STATUTORY

HOULIHAN & CO (EXCAVATIONS) LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31ST AUGUST 1997

Company Number: 1065430



HOULIHAN & CO (EXCAVATIONS) LIMITED

ACCOUNTS FOR THE YEAR ENDED 31ST AUGUST 1997

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HOULIHAN & CO (EXCAVATIONS) LIMITED

COMPANY INFORMATION
AS AT 31ST AUGUST 1997

DIRECTORS

Mrs V Houlihan
K Winney
K O'Sullivan - resigned 28/01/97
M T Doohan

SECRETARY

M T Doohan

REGISTERED OFFICE

Ashford House
Littleton Road
Ashford
Middlesex
TW15 1UQ

REGISTERED NUMBER

1065430

AUDITORS

Miell and Company
Cranbrook House
287-291 Banbury Road
Oxford
OX2 7JQ

DIRECTORS' REPORT

The directors present their annual report with the financial statements of the company for the year ended 31st August 1997.

PRINCIPAL ACTIVITIES
The principal activity of the company during the year under review continued to be that of groundwork contractors to the building and civil engineering industry.

RESULTS AND DIVIDENDS
The financial results are set out on page 5.

The directors do not recommend the payment of a final dividend for the year under review. If this recommendation is approved retained profits of £263,133 will be added to reserves. A dividend of 80p per share was paid during the year.

FIXED ASSETS
Details of the movements in fixed assets are shown in the notes to the accounts.

MARKET VALUE OF FREEHOLD LAND AND BUILDINGS
In the opinion of the directors the market value of the freehold land and buildings is not materially different from the restated value of £750,000.

DIRECTORS AND THEIR INTERESTS
The directors in office in the year and their beneficial interests, including family interests, in the company at the balance sheet date and the beginning of the year were as follows:-

		Number of Shares	
		1997	1996
Mrs V Houlihan	Ordinary shares of £1 each	50,000	50,000
K Winney		-	-
K O'Sullivan - resigned 28/01/97		-	-
M T Doohan		-	-

RETIRING DIRECTOR
The director retiring by rotation at the next Annual General Meeting in accordance with the Articles of Association is M T Doohan who offers himself for re-election.

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 as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

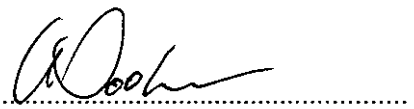
- select suitable accounting policies and then apply them consistently;
- make judgements and estimate that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining 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.

CLOSE COMPANY
The company is a close company, as defined by the Income and Corporation Taxes Act 1988.

AUDITORS
The auditors, Miell and Company, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

By order of the Board:



.....
SECRETARY

AUDITORS' REPORT TO THE MEMBERS OF HOULIHAN & CO (EXCAVATIONS) LIMITED

We have audited the financial statements on pages 5 to 15 which have been prepared under the historical cost convention and in accordance with the accounting policies set out on pages 9 and 10.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described in the Directors' Report, 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 as to whether 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.

FUNDAMENTAL UNCERTAINTY

As disclosed in note 7, the freehold property is included in the accounts at a market value of £750,000 and since no professional valuation has been carried out we are unable to quantify the true market value at the balance sheet date. Our opinion is not qualified in this respect.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31st August 1997 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Miell & Company

MIELL AND COMPANY
REGISTERED AUDITOR

Cranbrook House
287-291 Banbury Road
Oxford
OX2 7JQ

25th June 1998

HOULIHAN & CO (EXCAVATIONS) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST AUGUST 1997

	Notes	1997 £	1996 £
TURNOVER		10,579,974	7,046,404
Cost of sales		9,219,620	6,166,994
GROSS PROFIT		1,360,354	879,410
Administrative expenses		909,492	914,871
OPERATING PROFIT/(LOSS)	2	450,862	(35,461)
Interest payable	3	54,491	51,140
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		396,371	(86,601)
Tax on ordinary activities	5	93,238	(20,656)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		303,133	(65,945)
Dividends	6	40,000	-
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		263,133	(65,945)
Retained profits brought forward		1,240,206	1,306,151
RETAINED PROFITS CARRIED FORWARD		1,503,339	1,240,206

Continuing operations
None of the company's activities were acquired or discontinued during the above two financial years.

