

Hargreaves Construction Company Limited
Directors' Report and Accounts
Year Ended 24 December 2000

Company Registration No. 901310 (England and Wales)



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Hargreaves Construction Company Limited

Company Information

Directors

N H Andrew
R Andrew
J Hazelwood
R R Andrew

Secretary

J Hazelwood

Company number

901310

Registered office

Brookfield, Lyminster Road
Lyminster
West Sussex
BN17 7QN

Business address

Rustington House
Worthing Road
Rustington
West Sussex
BN16 3PS

Auditors

BDO Stoy Hayward
8 Baker Street
LONDON
W1U 3LL

Hargreaves Construction Company Limited

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Hargreaves Construction Company Limited

Directors' Report Year ended 24 December 2000

The directors present their report and accounts for the year ended 24 December 2000.

Directors

The following directors have held office since 25 December 1999:

N H Andrew
R Andrew
J Hazelwood
R R Andrew

Directors' responsibilities

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts 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 accounts 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 and business review

The Company's principal business activity is to procure construction works required by other companies in the Hargreaves Group.

There has been no significant change in the company's activities during the year and the directors are satisfied with the company's trading during the year.

Directors' interests

No director had an interest in the shares of the company.

All the directors were also directors of the ultimate parent company, Hargreaves Property Holdings Limited, and their interests in the shares of that company are disclosed in its own accounts.

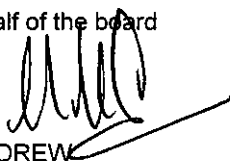
Hargreaves Construction Company Limited

Directors' Report Year ended 24 December 2000

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that BDO Stoy Hayward be reappointed as auditors of the company will be put to the Annual General Meeting.

On behalf of the board



N H ANDREW

Director

Date: 19th October 2001

Hargreaves Construction Company Limited

Report of the Auditors

To the shareholders of Hargreaves Construction Company Ltd

We have audited the financial statements on pages 4 to 11 which have been prepared under the accounting policies set out on page 6 .

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the 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.

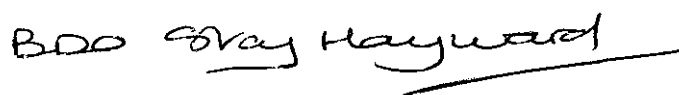
Basis of opinion

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 as at 24 December 2000 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD

Chartered Accountants
and Registered Auditors
London

Date: 19 October 2001

Hargreaves Construction Company Limited

Profit and Loss Account Year ended 24 December 2000

	Notes	2000 £	1999 £
Turnover	2	5,208,770	5,823,277
Cost of sales		(4,577,886)	(5,284,373)
Gross profit		630,884	538,904
Administrative expenses		(340,000)	(230,258)
Operating profit	3	290,884	308,646
Other interest receivable and similar income	4	124,071	5,487
Interest payable and similar charges	5	(194,639)	(141,735)
Profit on ordinary activities before taxation		220,316	172,398
Tax on profit on ordinary activities		(3,750)	-
Profit on ordinary activities after taxation		216,566	172,398
Dividends		-	-
Profit for the year	14	216,566	172,398

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

Hargreaves Construction Company Limited

Balance Sheet As at 24 December 2000

	Notes	£	2000 £	£	1999 £
Current assets					
Stocks	8	1,713,954		1,368,722	
Debtors	9	7,842,337		5,471,490	
Cash at bank and in hand		4,335,794		4,812,341	
		<u>13,892,085</u>		<u>11,652,553</u>	
Creditors: amounts falling due within one year	10	(10,016,120)		(7,255,654)	
		<u></u>		<u></u>	
Net current assets			3,875,965		4,396,899
			<u></u>		<u></u>
Total assets less current liabilities			3,875,965		4,396,899
			<u></u>		<u></u>
Creditors: amounts falling due after more than one year	11	(2,987,500)		(3,700,000)	
Provisions for liabilities and charges	12	(271,326)		(296,326)	
			<u>617,139</u>		<u>400,573</u>
			<u></u>		<u></u>
Capital and reserves					
Called up share capital	13		2,200		2,200
Profit and loss account	14		614,939		398,373
			<u></u>		<u></u>
Shareholders' funds - equity interests	15		<u>617,139</u>		<u>400,573</u>

The accounts were approved by the Board on 19th October 2001.

