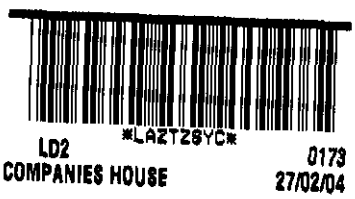
Registration number 601521

A.W. Hardy & Co Limited

Directors' report and financial statements

for the year ended 30 April 2003



A.W. Hardy & Co Limited

Company information

Directors	Mr M. L. Hardy Mr J. P. Little Mr D. M. Hardy
Secretary	Mr D. M. Hardy
Company number	601521
Registered office	Stock Road Industrial Estate Stock Road Southend on Sea Essex SS2 5QG
Auditors	Barrons Monometer House Rectory Grove Leigh on Sea Essex SS9 2HN

A.W. Hardy & Co Limited

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A.W. Hardy & Co Limited

Directors' report
for the year ended 30 April 2003

The directors present their report and the financial statements for the year ended 30 April 2003.

Principal activity and review of the business
The principal activity of the company continued to be in the construction industry.

Results and dividends
The results for the year are set out on page 4.

The directors have paid an interim dividend amounting to £68,245 and they do not recommend payment of a *final dividend.*

Directors and their interests
The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares		Non-Voting Ordinary 'B'		Preference shares	
	30/04/03	01/05/02	30/04/03	01/05/02	30/04/03	01/05/02
Mr M. L. Hardy	**98,530**	*98,530*	-	-	-	-
Mr J. P. Little	-	-	**100**	*100*	-	-
Mr D. M. Hardy	**1,955**	*1,955*	**100**	*100*	-	-

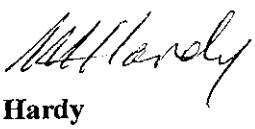
Directors' responsibilities
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In *preparing these the directors are required to:*

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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.

Auditors
In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Barrons be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 26 February 2004 and signed on its behalf by



Mr M. L. Hardy
Director

A.W. Hardy & Co Limited

Independent auditors' report to the shareholders of A.W. Hardy & Co Limited

We have audited the financial statements of A.W. Hardy & Co Limited for the year ended 30 April 2003 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

Independent auditors' report to the shareholders of A.W. Hardy & Co Limited continued

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 April 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Barrons
Chartered Accountants and
Registered auditors
26 February 2004

Monometer House
Rectory Grove
Leigh on Sea
Essex
SS9 2HN

A.W. Hardy & Co Limited

Profit and loss account
for the year ended 30 April 2003

	Notes	Continuing operations 2003 £	Continuing operations restated 2002 £
Turnover	2	**4,996,101**	*6,227,809*
Cost of sales		**(4,297,231)**	*(5,616,801)*
Gross profit		**698,870**	*611,008*
Administrative expenses		**(605,406)**	*(515,790)*
Other operating income		**70,376**	*89,875*
Operating profit	3	**163,840**	*185,093*
Investment income	4	**100,000**	*30,000*
Other interest receivable and similar income	5	**44,785**	*35,787*
Interest payable and similar charges	6	**(628)**	*(3,824)*
Profit on ordinary activities before taxation		**307,997**	*247,056*
Tax on profit on ordinary activities	9	**(99,408)**	*(59,842)*
Profit on ordinary activities after taxation		**208,589**	*187,214*
Non-equity dividends	10	**(68,245)**	*(40,000)*
Retained profit for the year		**140,344**	*147,214*
Statement of total recognised gains and losses			
Total recognised gains relating to the year		**208,589**	*187,214*
Prior year adjustment	18	**42,000**	-
Total recognised gains since last annual report		**250,589**	*187,214*

The notes on pages 7 to 18 form an integral part of these financial statements.

A.W. Hardy & Co Limited

Balance sheet
as at 30 April 2003

	Notes	2003 £	2003 £	2002 £	2002 £
Fixed assets					
Tangible assets	11		**190,496**		*165,546*
Investments	12		**12,210**		*12,210*
			202,706		*177,756*
Current assets					
Stocks	13	**146,869**		*173,469*	
Debtors	14	**1,893,405**		*1,706,299*	
Cash at bank and in hand		**1,345,849**		*1,477,922*	
		3,386,123		*3,357,690*	
Creditors: amounts falling due within one year	15	**(1,415,954)**		*(1,507,528)*	
Net current assets			**1,970,169**		*1,850,162*
Total assets less current liabilities			**2,172,875**		*2,027,918*
Creditors: amounts falling due after more than one year	16		**(163,988)**		*(159,375)*
Net assets			**2,008,887**		*1,868,543*
Capital and reserves					
Called up share capital	17		**129,714**		*129,714*
Share premium account	18		**25,617**		*25,617*
Other reserves	18		**32,025**		*32,025*
Profit and loss account	18		**1,821,531**		*1,681,187*
Equity shareholders' funds	19		**2,008,887**		*1,868,543*
Equity interests			**2,008,687**		*1,868,343*
Non-equity interests			**200**		*200*

The financial statements were approved by the Board on 26 February 2004 and signed on its behalf by



Mr M. L. Hardy
Director

The notes on pages 7 to 18 form an integral part of these financial statements.

