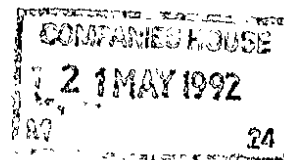


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REPORT AND ACCOUNTS

Edmund Nuttall
Limited

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 **ERNST & YOUNG**

REPORT AND ACCOUNTS

Edmund Nuttall Limited

31 DECEMBER 1991

 ERNST & YOUNG

Edmund Nuttall Limited

Registered No. 305189

DIRECTORS

J J Endtz Chairman
J R Grice Managing Director
R W Bale
P B Brooks
D A York
R F W Budden
N de Ronde Bresser
Rt Hon Dr J Gilbert
B Brook-Partridge

SECRETARY

D G Trimby

AUDITORS

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

BANKERS

National Westminster Bank PLC
15 Bishopsgate
London EC2P 2AP

SOLICITORS

McKenna & Co
Inveresk House
1 Aldwych
London WC2 0HF

REGISTERED OFFICE

St James House
Knoll Road
Camberley
Surrey GU15 3XW

ERNST & YOUNG

CHAIRMAN'S STATEMENT

Despite difficult market conditions, Nuttall profits were substantially higher and turnover also increased. The result for the year was £6,938,000 before tax (1990 - £3,509,000). Turnover increased to £176 million (1990 - £156 million).

The Docklands Light Railway tunnel project was completed, and was fully opened to passengers in December. Recently tenders have been submitted for a number of substantial tunnel projects, including the London Underground Jubilee Line Extension. Nuttall is in a strong position to achieve an award to continue its presence in the major tunnel market.

In the maritime engineering sector, awards included coastal protection works at Dover, Portsmouth and in North Wales, and the Colne Barrier in Essex.

Roadwork projects in the United Kingdom have been awarded at price levels substantially below forecast value and this is expected to continue in 1992. Repair and maintenance works to bridges and other structures proved buoyant.

Works continued on major road projects at Shrewsbury, East India Dock and Dovercourt. Significant maritime projects were completed on the Isle of Grain, Dover and Stornoway. The soil decontamination project at Chatham continues, and there has been a significant flow of enquiries in this market sector which will continue to provide good opportunities in 1992.

The River Dee Viaduct won the Concrete Society Award for Civil Engineering. Nuttall received the Special Merit Site Safety Award presented by the Federation of Civil Engineering Contractors and the Building Employers Confederation for the Chatham Maritime Land Reclamation Project.

The work in hand is lower than in previous years, but will increase during the year. Although turnover in 1992 will be at a similar level to 1990, another good result is forecast.

On behalf of the board, I would like to thank all employees for their hard work, dedication and contribution to the continued success of the company.

J J Endtz
Chairman

14 April 1992

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1991.

RESULTS AND DIVIDENDS

The results of the company are set out on page 7. The directors recommend the payment of a dividend of £7.115 per share.

ACTIVITIES AND BUSINESS REVIEW

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

With effect from 1 January 1991, the building business of the Mears division has been transferred to Kyle Stewart Limited, a fellow subsidiary of Hollandsche Beton Groep (UK) Limited.

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.

FIXED ASSETS

The movements in fixed assets during the year are shown in note 8 to the accounts.

EMPLOYEES

The directors attach great importance to the maintenance of good communications with employees. The Nuttall News, published twice a year, and The Messenger, published six times a year, are distributed to all permanent employees and company 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 company 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 company 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; the total amount of charitable donations was £3,667.

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS

The directors during the year were as follows:

J J Endtz Chairman
J R Grice Managing Director
R W Bale
P B Brooks
D A York
R F W Budden
J F W Baller (resigned 10 December 1991)
N de Ronde Bresser
Rt Hon Dr J Gilbert
B Brook-Partridge

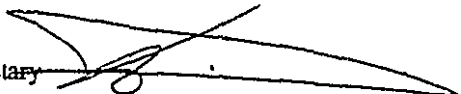
None of the directors has any personal or beneficial interest in the shares of the company.