Total recognised gains and losses
The company has no recognised gains or losses other than the profit or loss for the above two financial years.

Historical cost
There is no difference between the results as disclosed in the profit and loss account before tax, and retained profit for the year on an unmodified historical cost basis.

The notes on pages 9 to 15 form part of these financial statements

HOULIHAN & CO (EXCAVATIONS) LIMITED

BALANCE SHEET
AS AT 31ST AUGUST 1997

	Notes		1997 £		1996 £
FIXED ASSETS					
Tangible assets	7		1,964,494		1,573,605
Investments	8		19,800		19,800
			1,984,294		1,593,405
CURRENT ASSETS					
Debtors	9	2,435,974		1,714,063	
Cash at bank and in hand		105,222		21,611	
		2,541,196		1,735,674	
CREDITORS: Amounts falling due within one year	10	2,564,157		1,899,412	
NET CURRENT LIABILITIES			(22,961)		(163,738)
TOTAL ASSETS LESS CURRENT LIABILITIES			1,961,333		1,429,667
CREDITORS: Amounts falling due after more than one year	11		340,790		101,929
PROVISIONS FOR LIABILITIES AND CHARGES	13		67,204		37,532
NET ASSETS			1,553,339		1,290,206
CAPITAL AND RESERVES					
Called up share capital	14		50,000		50,000
Profit and loss account			1,503,339		1,240,206
TOTAL SHAREHOLDERS' FUNDS	15		1,553,339		1,290,206

The financial statements were approved by the board of directors on 19th June '98 and signed on its behalf by:

Director V. Houlihan

Director

The notes on pages 9 to 15 form part of these financial statements.

HOULIHAN & CO (EXCAVATIONS) LIMITED

CASHFLOW STATEMENT
FOR THE YEAR ENDED 31ST AUGUST 1997

	Notes	1997 £	1996 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	2	809,817	86,311
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(54,491)	(51,140)
CAPITAL EXPENDITURE (Note A)		(594,645)	(132,482)
Taxation		(65,907)	(10,000)
		94,774	(107,311)
FINANCING (Note A)		206,689	(235,309)
Dividends		(40,000)	-
INCREASE/(DECREASE) IN CASH IN THE YEAR		261,463	(342,620)
RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET DEBT			
INCREASE/(DECREASE) IN CASH IN THE YEAR		261,463	(342,620)
Movements in cash repaying bank borrowings		99,459	84,936
Movements in cash repaying capital element of hire purchase contracts		(306,148)	150,373
Change in net debt		54,774	(107,311)
Net debt at 1.9.96		(558,722)	(451,411)
NET DEBT AT 31.8.97 (Note B)		(503,948)	(558,722)

The notes on pages 9 to 15 form part of these financial statements.

NOTES TO THE CASHFLOW STATEMENT
FOR THE YEAR ENDED 31ST AUGUST 1997

	1997 £	1996 £
NOTE A - GROSS CASH FLOWS		
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	793,951	156,311
Receipts from the sale of tangible fixed assets	(199,306)	(23,829)
	594,645	132,482
FINANCING		
Capital repayments on hire purchase contracts	306,148	(150,373)
Repayment of amounts borrowed	(99,459)	(84,936)
	206,689	(235,309)

NOTE B - ANALYSIS OF CHANGES IN NET DEBT

	At 1.9.96 £	Cashflows £	At 31.8.97 £
Cash in hand and at bank	21,611	83,611	105,222
Bank overdraft	(177,852)	177,852	-
		261,463	
Debt due within one year	(300,552)	32,172	(268,380)
Debt due after one year	(101,929)	(238,861)	(340,790)
	(558,722)	54,774	(503,948)

The notes on pages 9 to 15 form part of these financial statements.

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards.

The following is a summary of the significant accounting policies adopted by the company in the preparation of the financial statements.