A.W. Hardy & Co Limited

Cash flow statement
for the year ended 30 April 2003

	Notes	2003 £	2002 £
Reconciliation of operating profit to net cash outflow from operating activities			
Operating profit		**163,840**	*185,093*
Depreciation		**69,631**	*76,879*
Decrease in stocks		**26,600**	*66,285*
(Increase) in debtors		**(187,106)**	*227,205*
(Decrease) in creditors		**(182,725)**	*43,598*
Net cash outflow from operating activities		**(109,760)**	*599,060*
Cash flow statement			
Net cash outflow from operating activities		**(109,760)**	*599,060*
Returns on investments and servicing of finance	**24**	**75,912**	*21,963*
Taxation	**24**	**(40,584)**	*(7,406)*
Capital expenditure	**24**	**(32,621)**	*(117,851)*
		(107,053)	*495,766*
Financing	**24**	**(25,020)**	*(33,610)*
Decrease in cash in the year		**(132,073)**	*462,156*
Reconciliation of net cash flow to movement in net debt (Note 25)			
Decrease in cash in the year		**(132,073)**	*462,156*
Cash outflow from increase in debts and lease financing		**25,020**	*33,610*
Change in net debt resulting from cash flows		**(107,053)**	*495,766*
New finance leases and hire purchase contracts		**(61,960)**	*46,499*
Movement in net debt in the year		**(169,013)**	*542,265*
Net funds at 1 May 2002		**1,318,547**	*776,281*
Net funds at 30 April 2003		**1,149,534**	*1,318,546*

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention .

1.2. Turnover and profits

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leasehold properties	-	Straight line over the life of the lease
Plant and machinery	-	year 1 - 50%, year 2 - 30%, year 3 - 20%
Fixtures, fittings and equipment	-	15% reducing balance
Motor vehicles	-	25% reducing balance
Computer equipment	-	year 1 - 75%, 25% reducing balance thereafter

1.4. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

1.5. Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6. Stock

Stock is valued at the lower of cost and net realisable value.

1.7. Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

1.8. Deferred taxation

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's accounts. Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing difference reverses, based on current tax rates and laws.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset.

1.9. Group accounts

The company is entitled to the exemption under Section 248 of the Companies Act 1985 from the obligation to prepare group accounts.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

3. Operating profit

	2003	2002
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	**86,825**	*82,050*
and after crediting:		
Profit on disposal of tangible fixed assets	**17,194**	*5,171*

4. Income from investments

	2003	2002
	£	£
Income from subsidiary undertakings	**100,000**	*30,000*

5. Interest receivable and similar income

	2003	2002
	£	£
Bank interest	**44,783**	*35,782*
Other interest	**2**	*5*
	44,785	*35,787*

6.	***Interest payable and similar charges***	**2003**	**2002**
		£	**£**
	On bank loans and overdrafts	**11**	*125*
	On loans repayable between one and two years	**-**	*3,071*
	Hire purchase interest	**617**	*628*
		628	*3,824*

7. Employees

Number of employees

The average monthly numbers of employees (including the directors) during the year were:	**2003**	**2002**
Management	**12**	*12*
Site workers	**35**	*33*
	47	*45*

Employment costs	**2003**	**2002**
	£	**£**
Wages and salaries	**297,015**	*286,771*
Social security costs	**28,252**	*27,342*
Other pension costs	**33,319**	*32,053*
	358,586	*346,166*

7.1. Directors' emoluments	**2003**	**2002**
	£	**£**
Remuneration and other emoluments	**93,113**	*93,113*
Pension contributions	**13,967**	*13,967*
	107,080	*107,080*

	Number	**Number**
Number of directors to whom retirement benefits are accruing under a defined contribution scheme	**2**	*2*

8. Pension costs

The company operates a money purchase pension scheme for the benefit of the directors. The scheme and its assets are held by independent managers. The pension contributions made to the scheme, which amount to 15% of earnings for the year, amounted to £33,319 (2002 - £32,053).