AUDITORS

Pannell Kerr Forster have resigned as auditors and Ernst & Young have been appointed in their place. A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board

Secretary



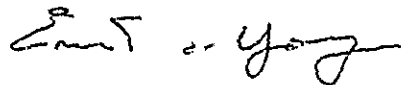
14 April 1992

ERNST & YOUNG

REPORT OF THE AUDITORS
to the members of Edmund Nuttall Limited

We have audited the accounts on pages 7 to 19 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 December 1991 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.




Ernst & Young
Chartered Accountants
Registered Auditor
London

14 April 1992

PROFIT AND LOSS ACCOUNT
 for the year ended 31 December 1991

	Notes	1991 £000	1990 £000
TURNOVER	2	176,408	155,566
Other operating income		590	559
		<u>176,998</u>	<u>156,125</u>
Costs and expenses	3	(170,687)	(152,670)
OPERATING PROFIT	4	6,311	3,455
Interest receivable		653	109
Interest payable	6	(26)	(55)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		6,938	3,509
Taxation on profit on ordinary activities	7	(824)	(5)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		6,114	3,504
Dividend paid		(147)	-
Dividend proposed		(5,900)	(1,000)
RETAINED PROFIT	16	<u>67</u>	<u>2,504</u>

 ERNST & YOUNG

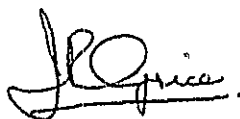
The movement on reserves is stated in note 16 to these accounts.

Edmund Nuttall Limited

BALANCE SHEET

at 31 December 1991

	Notes	1991 £000	1990 £000
FIXED ASSETS			
Tangible assets	8	5,063	5,262
Investments	9	171	171
		<u>5,234</u>	<u>5,433</u>
CURRENT ASSETS			
Stocks and work in progress	10	4,179	5,962
Debtors	11	44,574	44,431
Cash at bank and in hand		37,266	7,677
		<u>86,019</u>	<u>58,070</u>
CREDITORS: amounts falling due within one year	12	<u>(75,371)</u>	<u>(48,749)</u>
NET CURRENT ASSETS		<u>10,648</u>	<u>9,321</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>15,882</u>	<u>14,754</u>
CREDITORS: amounts falling due after more than one year	13	<u>(171)</u>	<u>(172)</u>
PROVISIONS FOR LIABILITIES AND CHARGES	14	<u>(1,986)</u>	<u>(924)</u>
		<u>13,725</u>	<u>13,658</u>
CAPITAL AND RESERVES			
Called up share capital	15	850	850
Profit and loss account	16	12,875	12,808
		<u>13,725</u>	<u>13,658</u>



Director

14 April 1992

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
for the year ended 31 December 1991

	1991 £000	1990 £000
SOURCE OF FUNDS		
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6,938	3,509
Adjustments for items not involving the movement of funds:		
Depreciation	1,630	1,666
Profit on disposal of tangible fixed assets	(82)	(118)
Pension provision	679	489
	<u>2,227</u>	<u>2,037</u>
TOTAL GENERATED FROM OPERATIONS	9,165	5,546
FUNDS FROM OTHER SOURCES		
Proceeds from sale of tangible fixed assets	175	292
	<u>9,340</u>	<u>5,838</u>
APPLICATION OF FUNDS		
Taxation paid	(123)	(55)
Dividends paid	(1,147)	(1,000)
Purchase of tangible fixed assets	(1,524)	(2,083)
	<u>(2,794)</u>	<u>(3,138)</u>
	<u>6,546</u>	<u>2,700</u>
COMPONENTS OF INCREASE/(DECREASE) IN WORKING CAPITAL		
Decrease in stocks and work in progress	(1,783)	(2,359)
Increase in debtors	143	3,101
Decrease in creditors excluding taxation and proposed dividends	(21,403)	(9,451)
	<u>(23,043)</u>	<u>(8,709)</u>
MOVEMENT IN NET LIQUID FUNDS		
Increase in cash at bank and in hand	29,589	11,409
	<u>6,546</u>	<u>2,700</u>

NOTES TO THE ACCOUNTS

at 31 December 1991

1. ACCOUNTING POLICIES

Basis of preparation

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

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. It includes the proportion of joint venture turnover attributable to the company.

