200)
Share capital issued during the year	5,000	—	5,000
At 31 December 2000	27,000	3,843	30,843
<i>Company</i>	<i>Share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 1 January 1999	850	19,672	20,522
Profit for the year	—	16,216	16,216
Dividend	—	(28,150)	(28,150)
Share capital issued during the year	21,150	—	21,150
At 1 January 2000	22,000	7,738	29,738
Profit for the year	—	12,136	12,136
Dividend	—	(10,200)	(10,200)
Share capital issued during the year	5,000	—	5,000
At 31 December 2000	27,000	9,674	36,674

23. CAPITAL COMMITMENTS

	<i>Group 2000 £000</i>	<i>Group 1999 £000</i>	<i>Company 2000 £000</i>	<i>Company 1999 £000</i>
Contracted but not provided for	413	563	413	563

NOTES TO THE ACCOUNTS
at 31 December 2000

24. OTHER FINANCIAL COMMITMENTS

At 31 December 2000, the group had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings 2000 £000</i>	<i>Land and buildings 1999 £000</i>
Operating leases which expire:		
within one year	45	33
within two to five years	243	200
in over five years	143	143
	<u>431</u>	<u>376</u>

25. PENSIONS

The group operates contributory pension schemes for all eligible employees.

The three principal schemes are as follows:

(a) Staff pension scheme

The contributory defined benefit pension scheme for staff employees is invested in a pooled managed fund. Contributions to the scheme are charged to the profit and loss account so as to spread the costs of pensions over employees' working lives with the group. Contributions are determined by a qualified actuary on the basis of triennial valuations, using the projected unit credit funding method, the most recent of which was as at 1 April 1998. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the interest returns would be 8.75% per annum, dividend increases 4%, that general salary increases would average 6.5% per annum and that present and future pensions would increase at the rate of 4% – 5% per annum.

Pension costs are accounted for in accordance with SSAP 24 "Accounting for pension costs" and accordingly the scheme surplus identified will be recognised over the expected service lives of existing scheme members.

The most recent interim valuation showed that the market value of the scheme's assets at 1 April 1999 was £63,300,000 and that the actuarial value of those assets represented 93% of the benefit that had accrued to members, after allowing for expected future increases in earnings. However the minimum funding requirement remains in excess of 100%. The contribution of the group and employees will be 12.1% and 5% respectively. This situation will be re-assessed when the next valuation is prepared as at 1 April 2001.

NOTES TO THE ACCOUNTS
at 31 December 2000

25. PENSIONS (continued)

(b) LAWDC'S scheme

The group operates a defined benefit scheme for employees taken on under local authority contracts. Contributions to the scheme are charged to the profit and loss account so as to spread the costs of pensions over employees' working lives within the group.

Contributions are determined by independent qualified actuaries on the basis of triennial valuations using the projected unit credit funding method. The most recent valuation was on 31 March 2000.

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of increase in pensions and wages and the rate of return on the Scheme's investments. It was assumed that pensions would increase at 3% per annum and that earnings would rise by 4% per annum. Pension payments already earned were discounted for investment returns averaging 6% per annum before retirement and 5.5% per annum after retirement. Pensions earned in future were discounted for investment returns at 7% per annum before retirement and 6% per annum after retirement.

The most recent interim valuation showed that the market value of the schemes assets at 31 March 2000 was £1,719,000 and the actuarial valuation of those assets represented 94% of the benefit that had accrued to members, after allowing for expected future increases in earnings. The contribution of the group and employees was 12% and 5% of Pensionable Salaries respectively during 2000. From 1 April 2001, the group's contribution will rise to 19% of Pensionable Salaries.

(c) Works pension

The group has made arrangements for works staff to participate in the B&CE Retirement Benefits Scheme. This is a defined contribution scheme, contributions payable by the group amounted to £4,685 (1999 – £3,235).

The group also operates a defined contribution scheme for certain employees which is an insured scheme. Contributions payable by the group to the fund amounted to £15,081 (1999 – £10,455).

26. CONTINGENT LIABILITIES

- (a) The group has contingent liabilities in respect of performance bonds and supplier guarantees given in the normal course of business.
- (b) The group is party to various litigation claims arising in the ordinary course of business. The directors are of the view that these claims will not have a significant impact on the results of the group.

27. RELATED PARTY TRANSACTIONS

During the year the group received disbursements from Joint Ventures totalling £8.6 million and made payments into joint ventures of £1.3 million.

28. PARENT UNDERTAKINGS AND CONTROLLING PARTY

The company's immediate parent undertaking is Hollandsche Beton Groep (UK) Limited, a company incorporated in England. The company's ultimate parent undertaking and controlling party is Hollandsche Beton Groep n.v., a company incorporated in The Netherlands.

A copy of the group accounts of Hollandsche Beton Groep n.v. is available from the Company Secretary, Edmund Nuttall Limited, St James House, Knoll Road, Camberley, Surrey GU15 3XW.