

464006/142

BOVIS CONSTRUCTION LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 1981



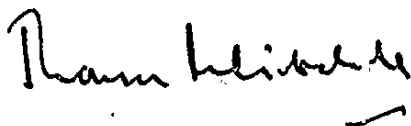
AUDITORS' REPORT TO THE MEMBERS OF
BOVIS CONSTRUCTION LIMITED

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LONDON 22 April 1982 We have audited the financial statements on
pages 2 to 9 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the
historical cost convention, give a true and fair view of the state of affairs
of the company at 31 December 1981 and of its profit and source and
application of funds for the year then ended and comply with the provisions of
the Companies Acts 1948 to 1981 that were relevant to these statements.

Thomson McLintock & Co



Chartered Accountants

BOVIS CONSTRUCTION LIMITED

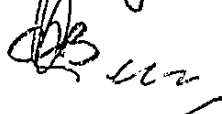
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PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1981

		1980
TURNOVER (note 1)	£144,563,344	£141,252,242
PROFIT BEFORE TAXATION (note 2)	£ 4,106,228	£ 4,456,016
TAXATION (note 4)	22,333	52,381
PROFIT AFTER TAXATION	4,083,895	4,403,635
PROPOSED DIVIDEND	2,500,000	2,725,000
RETAINED FOR THE YEAR	1,583,895	1,678,635
BALANCE BROUGHT FORWARD	£ 6,007,353	4,324,352
ACCUMULATED PROFITS OF LIQUIDATED		4,366
SUBSIDIARY (note 6)		
	6,007,353	4,328,718
BALANCE CARRIED FORWARD	£ 7,591,248	£ 6,007,353

BALANCE SHEETAs at 31 December 19811980

FIXED ASSETS (note 5)	£ 625,963	£ 587,858
INVESTMENT IN SUBSIDIARY COMPANIES (note 6)	91,084	57,186
CURRENT ASSETS		
Debtors		
Amounts due by group companies	£13,156,179	13,839,155
Other	6,092,171	9,314,052
Cash and bank balances	1,261,034	366,577
	<u>20,509,384</u>	<u>23,519,784</u>
Less: CURRENT LIABILITIES		
Work in progress (notes 1 and 7)	791,148	50,411
Creditors		
Amounts due to group companies	584,030	1,160,426
Other	9,550,824	11,789,185
Overseas taxation	109,181	83,333
Overdraft	-	2,249,120
Proposed dividend	2,500,000	2,725,000
	<u>13,535,183</u>	<u>18,057,475</u>
NET CURRENT ASSETS	6,974,201	5,462,309
	<u>£ 7,691,248</u>	<u>£ 6,107,353</u>
Represented by:		
SHARE CAPITAL		
Authorised, issued and fully paid Ordinary shares of £1 each	£ 100,000	£ 100,000
PROFIT AND LOSS ACCOUNT	7,591,248	6,007,353
Director 		
Director 		
	<u>£ 7,691,248</u>	<u>£ 6,107,353</u>

NOTES(forming part of the financial statements)31 December 1981

1 ACCOUNTING POLICIES

a Turnover

Turnover represents the chargeable value of work executed during the year.

b Depreciation of fixed assets

Fixed assets are written off over the estimated life of the asset.

The rates employed are as follows:

Office improvements	Straight line over remaining period of lease
Plant, machinery, office fixtures and fittings	10% per annum, straight line
Vehicles	33 1/3% per annum on written down value
Office machinery and equipment	25% per annum for two years, 10% per annum thereafter, straight line
Soft furnishings	25% per annum, straight line

c Work in progress

Work in progress has been valued at cost with an addition for overheads and profits less cash received and receivable and provisions sufficient to meet any losses currently envisaged.

d Deferred taxation

No account is taken of deferred taxation since in the opinion of the directors the reduction in the tax charges can be seen with reasonable probability to continue for the foreseeable future.

e Foreign currencies

Assets and liabilities of overseas branch operations and the surplus for the year arising therefrom are translated at the year end exchange rate.

NOTES (continued)31 December 1981

2 PROFIT AND LOSS ACCOUNT

- a The following items were taken into account in arriving at the profit for the year before taxation:

	<u>1981</u>	<u>1980</u>
Credited		
Interest receivable - external	£ 30,840	£ 109,816
- intra group	1,999,138	2,060,941
	=====	=====
Charged		
Directors' emoluments (note 3)	£ 578,774	£ 337,177
Depreciation and amortisation	139,687	106,680
Audit fee, including expenses	20,000	24,677
Hire of plant and equipment	5,932,631	6,513,535
Bank interest payable	15,787	170,618
	=====	=====

3 DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The chairman, who was also the highest paid director, received emoluments, excluding pension contributions, of £60,482 (1980 : £37,337).