(a) **Turnover**
Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

Turnover also includes an amount which is in excess of payments on account on long term contracts and is classified as 'amounts recoverable on long term contracts' in debtors.

(b) **Depreciation of tangible fixed assets**
Depreciation is provided on the following annual rates in order to write off each asset over its useful life:-

Plant and equipment	25% per annum on reducing balance basis
Motor vehicles	25% per annum on reducing balance basis
Office equipment	25% per annum on reducing balance basis

Depreciation has not been provided in respect of freehold buildings. The company adopts a policy of fully maintaining its buildings and as such market value is not expected to fall below the value shown in these accounts.

(c) **Stocks**
Stocks are stated at the lower of cost and net realisable value.

Work in progress has been valued at the cost of material and labour, with an appropriate addition for overheads.

(d) **Long term contracts**
In accordance with SSAP9(revised), the amount of long term contracts is stated at costs incurred, net of amounts transferred to cost of sales, after deducting foreseeable losses and payments on account not matched with turnover.

(e) **Deferred Taxation**
Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

(f) **Leasing and hire purchase commitments**
Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

1. STATEMENT OF ACCOUNTING POLICIES - Continued

(g) **Pension costs**
The company operates a non-contributory defined contribution pension scheme covering the directors and certain other employees. The scheme funds are administered by trustees and are independent of the company's finances. Contributions are paid to the scheme in accordance with the recommendations of independent actuaries. The company's contributions are charged to the profit and loss account in the year in which the contributions are made.

2. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated:	**1997**	1996
	£	£
(a) After charging:		
Depreciation on fixed assets	266,344	260,288
Auditors' remuneration	7,000	7,000
Hire of plant and equipment	395,139	155,069
Compensation for loss of office	7,000	-
After crediting:		
Profit on sale of fixed assets	62,589	6,344

(b) Reconciliation of operating profit/(loss) to net cash inflow from operating activities:	**1997**	1996
	£	£
Operating profit/(loss)	450,862	(35,461)
Depreciation	266,344	260,288
Profit on disposal of fixed assets	(62,589)	(6,344)
Debtors movement	(721,911)	150,224
Creditors movement	877,111	(282,396)
NET CASH INFLOW FROM OPERATING ACTIVITIES	809,817	86,311

3. INTEREST PAYABLE

	1997	1996
	£	£
On bank loans and overdrafts	15,964	19,987
On overdue tax	2,082	-
On finance leases and hire purchase contracts	36,445	31,153
	54,491	51,140

4. INFORMATION ON DIRECTORS AND EMPLOYEES

	1997	1996
	£	£
(a) Staff costs (including directors and excluding benefits)		
Wages and salaries	2,017,107	1,115,238
Social security costs	203,768	133,062
Pension contributions	40,000	-
	2,260,875	1,248,300

The average number of employees during the year, including directors, was made up as follows:

	1997	1996
	No.	No.
Production	89	54
Office and management	10	6
	99	60

(b) Directors' emoluments

	1997	1996
	£	£
Salaries	137,055	160,380
Benefits in kind	25,315	21,804
	162,370	182,184

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997	1996
	£	£
The taxation charge based on the profit before tax comprises:		
U.K. corporation tax on profits at 22.7% (1996 - 24.6%)	63,566	10,051
Deferred taxation (Note 13)	29,672	(30,707)
	93,238	(20,656)

6. DIVIDENDS

	1997	1996
	£	£
Ordinary - interim paid	40,000	-

7. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and equipment £	Office equipment £	Motor vehicles £	Total £
Cost or valuation:					
At 1st September 1996	750,000	1,334,343	13,682	713,599	2,811,624
Additions	-	629,882	-	164,069	793,951
Disposals	-	(459,773)	-	(176,975)	(636,748)
At 31st August 1997	750,000	1,504,452	13,682	700,693	2,968,827
Depreciation:					
At 1st September 1996	-	873,121	10,277	354,622	1,238,020
Charge in year	-	155,662	853	109,829	266,344
On disposals	-	(363,869)	-	(136,162)	(500,031)
At 31st August 1997	-	664,914	11,130	328,289	1,004,333
Net book value:					
At 31st August 1996	750,000	461,222	3,405	358,978	1,573,605
At 31st August 1997	750,000	839,538	2,552	372,404	1,964,494

The directors consider the market value of the freehold premises to be £750,000 at 31st August 1997 (1996 - £750,000). The difference between the cost and market value was charged to the profit and loss account in the year ended 31st August 1995.