9. Tax on profit on ordinary activities

Analysis of charge in period	2003 £	2002 £
Current tax		
UK corporation tax	**99,408**	*59,799*
Prior period adjustments	**-**	*43*
	99,408	*59,842*

Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30 per cent). The differences are explained below:

	2003 £	2002 £
Profit on ordinary activities before taxation	**307,997**	*247,056*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (30 April 2002 : 30%)	**92,399**	*74,117*
Effects of:		
Expenses not deductible for tax purposes (primarily goodwill amortisation)	**4,792**	*(5,410)*
Capital allowances for period in excess of depreciation	**2,710**	*2,132*
Utilisation of tax losses	**-**	*(10,264)*
Marginal Relief	**-**	*(605)*
Group Relief	**(493)**	*(128)*
Current tax charge for period	**99,408**	*59,842*

10. Dividends

	2003 £	2002 £
Dividends on non-equity shares:		
Preference shares - interim paid	**68,245**	*40,000*

11. Tangible fixed assets	Long leasehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Computer equipment £	Total £
Cost						
At 1 May 2002	**61,766**	**253,726**	**22,774**	**181,889**	**45,027**	**565,182**
Additions	**-**	**45,570**	**430**	**83,461**	**605**	**130,066**
Disposals	**-**	**(35,750)**	**(1,300)**	**(27,000)**	**(20,679)**	**(84,729)**
At 30 April 2003	**61,766**	**263,546**	**21,904**	**238,350**	**24,953**	**610,519**
Depreciation						
At 1 May 2002	**21,213**	**212,438**	**16,809**	**108,084**	**41,092**	**399,636**
On disposals	**-**	**(26,250)**	**(1,267)**	**(18,458)**	**(20,463)**	**(66,438)**
Charge for the year	**624**	**46,680**	**954**	**37,183**	**1,384**	**86,825**
At 30 April 2003	**21,837**	**232,868**	**16,496**	**126,809**	**22,013**	**420,023**
Net book values						
At 30 April 2003	**39,929**	**30,678**	**5,408**	**111,541**	**2,940**	**190,496**
At 30 April 2002	*40,553*	*41,288*	*5,965*	*73,805*	*3,935*	*165,546*

Included above are assets held under finance leases or hire purchase contracts as follows:

Asset description	2003 Net book value £	2003 Depreciation charge £	2002 Net book value £	2002 Depreciation charge £
Motor vehicles	**62,596**	**20,865**	-	-

12. Fixed asset investments	Subsidiary undertakings shares £	Total £
Cost		
At 1 May 2002		
At 30 April 2003	**12,210**	**12,210**
Net book values		
At 30 April 2003	**12,210**	**12,210**
At 30 April 2002	*12,210*	*12,210*

12.1. Holdings of 20% or more

The company holds 20% or more of the share capital of the following companies:

Company	Country of registration or incorporation	Nature of business	Shares held class	Proportion of shares held
Subsidiary undertaking				
W & H (Roads) Limited	England and Wales	Civil Engineering	Ordinary	**100%**
W & H (Plant Services) Ltd	England and Wales	Properties	Ordinary	**100%**
H D Blackgate Limited	England and Wales	Development	Ordinary	**100%**
Iceinfo Limited	England and Wales	Management	Ordinary	**50%**

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves £	Profit for the year £
W & H (Roads) Limited	**206,714**	**70,662**
W & H (Plant Services) Ltd	**(187,170)**	**12,149**
H D Blackgate Limited	**900**	**(2,395)**
Iceinfo Limited	**1,226**	**1,791**

13. Stocks	2003 £	2002 £
Raw materials	**10,591**	*10,981*
Work in progress	**1,307,442**	*2,181,761*
Payments on account	**(1,171,164)**	*(2,019,273)*
	146,869	*173,469*

14. Debtors	2003 £	2002 £
Trade debtors	**337,221**	*517,815*
Amounts owed by group undertakings	**551,400**	*372,738*
Other debtors	**980,634**	*788,368*
Prepayments and accrued income	**24,150**	*27,378*
	1,893,405	*1,706,299*

Amounts falling due after more than one year and included in debtors are:

Other debtors	**700,758**	*499,821*

The directors of A.W. Hardy & Co. Limited have given an undertaking to Hardy Developments Limited that the monies shown above will not be required to be repaid within the period of one year.

15. Creditors: amounts falling due within one year	2003 £	2002 £
Payments received on account	**96,777**	*226,765*
Net obligations under finance leases and hire purchase contracts	**32,327**	-
Trade creditors	**1,068,821**	*1,112,461*
Corporation tax	**118,666**	*59,842*
Other taxes and social security costs	**40,757**	*40,729*
Directors' accounts	**-**	*16,000*
Other creditors	**42,695**	*29,213*
Accruals and deferred income	**15,911**	*22,518*
	1,415,954	*1,507,528*

16. Creditors: amounts falling due after more than one year	2003 £	2002 £
Other creditor	**134,355**	*159,375*
Net obligations under finance leases and hire purchase contracts	**29,633**	-
	163,988	*159,375*

The other creditor represents the amount payable to Hardy Developments (Suffolk) Limited, a company under common contol. The loan has no fixed repayment period and the directors of Hardy Developments (Suffolk) Limited have given an undertaking that the monies due will not be required to be repaid within a period of one year.