The following table shows the number of other directors and UK employees whose annual emoluments, excluding pension contributions, fell into the ranges shown:

	<u>Directors</u>		<u>Employees</u>	
	<u>1981</u>	<u>1980</u>	<u>1981</u>	<u>1980</u>
£10,001 - £15,000	1	-		
£15,001 - £20,000	-	4		
£20,001 - £25,000	-	6	8	-
£25,001 - £30,000	-	1	-	-
£30,001 - £35,000	7	-	-	-
£35,001 - £40,000	2	-	-	-
£40,001 - £45,000	3	-	-	-
	=	=	=	=

An ex-gratia payment of £20,000 was made to a director on his retirement.

Some of the directors hold cash advances to meet expenses incurred in the course of the company's business. The amounts of such advances outstanding at 31 December 1981 were:

BP Heaphy	£200
BJ Hodgson	50
DA Johnson	50
JM Kane	100
R Peggs	50
J Spanswick	50
	=====

NOTES (continued)31 December 1981

4 TAXATION

The tax charge represents overseas taxation on the results of the foreign branch. Double tax relief equal to the full value of the UK tax liability at current rates on the results of the foreign branch has been claimed for 1981, and for 1980 the overseas tax has been claimed as an expense, adding to the loss surrendered for group relief.

The taxable profits for the year have been reduced by stock relief of £669,537 calculated in accordance with the Finance Act 1981. In 1980 taxable profits were reduced by stock relief of £5,346,887, creating a loss for taxation purposes which was surrendered as group relief to other group companies, for which no payment was received.

The taxation charge for the year has been reduced by group relief of £1,861,431 for which no payment is made.

If deferred taxation were provided, a net amount of £3,189,112 would have been credited to profit in 1981 principally as a result of the change in tax legislation regarding stock relief.

Deferred taxation is not provided because in the opinion of the directors any reversal of timing differences in the foreseeable future will be fully covered by group relief.

The items that comprise the accumulated reduction in taxation charges that has arisen by not providing for deferred taxation are, at current rates:

	<u>1981</u>	<u>1980</u>
Accelerated capital allowances	£ 184,407	£ 183,276
Short term timing differences	(19,309)	16,769
Stock relief	-	3,154,165
	£ 165,098	£ 3,354,210

NOTES (continued)

31 December 1981

5 FIXED ASSETS

	Improvements to buildings	Vehicles	Plant, machinery, furniture and fixtures	Total
At cost				
At 1 January 1981	£125,086	£ 151,627	£ 552,550	£ 829,263
Additions	6,448	94,511	88,953	189,912
Disposals	-	(30,005)	-	(30,005)
Written back	-	-	6,228	6,228
At 31 December 1981	131,534	216,133	647,731	995,398
Depreciation				
At 1 January 1981	4,506	65,405	171,494	241,405
Disposals	-	(17,885)	-	(17,885)
Written back	-	-	6,228	6,228
Charge for year	9,338	44,578	85,771	139,687
At 31 December 1981	13,844	92,098	263,493	369,435
Net book value				
At 31 December 1981	£117,690	£ 124,035	£ 384,238	£ 625,963
At 31 December 1980	£120,580	£ 86,222	£ 381,056	£ 587,858

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Amounts written back represent fully depreciated assets previously written out of the books of the company but currently in use.

6 INVESTMENT IN SUBSIDIARY COMPANIES

	1981	1980
Shares at cost	£ 9,870	£ 9,870
Amounts due by subsidiary companies	81,214	47,316
	£91,084	£57,186

The company's subsidiaries at the year end were as follows. All holdings are 100% of the ordinary share capital.

Name	Business
Bovis GmbH (incorporated in Germany)	Non trading
Bovis Construction SARL (incorporated in France)	Construction management
Construction Engineering Management Ltd (incorporated in England)	Consultant Engineers

NOTES (continued)31 December 1981

6 INVESTMENT IN SUBSIDIARY COMPANIES (continued)

One subsidiary, Bovis-Spraycon Ltd, was placed in members' voluntary liquidation during 1980 and the surplus arising in 1980 of £4,366 was added to reserves.

Group financial statements are not prepared as the company is a wholly owned subsidiary of Bovis Limited, which is incorporated in England. In the opinion of the directors, the value of the investment in subsidiary companies is not less than the amount at which it is stated in the balance sheet.