N H ANDREW

Director



Hargreaves Construction Company Limited

Notes to the Accounts Year ended 24 December 2000

1 Accounting policies

1.1 Accounting convention

The accounts are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of value added tax.

1.4 Stock and work in progress

Work in progress is stated at direct cost plus attributable overheads, or net realisable value if lower. Net realisable value is determined by the directors.

1.5 Long term contracts

Long term contract work in progress is stated in the balance sheet at total costs incurred, net of amounts transferred to the profit and loss account in respect of work carried out to the balance sheet date. Full provision is made for any foreseeable losses.

Revenue which relates to work carried out to the balance sheet date including an appropriate proportion of foreseeable profit, is included in turnover. The amount by which turnover exceeds payments on account is classified within debtors and disclosed as 'amounts recoverable on long term contracts'.

1.6 Pensions

The company operates defined contribution pension schemes and a funded unapproved retirement benefit scheme whereby the assets of the schemes are held separately from those of the company in independently administered funds. Contributions are charged to Hargreaves Management Limited and recognised in its profit and loss account as they are incurred.

1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability will crystallise in the foreseeable future.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity which is wholly undertaken in the United Kingdom.

3 Operating profit

Auditors' remuneration is borne by Hargreaves Management Limited, a fellow group company.

4 Other interest receivable and similar income

	2000 £	1999 £
Other interest	<u>124,071</u>	<u>5,487</u>

Hargreaves Construction Company Limited

Notes to the Accounts Year ended 24 December 2000

5	Interest payable and similar charges	2000 £	1999 £
	On bank loans and overdrafts	41,679	4,418
	On other loans	152,960	137,317
		<u>194,639</u>	<u>141,735</u>

6 Employees

Number of employees

The average number of employees (including directors) during the year was:

	2000 Number	1999 Number
Administration	26	24
Site operatives	15	15
<u>Less:</u>		
Administration employees for whom costs borne by Hargreaves Management Limited	(26)	(24)
	<u>15</u>	<u>15</u>

Employment costs

	£	£
Wages and salaries	840,565	809,329
Social security costs	96,598	73,908
Other pension costs	856,373	855,061
<u>Less:</u>		
Costs borne by Hargreaves Management Limited	(1,486,093)	(1,431,452)
	<u>307,443</u>	<u>306,846</u>

The cost of £307,443 represents wages and salaries of £282,688 and Social Security costs of £24,755.

7 Directors' emoluments

	2000 £	1999 £
Emoluments for qualifying services	191,349	137,708
Company pension contributions to money purchase schemes	820,881	813,903
<u>Less:</u>		
Costs borne by Hargreaves Management Limited	(1,012,230)	(951,611)
	<u>-</u>	<u>-</u>

Hargreaves Construction Company Limited

Notes to the Accounts Year ended 24 December 2000

8	Stocks and work in progress	2000	1999
		£	£

Work in progress	<u>1,713,954</u>	<u>1,368,722</u>
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9	Debtors	2000	1999
		£	£

Trade debtors	42,706	153,014
Amounts recoverable on long term contracts	93,150	98,150
Amounts owed by group undertakings	7,358,605	4,994,103
ACT recoverable	10,250	14,000
Other debtors	291,473	171,157
Prepayments and accrued income	46,153	41,066
	<u>7,842,337</u>	<u>5,471,490</u>

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

	2000	1999
	£	£
Amounts owed by group undertakings	1,684,557	1,854,641
ACT recoverable	10,250	14,000
	<u>1,694,807</u>	<u>1,868,641</u>

10	Creditors: amounts falling due within one year	2000	1999
		£	£

Bank loans and overdrafts	1,108,629	968,694
Trade creditors	282,919	393,040
Amounts owed to group undertakings	6,825,616	3,235,017
Corporation tax	-	-
Other taxes and social security costs	74,429	194,048
Directors' current accounts	95,443	29,222
Other loans	603,018	1,003,602
Other creditors	247,956	734,102
Accruals and deferred income	778,110	697,929
	<u>10,016,120</u>	<u>7,255,654</u>

The bank loans and overdrafts are secured by fixed charges over assets of this and other group companies and by a floating charge over the assets of this company.

