

467006/145.

BOVIS CONSTRUCTION LIMITED

REPORT OF THE DIRECTORS FOR THE TWELVE MONTHS ENDED 31st DECEMBER, 1982.

To be submitted to the Shareholders at the 1983 Annual General Meeting.

The Directors submit herewith their Report and Profit and Loss Account for the twelve months ended 31st December, 1982, together with the Balance Sheet as at that date.

The Accounts for the year under review show a surplus of £4,275,838 (1981 £4,106,228). A net credit for overseas taxation of £45 (1981 £22,333 net charge) has been made which results in a net profit of £4,275,883 (1981 £4,083,895). To this must be added the unappropriated balance brought forward of £7,591,248 (1981 £6,007,353). This makes available a balance of £11,867,131 (1981 £10,091,248) from which your Directors recommend a dividend payment of £2,505,000 (1981 £2,500,000). The balance remaining to be carried forward amounts to £9,362,131 (1981 £7,591,248).

Assets

No significant changes

Employees

The average number of persons employed by the Company in the United Kingdom was 2,031 (1981 2,265) and their aggregate gross remuneration amounted to £19,534,006 (1981 £18,705,390).

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 retraining.

Continued 2/

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

The Names of the persons who were Directors at 31st December, 1982, and particulars of their interests in the stock of Peninsular and Oriental Steam Navigation Company are as follows:-

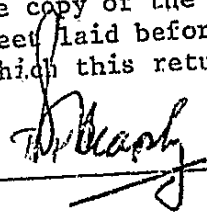
	<u>Ordinary Stockholding at 31st December, 1981</u>	<u>Ordinary Stockholding at 31st December, 1982</u>
B.P. Heaphy	10,503	10,503
P.J.M. O'Brien	Nil	Nil
C.J. Spackman	Nil	Nil
C. Bell	2,500	2,500
L.J. Catchpole	83	83
W.T.A. Farmer	208	208
B.J. Hodgson	Nil	Nil
D.A. Johnson	2,708	2,708
J.M.M. Kane	33	33
R.J. Peggs	291	291
B. Pettifer	Nil	Nil
J.E. Spanswick	Nil	Nil
T. Taylor	Nil	Nil

Messrs. W.T.A. Farmer, B.J. Hodgson, P.J.M. O'Brien and J.E. Spanswick retire by rotation in accordance with the Company's Articles of Association and are eligible for re-election.

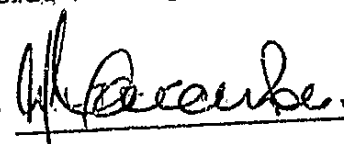
The Auditors, Messrs. Thomson McLintock & Company are willing to continue in office for the current year.

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



464006

BOVIS CONSTRUCTION LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 1982



AUDITORS' REPORT TO THE MEMBERS OF
BOVIS CONSTRUCTION LIMITED

Page 1

LONDON 27 April 1983 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 1982 and of its profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1981.

Thomson McIntosh & Co

Chartered Accountants

BOVIS CONSTRUCTION LIMITED

Page 2

PROFIT AND LOSS ACCOUNTFor the year ended 31 December 1982

	<u>1982</u>	<u>1981</u>
TURNOVER (note 1)	<u>£ 170,930,722</u>	<u>£ 144,563,344</u>
PROFIT BEFORE TAXATION (note 2)	£ 4,275,838	£ 4,106,228
TAXATION (note 4)	(45)	22,333
PROFIT AFTER TAXATION	<u>4,275,883</u>	<u>4,083,895</u>
PROPOSED DIVIDEND	<u>2,505,000</u>	<u>2,500,000</u>
RETAINED FOR THE YEAR	<u>1,770,883</u>	<u>1,583,895</u>
BALANCE BROUGHT FORWARD	<u>7,591,248</u>	<u>6,007,353</u>
BALANCE CARRIED FORWARD	<u>£ 9,362,131</u>	<u>£ 7,591,248</u>