7 WORK IN PROGRESS

This is made up as follows:

	<u>1981</u>	<u>1980</u>
Work in progress	£ 573,682,852	£ 498,564,855
<u>Less:</u> Cash received and receivable	(574,474,000)	(498,615,266)
	<u>£(791,148)</u>	<u>£(50,411)</u>

8 ULTIMATE HOLDING COMPANY

The company's ultimate holding company is The Peninsular and Oriental Steam Navigation Company, which is incorporated in England.

9 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the directors on 22 April 1982.

STATEMENT OF SOURCE AND APPLICATION OF FUNDSYear ended 31 December 1981

SOURCE OF FUNDS

1980

Profit before tax	£ 4,106,228	£ 4,456,016
Adjustment for items not involving the movement of funds		
Depreciation	139,687	106,680
Profit on sale of assets	(2,324)	(1,192)
Exchange profit on overseas taxes payable	3,515	(6,620)

Total generated from operations	4,247,106	4,554,884
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Proceeds of sale of fixed assets	£ 14,444	9,782
Decrease in investment in subsidiary companies' shares	-	20,250
Accumulated profits of liquidated subsidiary	-	4,366
	14,444	34,398

APPLICATION OF FUNDS

Purchase of fixed assets	189,912	388,827
Dividend paid	2,725,000	3,150,000
	2,914,912	3,538,827

INCREASE/(DECREASE) IN WORKING CAPITAL

Amounts due by group companies	£(682,976)	£ 1,939,282
Amounts due to group companies	576,396	(512,806)
Work in progress	(740,737)	(1,280,018)
Debtors	(3,221,881)	5,639,528
Creditors	2,238,361	(3,872,923)
Amounts due by subsidiary companies	33,898	50,633

MOVEMENT IN NET LIQUID RESOURCES

Increase/(decrease) in cash and bank balances	£ 894,457	(143,157)
Decrease/(increase) in overdraft	2,249,120	(770,084)
	3,143,577	(913,241)

£ 1,346,638	£ 1,050,455
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BOVIS CONSTRUCTION LIMITED

REPORT OF THE DIRECTORS FOR THE TWELVE MONTHS ENDED 31st DECEMBER, 1981.

To be submitted to the Shareholders at the 1982 Annual General Meeting.

The Directors submit herewith their Report and Profit and Loss Account for the twelve months ended 31st December, 1981, together with the Balance Sheet as at that date.

The Accounts for the year under review show a surplus of £4,106,228 (1980 £4,456,016). A provision for overseas taxation of £22,333 (1980 £52,381) has been made which leaves a net profit of £4,083,895 (1980 £4,503,635). To this must be added the unappropriated balance brought forward of £6,007,353 (1980 £4,328,718). This makes available a balance of £10,091,248 (1980 £8,732,353) from which your Directors recommend a dividend payment of £2,500,000 (1980 £2,725,000). The balance remaining to be carried forward amounts to £7,591,248 (1980 £6,007,353).

Assets

No significant changes

Employees

The average number of persons employed by the Company in the United Kingdom was 2,265 (1980 2,617) and their aggregate gross remuneration amounted to £18,705,390 (1980 £18,719,083).

Activities of the Company

The Company during the period under review carried on business principally as building contractors.

Disabled Persons

It is the Company's policy to give full and fair consideration to applications for employment made by disabled persons having regard to their aptitudes and abilities. The Company also uses its best endeavours to provide continuing employment for employees who are disabled whilst they are employed by the Company and, where appropriate, provides facilities for training or re-training.

Directors and their Interests in Stock of Peninsular and Oriental Steam Navigation Company

The names of the persons who were Directors at 31st December, 1981, and particulars of their interests in the stock of Peninsular and Oriental Steam Navigation Company are as follows:-

	<u>Ordinary Stockholding at 31st December, 1980</u>	<u>Ordinary Stockholding at 31st December, 1981</u>
B.P. Heaphy	10,503	10,503
P.J.M. O'Brien	N11	N11
C. Bell	2,500	2,500
L.J. Catchpole	83	83
W.T.A. Farmer	208	208
B.J. Hodgson	N11	N11
D.A. Johnson	2,708	2,708
J.M.M. Kane	33	913
R.J. Peggs	291	291
B. Pettifer	N11	N11
C.J. Spackman	500	N11
J.E. Spanswick	N11	N11
R. Taylor	N11	N11

Mr. J.M. Gillham retired as a Director of the Company on 11th June, 1981. Messrs. L.J. Catchpole, D.A. Johnson, R.J. Peggs and B. Pettifer retire by rotation in accordance with the Company's Articles of Association and are eligible for re-election.

The Auditors, Messrs. Thomson McLintock & Company continue in office for the current year.

CERTIFIED a true copy of the Report of the Directors accompanying the only Balance Sheet laid before the Company in General Meeting during the period to which this return relates.

DIRECTOR



SECRETARY