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 or valuation, less estimated residual value of each asset evenly over its expected useful life as follows:

Plant, machinery and equipment – over 2 to 10 years

Research and development

All research and development costs are written off as incurred.

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 profits and losses on contracts completed prior to 31 December 1991 and an appropriate proportion of the estimated results of current contracts based on valuations by officials of the company. 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 company invests in joint ventures. These investments are stated at the company's share of the net assets of the joint ventures adjusted where necessary to bring the value of the underlying contracts in-line with company policy. The resultant balances are included in the balance sheet as amounts recoverable on contracts or as amounts due to joint ventures.

Leasing

Assets held under finance leases are capitalised in the balance sheet at their cost price and are subject to depreciation in accordance with normal company policy. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Deferred taxation

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

NOTES TO THE ACCOUNTS

at 31 December 1991

1. ACCOUNTING POLICIES (continued)

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 company. 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:

	1991 £000	1990 £000
Geographical area:		
United Kingdom	173,127	151,082
Rest of Europe	96	29
Outside Europe	3,185	4,455
	<u>176,408</u>	<u>155,566</u>

3. COSTS AND EXPENSES

	1991 £000	1990 £000
Staff costs	25,377	25,567
Raw materials and consumables	34,246	33,200
Other external charges	109,516	92,355
Depreciation - Owned assets	1,342	1,252
- Leased assets	206	296
	<u>170,687</u>	<u>152,670</u>

NOTES TO THE ACCOUNTS

at 31 December 1991

3. COSTS AND EXPENSES (continued)

Other external charges include £8,784,000 (1990 - £4,972,000) for joint venture costs.

Staff numbers and costs

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

	1991 No.	1990 No.
Monthly paid staff	749	662
Weekly paid staff	443	700
	<u>1,192</u>	<u>1,362</u>

(b) The aggregate payroll costs of these persons were as follows:

	1991 £000	1990 £000
Wages and salaries	22,650	22,910
Social security costs	1,899	2,021
Other pension costs	828	636
	<u>25,377</u>	<u>25,567</u>

4. OPERATING PROFIT

This is stated after charging:

	1991 £000	1990 £000
Hire of plant and machinery	12,494	11,481
Operating lease rentals	2,260	2,058
Auditors' remuneration	60	78
Directors' emoluments (note 5)	445	380
	<u></u>	<u></u>

5. DIRECTORS' REMUNERATION

	1991 £000	1990 £000
Remuneration as executives	445	315
Compensation for loss of office	-	65
	<u>445</u>	<u>380</u>

NOTES TO THE ACCOUNTS
at 31 December 1991

5. DIRECTORS' REMUNERATION (continued)

The emoluments of directors, excluding pension contributions, were as follows:

	1991 £000	1990 £000
Chairman's emoluments	-	-
Highest paid director	119	97

The emoluments of all directors fell within the following ranges:

	1991 No.	1990 No.
£nil - £5,000	2	3
£5,001 - £10,000	2	2
£15,001 - £20,000	1	-
£20,001 - £25,000	-	1
£45,001 - £50,000	1	1
£50,001 - £55,000	-	2
£65,001 - £70,000	1	-
£70,001 - £75,000	1	1
£80,001 - £85,000	1	-
£95,001 - £100,000	-	1
£115,001 - £120,000	1	-

6. INTEREST PAYABLE

	1991 £000	1990 £000
Bank overdraft wholly repayable within five years	23	27
Finance leases	2	22
Other interest	1	6
	26	55

NOTES TO THE ACCOUNTS

at 31 December 1991

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

Based on the profit for the year:

	1991 £000	1990 £000
Corporation tax @ 33.25%	75	-
Corporation tax on investment income	-	5
Payment for group relief	266	-
Deferred taxation	383	-
	<u>724</u>	<u>5</u>
Corporation tax underprovided in previous years	100	-
	<u>824</u>	<u>5</u>

8. TANGIBLE FIXED ASSETS

	Assets in course of construction £000	Plant and machinery £000	Fixtures, fittings tools and equipment £000	Total £000
Cost:				
At 1 January 1991	219	13,820	1,832	15,871
Additions	101	610	813	1,524
Disposals	-	(505)	(104)	(609)
Transfer between categories	(219)	219	-	-
At 31 December 1991	<u>101</u>	<u>14,144</u>	<u>2,541</u>	<u>16,786</u>
Depreciation:				
At 1 January 1991	-	9,707	902	10,609
Provided during the year	-	1,211	419	1,630
Disposals	-	(450)	(66)	(516)
At 31 December 1991	<u>-</u>	<u>10,468</u>	<u>1,255</u>	<u>11,723</u>
Net book value at 31 December 1991	<u>101</u>	<u>3,676</u>	<u>1,286</u>	<u>5,063</u>
Net book value at 31 December 1990	<u>219</u>	<u>4,113</u>	<u>930</u>	<u>5,262</u>

NOTES TO THE ACCOUNTS

at 31 December 1991

8. TANGIBLE FIXED ASSETS (continued)

Included above are assets held under finance leases as follows:

	<i>Plant and machinery £000</i>	<i>Fixtures, fittings, tools and equipment £000</i>	<i>Total £000</i>
Cost	3,706	145	3,851
Depreciation	3,222	136	3,358
Net book value	<u>484</u>	<u>9</u>	<u>493</u>

9. INVESTMENTS

	<i>Shares in group companies</i>	
	<i>1991 £000</i>	<i>1990 £000</i>
Cost at 31 December	<u>171</u>	<u>171</u>

As the company is itself a wholly-owned subsidiary of another company incorporated in the United Kingdom, no consolidated accounts have been prepared for Edmund Nuttall Limited.

At 31 December 1991 the company owned the whole of the issued share capital, of the following subsidiary undertakings, all of which are dormant.

<i>Name of undertaking:</i>	<i>Country of Registration</i>	<i>% Holding of Ordinary shares</i>
Mears Contractors Limited	England	100
Ritchies Estates Limited	Scotland	100
Ritchies Equipment Limited	Scotland	100
Williamson Engineering Limited	Scotland	100

The aggregate value of shares held in the subsidiaries is not less than that shown in the balance sheet.

10. STOCKS AND WORK IN PROGRESS

	<i>1991 £000</i>	<i>1990 £000</i>
Completed properties	3,431	5,039
Raw materials and consumables	748	923
	<u>4,179</u>	<u>5,962</u>

NOTES TO THE ACCOUNTS

at 31 December 1991

11. DEBTORS

	1991 £000	1990 £000
Amounts recoverable on contracts	5,461	10,168
Trade debtors	19,335	24,241
Amounts owed by group undertakings	16,192	7,895
Other debtors	2,789	1,260
Finance lease receivables	797	867
	<u>44,574</u>	<u>44,431</u>

Included in finance lease receivables is an amount of £716,000 which is due after more than one year (1990 - £797,000) nil.

There are no amounts owed to the company by its subsidiaries at the end of 1991 or 1990.

12. CREDITORS: amounts falling due within one year

	1991 £000	1990 £000
Payments on account on long term contracts	28,279	9,485
Contract provisions	7,904	10,105
Amounts owed to joint ventures	1,694	927
Amounts owed to group undertakings	695	490
Trade creditors	4,716	4,991
Installments under finance leases	2	67
Current corporation tax	358	40
Other taxes and social security costs	2,940	1,612
Bills of exchange	-	626
Other creditors	882	714
Proposed dividend	5,900	1,000
Accruals and deferred income	22,001	18,692
	<u>75,371</u>	<u>48,749</u>

There are no amounts falling due within one year owed by the company to its subsidiaries at the end of 1991 or 1990.