BOVIS CONSTRUCTION LIMITED

Page 3

BALANCE SHEET

As at 31 December 1982

		1981
FIXED ASSETS (note 5)	£ 579,903	£ 625,963
INVESTMENT IN SUBSIDIARY COMPANIES (note 6)	85,681	91,084
CURRENT ASSETS		
Debtors		
Amounts due by group companies	£ 14,980,850	13,156,179
Other	4,876,174	6,092,171
Cash and bank balances	7,331,486	1,261,034
	27,188,510	20,509,384
Less: CURRENT LIABILITIES		
Work in progress (notes 1 and 7)	870,970	791,148
Creditors		
Amounts due to group companies	728,936	584,030
Other	14,172,718	9,550,824
Overseas taxation	114,339	109,181
Proposed dividend	2,505,000	2,500,000
	18,391,963	13,535,183
	8,796,547	6,974,201
NET CURRENT ASSETS	£ 9,462,131	£ 7,691,248
Represented by:		
SHARE CAPITAL		
Authorised, issued and fully paid Ordinary shares of £1 each	£ 100,000	£ 100,000
PROFIT AND LOSS ACCOUNT	9,362,131	7,591,248
Director		
Director		
	£ 9,462,131	£ 7,691,248

NOTES(forming part of the financial statements)31 December 1982

1 ACCOUNTING POLICIES

a Format of financial statements

The financial statements have been prepared under the historical cost convention in accordance with s149A and Schedule 8A of the Companies Act 1948.

b Turnover

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

c 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
Illuminated signs	25% per annum, straight line
Soft furnishings	25% per annum, straight line

d 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.

e 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.

f 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 1982

2 PROFIT AND LOSS ACCOUNT

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

	<u>1982</u>	<u>1981</u>
Credited		
Interest receivable - external	£ 235,756	£ 30,840
- intra group	1,867,830	1,999,138
	<u> </u>	<u> </u>
Charged		
Directors' emoluments (note 3)	£ 636,346	£ 578,774
Depreciation and amortisation	153,564	139,687
Audit fee, including expenses	22,600	20,000
Hire of plant and equipment	5,139,267	5,932,631
Bank interest payable	-	15,787
	<u> </u>	<u> </u>

3 DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The chairman, who was also the highest paid director, received emoluments, excluding pension contributions, of £73,840 (1981 - £60,482).

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>1982</u>	<u>1981</u>	<u>1982</u>	<u>1981</u>
£10,001 - £15,000	-	1		
£15,001 - £20,000	-	-		
£20,001 - £25,000	-	-	14	8
£25,001 - £30,000	-	-	4	-
£30,001 - £35,000	2	7	-	-
£35,001 - £40,000	6	2	-	-
£40,001 - £45,000	1	3	-	-
£45,001 - £50,000	3	-	-	-
	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>

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 1982 were:

R Peggs

£100

NOTES (continued)31 December 1982

4 TAXATION

The taxation charge is comprised as follows:

UK corporation tax on income at 52%	£ 25,130
Less relief for overseas taxation	25,130
Overseas taxation	25,130
Overprovision in previous years for overseas taxation	(25,175)
	<u>£(45)</u>

Double taxation relief equal to the full value of the UK tax liability at the current rates has been claimed for 1982 and 1981.

The taxable profits have been reduced by stock relief of £243,870 (1981 - £669,537) calculated in accordance with the Finance Act 1981.

The taxation charge for the year has been reduced by group relief of £2,196,430 (1981 - £1,861,431) for which no payment is made.

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. If deferred tax were provided a net amount of £40,496 would have been credited to profit in 1982.

The main items that comprise the accumulated reduction in tax charges that have arisen by not providing for deferred tax are at current rates.

