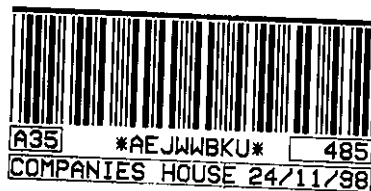


F J CHALCROFT (CONSTRUCTION) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1998

Registered number : 1435810



F J CHALCROFT (CONSTRUCTION) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998

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F J CHALCROFT (CONSTRUCTION) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998

COMPANY INFORMATION

Directors

F J Chalcroft
J E Reeve

Secretary

Mrs M J Chalcroft

Registered office

Wisteria House
Clifton
Severn Stoke
Worcester
WR8 9JF

Company number

1435810

Bankers

Barclays Bank plc

Solicitors

March and Edwards

Auditors

Rabjohns

F J CHALCROFT (CONSTRUCTION) LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 1998

The directors present the report of the Board and the audited financial statements of the company for the year ended 31 March 1998.

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:-

- 1) select suitable accounting policies and then apply them consistently.
- 2) make judgements and estimates that are reasonable and prudent.
- 3) 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.

Principal activities

The principal activity of the company is that of building contractors and civil engineers.

Business review

The directors consider the results for the year to be satisfactory.

Results and dividends

	1998	1997
	£	£
Profit after tax for the year	55,571	128,408
Proposed dividends	-	50,000
Transfer to reserves	<u>55,571</u>	<u>78,408</u>

Fixed assets

Acquisition and disposal of fixed assets during the year are shown in the notes to the accounts.

F J CHALCROFT (CONSTRUCTION) LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1998

Directors

The directors who served during the year are shown below.

F J Chalcroft
J E Reeve

In accordance with the Articles of Association, F J Chalcroft retires by rotation and offers himself for re-election.

The directors' beneficial interests in the issued ordinary share capital were as follows:

	1998 No.	1997 No.
Ordinary shares of £1 each		
J E Reeve	50	50
F J Chalcroft	50	50
Preference shares of £1 each		
F J Chalcroft	96,000	96,000

Auditors

The auditors, Rabjohns, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board and signed by order of the Board.

M. J. Chalcroft

Signed
Mrs M J Chalcroft
Company secretary

Date: 8 September 1998

F J CHALCROFT (CONSTRUCTION) LIMITED

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
F J CHALCROFT (CONSTRUCTION) LIMITED
FOR THE YEAR ENDED 31 MARCH 1998**

We have audited the financial statements on pages 6 to 18 which have been prepared under the accounting policies as set out on page 10.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

1,2,3 & 4 College Yard
Worcester
WR1 2LB
27 October 1998


Rabjohns
Registered Auditor

F J CHALCROFT (CONSTRUCTION) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1998

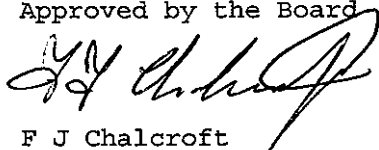
	Note	1998 £	1997 £
Turnover	2		
Continuing operations		5,604,168	10,479,713
Cost of sales		4,987,381	9,772,687
Gross profit		616,787	707,026
Administrative expenses		556,099	536,821
Operating profit			
Continuing operations		60,688	170,205
Interest receivable and similar income	5	12,279	9,093
Interest payable and similar charges	6	-	(103)
Profit on ordinary activities before taxation		72,967	179,195
Tax on ordinary activities	7	17,396	50,787
Profit on ordinary activities after taxation		55,571	128,408
Profit for the financial year		55,571	128,408
Dividends (including non-equity)	8	-	50,000
Retained profit for the financial year		55,571	78,408

The notes on pages 10 to 18 form part of these accounts

F J CHALCROFT (CONSTRUCTION) LIMITED
BALANCE SHEET
AT 31 MARCH 1998

	Notes	1998 £	1997 £
Fixed assets			
Tangible assets	9	348,505	319,230
Current assets			
Debtors	10	1,491,601	1,209,262
Cash at bank and in hand		6,888	478,452
		1,498,489	1,687,714
Creditors: Amounts falling due within one year	11	1,318,787	1,534,308
Net current assets		179,702	153,406
		528,207	472,636
Capital and reserves			
Called up share capital	12	180,100	180,100
Revaluation reserve	13	105,318	105,318
Profit and loss account	13	242,789	187,218
Shareholders' funds		528,207	472,636
Shareholders funds represent amounts :			
Attributable to equity shareholders		348,207	292,636
Attributable to non-equity shareholders		180,000	180,000
		528,207	472,636

Approved by the Board



F J Chalcroft
Director

Date : 8 September 1998

The notes on pages 10 to 18 form part of these accounts

F J CHALCROFT (CONSTRUCTION) LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 1998