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

	1991 £000	1990 £000
Amounts owed to subsidiary undertakings	171	171
Installments under finance leases repayable between two and five years	-	1
	<u>171</u>	<u>172</u>

NOTES TO THE ACCOUNTS

at 31 December 1991

14. PROVISIONS FOR LIABILITIES AND CHARGES

	£000	£000
Pension provision		
At 1 January 1991	924	435
Charge for year	679	489
At 31 December 1991	<u>1,603</u>	<u>924</u>
Deferred taxation		
Capital allowances in advance of depreciation	314	-
Other timing differences	69	-
	<u>383</u>	<u>-</u>
	<u>1,986</u>	<u>924</u>

15. SHARE CAPITAL

There was no change in share capital during the year.

	Authorised £000	Allotted called up and fully paid £000
150,000 3.85% redeemable cumulative preference shares of £1 each	150	-
850,000 ordinary shares of £1 each	850	850
	<u>1,000</u>	<u>850</u>

16. PROFIT AND LOSS ACCOUNT

	1991 £000	1990 £000
At 1 January 1990	12,808	10,304
Retained profit for the year	67	2,504
At 31 December 1991	<u>12,875</u>	<u>12,808</u>

17. CAPITAL COMMITMENTS

	1991 £000	1990 £000
Contracted	154	83
Authorised by the directors but not contracted	-	26

NOTES TO THE ACCOUNTS

at 31 December 1991

OTHER FINANCIAL COMMITMENTS

At 31 December 1991, the company had annual commitments under non-cancellable operating leases as set out below:

	1991			1990		
	<i>Land and buildings</i>	<i>Other</i>	<i>Total</i>	<i>Land and buildings</i>	<i>Other</i>	<i>Total</i>
	£000	£000	£000	£000	£000	£000
Operating leases which expire:						
Within one year	3	304	307	30	302	332
within two to five years	102	1,109	1,211	123	1,349	1,472
in over five years	363	—	363	345	—	345
	<u>468</u>	<u>1,413</u>	<u>1,881</u>	<u>498</u>	<u>1,651</u>	<u>2,149</u>

19. PENSIONS

The company operates two contributory pension schemes for all eligible employees.

(a) *Staff pension scheme*

The contributory defined pension benefit scheme for staff employees is a 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 company.

Contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit credit funding method. The most recent valuation was at 1 April 1989. 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 investment returns would be 9% per annum, that salary increases would average 7% per annum and that present and future pensions would increase at the rate of 5% per annum. The valuation at 1 April 1989 revealed that the scheme was over-funded on an on-going basis and as a result the company is continuing to take a pension contributions holiday.

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 benefit for the year ended 31 December 1991 is £358,000 (1990 - £358,000).

The most recent actuarial valuation showed that the market value of the scheme's assets was £19,287,000 and that the actuarial value of those assets represented 167% of the benefit that had accrued to members, after allowing for expected future increases in earnings. The contribution of the company and employees will be 12.7% and 5% respectively.

(b) *Works pension scheme*

The company operates a contributory defined contribution scheme. The assets of the scheme are held separately from those of the company, being invested with insurance companies. The pension costs charge represents contributions payable by the company to the fund and amounted to £25,715 (1990 - £24,000).

20. CONTINGENT LIABILITIES

- (a) The company has contingent liabilities in respect of performance bonds and supplier guarantees given in the normal course of business.
- (b) The company, together with certain fellow subsidiaries, has entered into an unlimited guarantee with respect to borrowings from the UK group's bankers. This guarantee is supported by a counter indemnity provided by the ultimate holding company. At 31 December 1991 borrowings amounted to £nil (1990 - £nil).
- (c) The company 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 significant impact on the results of the company.

21. PARENT UNDERTAKINGS

The company is a wholly-owned subsidiary of Hollandsche Beton Groep (UK) Limited, a company incorporated in England. The ultimate parent undertaking is Hollandsche Beton Groep nv, a company incorporated in The Netherlands.

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