Freehold land and buildings incorporates a devaluation of £248,601 made in the year ended 31st August 1995, there have been no additions to cost since this devaluation was made.

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

	1997 £	1996 £
Net Book values:		
Plant and equipment	589,215	222,691
Motor vehicles	287,217	311,498
	876,432	534,189
Depreciation charge for the year:		
Plant and equipment	58,286	65,758
Motor vehicles	73,429	97,245
	131,715	163,003

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

8. INVESTMENTS

Cost:	Beginning and end of year £
Unlisted investments	19,800

The directors consider that the market value of the investments does not differ materially from cost.

9. DEBTORS

	1997 £	1996 £
Trade debtors	136,641	101,102
Amounts recoverable on long term contracts	2,014,207	1,460,671
Other debtors	245,029	126,840
Prepayments and accrued income	40,097	25,450
	2,435,974	1,714,063

10. CREDITORS: Amounts falling due within one year

	1997 £	1996 £
Bank loans and overdrafts	-	262,852
Trade creditors	1,441,625	918,469
Provisions for losses on long term contracts	588,822	313,142
Corporation tax	83,617	75,958
Other taxes and social security costs	89,975	51,975
Hire purchase commitments	268,380	215,552
Directors' loan account	17,402	27,674
Accruals and deferred income	74,336	33,790
	2,564,157	1,899,412

The directors loan is unsecured, interest free and has no fixed repayment date.

Included within trade creditors above are amounts which may be the subject of retention of title clauses.

The bank loan and overdraft are secured by a fixed charge over the freehold premises of the company. The bank loan was repaid during the year.

11. CREDITORS: Amounts falling due after more than one year

	1997 £	1996 £
Bank loans due within five years	-	14,459
Hire purchase commitments due within five years	340,790	87,470
	340,790	101,929

The bank loan, which was repaid during the year, was secured by a fixed charge over the freehold premises of the company.

12. OBLIGATIONS UNDER FINANCE LEASE AND HIRE PURCHASE CONTRACTS

The company's net obligations under finance leases and hire purchase contracts are repayable as follows:	1997 £	1996 £
Within one year or on demand	304,894	242,126
Between one and two years	238,055	99,664
Between two and five years	148,422	-
	691,371	341,790
Finance charges and interest allocated to future accounting periods	82,201	38,768
	609,170	303,022
Included in current liabilities	268,380	215,552
	340,790	87,470

13. PROVISIONS FOR LIABILITIES AND CHARGES

	Fully Provided 1997 £	Fully Provided 1996 £
Deferred tax is calculated at 21% (1996 -24%) analysed over the following timing differences:		
Capital allowances	67,204	37,532

	1997 £
Movements on the provision for deferred taxation are:	
At 1st September 1996	37,532
Transfer for the year (Note 5)	29,672
At 31st August 1997	67,204

14. CALLED UP SHARE CAPITAL	1997 £	1996 £
Authorised:		
Equity interests:		
Ordinary shares of £1 each	50,000	50,000
Allotted, called up and fully paid:		
Equity interests:		
Ordinary shares of £1 each	50,000	50,000

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	1997 £	1996 £
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	303,133	(65,945)
Dividends	40,000	-
NET ADDITION TO/(REDUCTION IN) SHAREHOLDERS' FUNDS	263,133	(65,945)
Opening shareholders' funds	1,290,206	1,356,151
CLOSING SHAREHOLDERS' FUNDS	1,553,339	1,290,206
REPRESENTED BY:		
Equity interests	1,553,339	1,290,206