	<u>1982</u>	<u>1981</u>
Accelerated capital allowances	£ 157,905	£ 184,407
Short term timing differences	(33,303)	(19,309)
	<u>£ 124,602</u>	<u>£ 165,098</u>

NOTES (continued)

31 December 1982

5 FIXED ASSETS

	Improvements to buildings	Vehicles	Plant, machinery, furniture and fixtures	Total
At cost				
At 1 January 1982	£ 131,534	£ 216,133	£ 647,735	£ 995,402
Additions	-	56,008	53,906	109,914
Disposals	-	(11,190)	-	(11,190)
Written back	-	-	(51,411)	(51,411)
At 31 December 1982	131,534	260,951	650,230	1,042,715
Depreciation				
At 1 January 1982	13,844	92,098	263,497	369,439
Disposals	-	(8,780)	-	(8,780)
Written back	-	-	(51,411)	(51,411)
Charge for year	9,657	42,711	101,196	153,564
At 31 December 1982	23,501	126,029	313,282	462,812
Net book value				
At 31 December 1982	£ 108,033	£ 134,922	£ 336,948	£ 579,903
At 31 December 1981	£ 117,690	£ 124,035	£ 384,238	£ 625,963

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

	<u>1982</u>	<u>1981</u>
Shares at cost	£ 9,970	£ 9,870
Amounts due by subsidiary companies	75,711	81,214
	<u>£ 85,681</u>	<u>£ 91,084</u>

NOTES (continued)31 December 1982

6 INVESTMENT IN SUBSIDIARY COMPANIES (continued)

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

<u>Name</u>	<u>Business</u>
Bovis GmbH (incorporated in Germany)	Non trading
Bovis Construction SARL (incorporated in France)	Construction management
Construction Engineering Management Ltd (incorporated in Great Britain)	Consultant Engineers
Bovis Coverspan Ltd (incorporated in Great Britain)	Roof construction management

The entire £100 issued share capital of Bovis Coverspan Ltd (formerly Audley (Hounslow) Ltd) was acquired on 25 August 1982.

Group financial statements are not prepared as the company is a wholly owned subsidiary of Bovis Limited, which is incorporated in Great Britain. 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>1982</u>	<u>1981</u>
Work in progress	£ 640,846,017	£ 573,682,852
<u>Less:</u> Cash received and receivable	(641,716,987)	(574,474,000)
	<u>£(870,970)</u>	<u>£(791,148)</u>

8 CONTINGENT LIABILITIES

The company has given guarantees of a normal trading nature including performance bonds, some of which may be payable on demand. As is usual there are claims arising in the normal course of trading, which are in the process of settlement and, in some cases, involve or may involve litigation. Full provision has been made in these accounts for all amounts which the directors consider will become payable on account of such claims.

9 ULTIMATE HOLDING COMPANY

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

10 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the directors on 27 April 1983.

STATEMENT OF SOURCE AND APPLICATION OF FUNDSYear ended 31 December 1982

SOURCE OF FUNDS

		<u>1981</u>
Profit before tax	£ 4,275,838	£ 4,106,228
Adjustment for items not involving the movement of funds		
Depreciation	153,564	139,687
Profit on sale of assets	(840)	(2,324)
Exchange profit on overseas taxes payable	5,203	3,515
Total generated from operations	4,433,765	4,247,106
Proceeds of sale of fixed assets	£ 3,250	14,444
	3,250	14,444

APPLICATION OF FUNDS

Purchase of fixed assets	109,914	189,912
Dividend paid	2,500,000	2,725,000
	2,609,914	2,914,912
	£ 1,827,101	£ 1,346,638

INCREASE/(DECREASE) IN WORKING CAPITAL

Amounts due by group companies	£ 1,824,671	(682,976)
Amounts due to group companies	(144,906)	576,396
Work in progress	(79,822)	(740,737)
Debtors	(1,215,997)	(3,221,881)
Creditors	(4,621,894)	2,238,361
Amounts due by subsidiary companies	(5,403)	33,898
	(4,243,351)	(1,796,939)

MOVEMENT IN NET LIQUID RESOURCES

Increase in cash and bank balances	£ 6,070,452	894,457
Decrease in overdraft	-	2,249,120
	6,070,452	3,143,577
	£ 1,827,101	£ 1,346,638