	Note	1998	1997
		£	£
Net cash (outflow)/inflow from operating activities		(328,234)	433,520
Returns on investments and servicing of finance			
Interest received	12,279		9,093
Interest paid	-		(103)
		12,279	442,510
Taxation			
UK Corporation tax	63,287		37,261
		(63,287)	(37,261)
Capital expenditure			
Purchase of tangible fixed assets	(107,683)		(112,439)
Sale of tangible fixed assets	33,416		19,951
		(74,267)	(92,488)
		(453,509)	312,761
Dividends paid		50,000	-
		(503,509)	312,761
Financing			
Loan (repayments)/advances	(1,353)		1,353
Capital element of finance lease rental payments	-		(1,069)
		(1,353)	284
(Decrease)/Increase in the cash in the year		(504,862)	313,045
Reconciliation of net cash flow to movement in net debt 15b			
(Decrease)/Increase in cash in the year		(504,862)	313,045
Cash outflow from debt and lease financing		-	(1,069)
Movement in net (debt)/funds		(504,862)	314,114
Net funds at 1 April 1997		372,029	57,915
Net (debt)/funds at 31 March 1998		(132,833)	372,029

The notes on pages 10 to 18 form part of these accounts

F J CHALCROFT (CONSTRUCTION) LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 1998

	1998 £	1997 £
Profit for the financial year	55,571	128,408
Unrealised profit on revaluation	-	105,318
	<hr/>	<hr/>
Total recognised gains and losses for the year	55,571	233,726
	<hr/>	<hr/>

The difference between reported and historical profits and losses is not material.

F J CHALCROFT (CONSTRUCTION) LIMITED
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 MARCH 1998

	1998 £	1997 £
Profit for the financial year	55,571	128,408
Dividends	-	50,000
Other recognised gains and losses relating to the year	-	105,318
	<hr/>	<hr/>
Net addition to/(reduction in) shareholders' funds	55,571	183,726
Opening shareholders' funds	472,636	288,910
	<hr/>	<hr/>
Closing shareholders' funds	528,207	472,636
	<hr/>	<hr/>

The notes on pages 10 to 18 form part of these accounts

F J CHALCROFT (CONSTRUCTION) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1998

1. Accounting policies

1a. Basis of accounting

The accounts have been prepared under the historical cost convention, modified to include the revaluation of some assets, and are in accordance with accounting standards.

1b. Tangible fixed assets

Fixed assets are shown at historical cost. Fixed assets are shown at historical cost. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life on a straight line basis.

Plant	20%
Motor vehicles	20%
Computer equipment	33%

1c. Capital instruments

Financial Reporting Standard No. 4 has been adopted in the preparation of these accounts. Capital instruments are accounted for and classified as equity or non-equity share capital, or debt, according to their form.

1d. Contract work

Profit on long term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of work carried out at the year end by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

1e. Deferred taxation

Deferred taxation is provided in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the near future.

F J CHALCROFT (CONSTRUCTION) LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1998

1. Accounting policies (continued)

1f. Pension costs

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an administered fund. The pension costs are charged to the profit and loss account as they are incurred.

1g. Turnover

Turnover comprises the value of sales (excluding VAT and similar taxes and trade discounts) of goods and services in the normal course of business.

1h. Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

1i. Revaluation reserve

Surpluses or deficits arising on the revaluation of individual fixed assets other than investment properties are credited or debited to a non-distributable reserve known as the revaluation reserve.

Revaluation deficits in excess of the amount of prior revaluation surpluses on the same asset are charged to the profit and loss account.

1j. Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from producing a cash flow statement on the grounds that it is a small company.

2. Turnover

Turnover and profit on ordinary activities before taxation are attributable to the company's principal activity of building contractors and civil engineers.

F J CHALCROFT (CONSTRUCTION) LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1998

3. Operating profit

	1998 £	1997 £
Profit on ordinary activities is stated after charging:		
Operating leases:-		
Plant hire	388,442	369,765
Auditors' remuneration:-		
Audit services	7,290	5,440
Non-audit services	8,564	7,677
Depreciation and amortisation:-		
Tangible assets	38,916	27,599
Staff costs (note 4)	254,622	280,754

F J CHALCROFT (CONSTRUCTION) LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1998

4. Directors and employees

Particulars of employees (including directors) are shown below:

Employee costs during the year amounted to:	1998	1997
	£	£
Wages and salaries	224,898	254,622
Social security costs	20,461	16,876
Other pension costs	9,263	9,256
	<u>254,622</u>	<u>280,754</u>

The average monthly numbers of employees during the year were as follows:

	1998	1997
	No.	No.
Administration	6	5
Production	42	4
	<u>48</u>	<u>9</u>

Details of directors' emoluments are:

	1998	1997
	£	£
Directors' emoluments including benefits	<u>122,297</u>	<u>96,459</u>

5. Interest receivable and similar income

	1998	1997
	£	£
Bank interest receivable	<u>12,279</u>	<u>9,093</u>

6. Interest payable and similar charges

	1998	1997
	£	£
Interest on overdrafts	<u>-</u>	<u>103</u>

F J CHALCROFT (CONSTRUCTION) LIMITED
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 MARCH 1998

7. Tax on profit on ordinary activities

	1998	1997
	£	£
Corporation tax payable at 21% (1997 - 26.5%)	17,396	50,787

The company is a close company under the terms of the Income and Corporation Taxes Act 1988.