Hargreaves Construction Company Limited

Notes to the Accounts Year ended 24 December 2000

11 Creditors: amounts falling due after more than one year	2000	1999
	£	£
Bank loans	<u>2,987,500</u>	<u>3,700,000</u>
The bank loans carry variable interest rates and are repayable as follows:		
Not wholly repayable within five years by instalments	550,000	887,500
Wholly repayable within five years	2,437,500	2,812,500
	<u>2,987,500</u>	<u>3,700,000</u>
Bank loan maturity analysis		
Between one and two years	750,000	712,500
Between two and five years	1,687,500	2,100,000
In five years or more	550,000	887,500
	<u>2,987,500</u>	<u>3,700,000</u>
12 Provisions for liabilities and charges	2000	1999
	£	£
Provision for remedial works	188,150	198,150
Provision for foreseeable losses on long term contracts	83,176	98,176
Balance at 24 December 2000	<u>271,326</u>	<u>296,326</u>

Hargreaves Construction Company Limited

Notes to the Accounts

Year ended 24 December 2000

13 Share capital	2000 £	1999 £
Authorised		
2,200 Ordinary shares of £1 each	<u>2,200</u>	<u>2,200</u>
Allotted, called up and fully paid		
2,200 Ordinary shares of £1 each	<u>2,200</u>	<u>2,200</u>

14 Statement of movements on profit and loss account

	£
Balance at 25 December 1999	398,373
Retained profit for the year	216,566
Balance at 24 December 2000	<u>614,939</u>

15 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Profit for the financial year	216,566	172,398
Opening shareholders' funds	400,573	228,175
Closing shareholders' funds	<u>617,139</u>	<u>400,573</u>

16 Financial commitments

The company has entered into a guarantee in respect of any borrowings with Barclays Bank Plc, of seventeen fellow group companies. The total borrowings of the group with the bank amounted to £3,725,796 at the balance sheet date.

17 Pension costs

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £856,373 (1999 - £855,061). All costs for 2000 have been charged to Hargreaves Management Limited and are disclosed in its own accounts.

18 Ultimate parent company

The directors consider that the ultimate parent company is Hargreaves Property Holdings Limited which is registered in England and Wales and is the parent of both the smallest and the largest groups of which the company is a member.

Hargreaves Construction Company Limited

Notes to the Accounts

Year ended 24 December 2000

19 Related party transactions

Included in creditors payable within one year are loans from the Hargreaves 1997 FURBS in the amount of £889,549 (1999:£1,187,004). Interest is charged at 3% over Barclays Bank base rate and the amount charged to the profit & loss account in the year was £103,129 (1999:£94,281)

Included in creditors payable within one year are loans from Andrew family members and family trusts in the amount of £277,966 (1999:£724,807). Interest is charged at rates varying between 7.75% and 9% and the amount charged to profit and loss account in the year was £37,903 (1999:£28,769)

Included within creditors payable within one year are loans from certain directors of the company. Interest is charged at rates varying between 7.75% and 8%. The amounts outstanding at the year end and the interest charged to profit and loss account in the year are as follows:

	Liability 2000	Liability 1999	Interest 2000	Interest 1999
NH Andrew	125,590	53,973	8,132	7,763
R Andrew	32,988	31,042	2,773	3,354
RR Andrew	12,490	11,502	1,036	3,067
	<u>171,068</u>	<u>96,517</u>	<u>11,941</u>	<u>14,184</u>

Included within debtors are loans to Kentcoast Ltd, a company in which J Hazelwood and R R Andrew have interests, in the amount of £276,138 (1999: £76,137). Interest is credited at 2% above Barclays Bank plc base rate and the amount credited to profit and loss account in the year was £8,400 (1999: £1,187)

The company has taken advantage of the exemption allowed by FRS 8 not to disclose any transactions with entities that are included in the consolidated accounts of the ultimate parent company.