17. Share capital

	2003 £	2002 £
Authorised equity shares		
495,000 Ordinary shares of £1 each	**495,000**	*495,000*
Non-equity shares		
1,000 6% Redeemable Preference shares of £1 each	**1,000**	*1,000*
5,000 Preference shares of £1 each	**5,000**	*5,000*
	501,000	*501,000*
Allotted, called up and fully paid		
129,514 Ordinary shares of £1 each	**129,514**	*129,514*
200 Preference shares of £1 each	**200**	*200*
	129,714	*129,714*
Equity interest	**129,514**	*129,514*
Non-equity interest	**200**	**200**

18. Equity Reserves

	Share premium account £	Profit and loss account £	Capital redemption reserve £	Total £
At 30 April 2002 as previously stated		**1,639,187**		**1,639,187**
Prior year adjustment		**42,000**		**42,000**
At 1 May 2002	**25,617**	**1,681,187**	**32,025**	**1,738,829**
Retained profit for the year		**140,344**		**140,344**
At 30 April 2003	**25,617**	**1,821,531**	**32,025**	**1,879,173**

The prior year adjustment relates to a bonus voted to the directors at 30th April 2002 which has subsequently been cancelled.

19. Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Profit for the year	**208,589**	*187,214*
Dividends	**(68,245)**	*(40,000)*
	140,344	*147,214*
Opening shareholders' funds	**1,868,543**	*1,721,329*
Closing shareholders' funds	**2,008,887**	*1,868,543*

20. Financial commitments

At 30 April 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2003 £	2002 £
Expiry date:		
In over five years	**10,750**	*10,750*

21. Contingent liabilities

At 30th April 2002 the company had contingent liabilities of £46,583 (2002: £111,111) in connection with guarantees relating to bank borrowings of group and connected companies.

22. Related party transactions

The related party transactions, as defined by Financial Reporting Standard Number 8, the nature of the relationship, the extent of the transactions between them and the balances outstanding at the Balance Sheet date are summarised as follows:-

Relationship :

1. Hardy Developments Limited
2. Hardy Developments (Suffolk) Limited
3. Hardy Investments Limited

All of the above companies are controlled by Mr. M. L. Hardy, a director and controlling shareholder of A. W. Hardy & Co. Limited.

Transactions :

During the year the company received management charges on normal trading terms from Hardy Developments Limited of £587 (2002: £587) and Hardy Developments (Suffolk) Limited of £26,240 (2002: £26,240) and H. D. Blackgate Limited of £250 (2002: £250).

During the year, the company paid rent to Hardy Investments Limited of £20,000 (2002: £20,000) on normal trading terms re storage of plant, machinery and scaffolding.

Amounts Due To / From Related Parties :

At the year end Hardy Developments Limited owed the company £700,758 (2002: £499,821) as detailed in note 12, and owed to Hardy Developments (Suffolk) Limited £159,375 (2002: £192,985) and was owed £241,269 (2002: £199,489 by Hardy Investments Limited.

These financial statements are incorporated within the consolidated financial statements of the A. W. Hardy & Co. Group and consequently no related party transactions are disclosed in respect of subsidiaries included within the consolidated financial statements.

23. Ultimate controlling party

The ultimate controlling party of the company is Mr. M. L. Hardy for this and the preceding year by virtue of his majority shareholding.

24. Gross cash flows

	2003 £	2002 £
Returns on investments and servicing of finance		
Interest received	**44,785**	*35,787*
Interest paid	**(628)**	*(3,824)*
Dividends received	**100,000**	*30,000*
Preference dividends paid	**(68,245)**	*(40,000)*
	75,912	*21,963*
Taxation		
Corporation tax paid	**(40,584)**	*(7,406)*
Capital expenditure		
Payments to acquire tangible assets	**(68,106)**	*(134,201)*
Receipts from sales of tangible assets	**35,485**	*16,350*
	(32,621)	*(117,851)*
Financing		
Repayment of other long term loans	**(25,020)**	*(33,610)*

25. Analysis of changes in net debt

	Opening balance £	Cash flows £	Other changes £	Closing balance £
Cash at bank and in hand	**1,477,922**	**(132,073)**		**1,345,849**
Debt due after one year	**(159,375)**	-	**25,020**	**(134,355)**
Finance leases and hire purchase contracts	-	-	**(61,960)**	**(61,960)**
	(159,375)	-	**(36,940)**	**(196,315)**
Net debt	**1,318,547**	**(132,073)**	**(36,940)**	**1,149,534**