8. Dividends

	1998	1997
	£	£
Equity shares		
Ordinary shares:		
Proposed dividends	-	50,000

The preference shareholders waived all rights to receive a dividend payment for the year ended 31 March 1997 as referred to in note 12.

F J CHALCROFT (CONSTRUCTION) LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1998

9. Tangible fixed assets

	Investment properties £	Office equipment and fittings £	Motor vehicles £	Plant and equipment £	Total £
Cost or valuation					
At 1 April 1997	215,000	17,890	136,133	113,564	482,587
Additions	18,709	3,521	85,453	-	107,683
Disposals	(12,908)	-	(65,995)	-	(78,903)
At 31 March 1998	220,801	21,411	155,591	113,564	511,367
Depreciation					
At 1 April 1997	-	7,983	49,885	105,489	163,357
Disposals	-	-	(39,411)	-	(39,411)
For the year	-	4,238	31,314	3,364	38,916
At 31 March 1998	-	12,221	41,788	108,853	162,862
Net book value					
At 31 March 1998	220,801	9,190	113,803	4,711	348,505
At 31 March 1997	215,000	9,907	86,248	8,075	319,230

Investment Properties

In the opinion of the directors, investment properties are included in the financial statements at 31 March 1998 at an open market value of £221,811.

10. Debtors

	1998 £	1997 £
Trade debtors	757,390	451,666
ACT recoverable	-	12,500
Amounts recoverable on contracts	714,030	670,691
Other debtors	-	53,728
Prepayments	20,181	20,677
	<u>1,491,601</u>	<u>1,209,262</u>

F J CHALCROFT (CONSTRUCTION) LIMITED
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 MARCH 1998

11. Creditors: amounts falling due within one year

	1998	1997
	£	£
Bank overdraft	139,721	106,423
Trade creditors	1,062,397	1,251,131
Other creditors	16,172	-
Corporation tax	4,896	50,787
ACT on proposed dividends	-	12,500
Other taxes and social security	39,114	33,769
Amounts due to directors	41	1,394
Proposed dividends	-	50,000
Accruals	56,446	28,304
	<u>1,318,787</u>	<u>1,534,308</u>

The bank overdraft is secured by a debenture dated 29 May 1984.

12. Called Up Share Capital

	1998	1997
	£	£
Authorised:		
180,000 preference shares of £1 each	180,000	180,000
100 ordinary shares of £1 each	100	100
	<u>180,100</u>	<u>180,100</u>
Allotted, issued and fully paid:		
180,000 preference shares of £1 each	180,000	180,000
100 ordinary shares of £1 each	100	100
	<u>180,100</u>	<u>180,100</u>

Preference shares of £1 each

The rights of the preference shareholders include entitlement to receive a dividend in priority to the other remaining classes of shares.

Except in restricted circumstances, the shares do not carry an entitlement to vote at a general meeting.

F J CHALCROFT (CONSTRUCTION) LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 1998

13. Reserves

	Revaluat -ion reserve £	Profit and loss account £
At 1 April 1997	105,318	187,218
Profit for the year		55,571
At 31 March 1998	<u>105,318</u>	<u>242,789</u>

14. Transactions with directors

Safequay Enterprises Limited is an associated company which is controlled by two of the directors of F J Chalcroft (Construction) Limited. During the year F J Chalcroft (Construction) Limited incurred costs of £29,229 relating to ascertaining planning permission for the completion of the agreement between the two companies.

F J CHALCROFT (CONSTRUCTION) LIMITED
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 MARCH 1998

15. Cash flow statement

15a. Reconciliation of operating profit to net cash flow from operating activities

	1998	1997
	£	£
Operating profit	60,688	170,205
Depreciation	38,916	27,599
Profit/(Loss) on sale of tangible fixed assets	6,076	(605)
Increase in debtors	(294,838)	(617,790)
(Decrease)/Increase in creditors	(139,076)	854,112
Net cash (outflow)/inflow from operating activities	(328,234)	433,521

15b. Analysis of net debt

	1 April 1997		31 March 1998
	Cash flow		
	£	£	£
Cash in hand, at bank	478,452	(471,565)	6,887
Overdrafts	(106,423)	(33,298)	(139,721)
	372,029	(504,863)	(132,834)
	-	-	-
Total	372,029	(504,863)	(132,834)