

STATUTORY

HOULIHAN AND CO (EXCAVATIONS) LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2001

The MGroup Partnership
Registered Auditors
Cranbrook House
287-291 Banbury Road, Oxford
OX2 7JQ



Company Registration Number: 1065430

HOULIHAN AND CO (EXCAVATIONS) LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2001**

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HOULIHAN AND CO (EXCAVATIONS) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 AUGUST 2001**

DIRECTORS

Mrs V Houlihan
K Winney
M T Doohan
K Root
P Withers

SECRETARY

M T Doohan

REGISTERED OFFICE

Ashford House
Littleton Road
Ashford
Middlesex
TW15 1QU

COMPANY REGISTRATION NUMBER

1065430

AUDITORS

The MGroup Partnership
Registered Auditors
Cranbrook House
287-291 Banbury Road
Oxford
OX2 7JQ

HOULIHAN AND CO (EXCAVATIONS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2001

The directors present their annual report with the financial statements of the company for the year ended 31 August 2001.

PRINCIPAL ACTIVITIES

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

RESULTS AND DIVIDENDS

The results of the year's trading, the financial position of the company and the transfer to reserves are shown in the annexed financial statements.

The net profit for the year, before taxation, amounted to £1,087,807 (2000 = profit of £1,158,953). The directors recommend the payment of a dividend of £7 per share for the year under review.

REVIEW OF BUSINESS

The directors consider the company to be meeting its objectives to a satisfactory extent.

FUTURE DEVELOPMENTS

Likely future developments in the business of the company are that the company will continue to develop its trade.

DIRECTORS

The following directors held office during the year and their interests, including family interests, in the shares of the company at the year end were as follows:

		Number of shares	
		31/8/01	1/9/00
Mrs V Houlihan	Ordinary shares of £1 each	50,000	50,000
K Winney	Ordinary shares of £1 each	-	-
M T Doohan	Ordinary shares of £1 each	-	-
K Root	Ordinary shares of £1 each	-	-
P Withers	Ordinary shares of £1 each	-	-

RETIRING DIRECTOR

The directors retiring by rotation at the next Annual General Meeting in accordance with the Articles of Association are Mrs V Houlihan and Mr K Winney who being eligible offer themselves for re-election.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2001**

STATEMENT OF 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 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 estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- 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.

CLOSE COMPANY PROVISIONS

The company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

AUDITORS

The auditors The MGroup Partnership (formerly Miell and Company) have expressed their willingness to continue in office, and in accordance with section 385 of the Companies Act 1985 a resolution proposing their reappointment will be submitted at the Annual General Meeting.

BY ORDER OF THE BOARD



SECRETARY

HOULIHAN AND CO (EXCAVATIONS) LIMITED

**AUDITORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2001**

TO THE SHAREHOLDERS OF HOULIHAN AND CO (EXCAVATIONS) LIMITED

We have audited the financial statements on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 8 and 9.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 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 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 31 August 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

The MGroup Partnership

THE MGROUP PARTNERSHIP
CHARTERED CERTIFIED ACCOUNTANTS
REGISTERED AUDITORS
OXFORD

26 June 2002

HOULIHAN AND CO (EXCAVATIONS) LIMITED
**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2001**

	Notes	2001 £	2000 £
TURNOVER		19,453,007	16,176,061
Cost of sales		16,268,548	13,135,566
GROSS PROFIT		3,184,459	3,040,495
Administrative expenses		2,092,295	1,864,399
OPERATING PROFIT	3	1,092,164	1,176,096
Other interest receivable and similar income		31,195	19,027
		1,123,359	1,195,123
Interest payable and similar charges	6	35,552	36,170
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,087,807	1,158,953
Taxation on ordinary activities	7	401,801	432,989
PROFIT FOR THE FINANCIAL YEAR		686,006	725,964
Dividends paid and proposed	8	350,000	305,000
RETAINED PROFIT FOR THE FINANCIAL YEAR		336,006	420,964
Retained profit brought forward		2,452,659	2,031,694
RETAINED PROFIT CARRIED FORWARD		2,788,665	2,452,658

The only recognised gains or losses for both periods are the profits reported above.

There are no acquisitions or discontinued operations during the year.

HOULIHAN AND CO (EXCAVATIONS) LIMITED

BALANCE SHEET AS AT 31 AUGUST 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Tangible assets	9	2,296,129	2,113,531
Investments	10	19,800	19,800
		<u>2,315,929</u>	<u>2,133,331</u>
CURRENT ASSETS			
Stock	11	125,878	35,415
Debtors	12	4,412,751	3,424,431
Cash at bank and in hand		239,427	1,212,052
		<u>4,778,056</u>	<u>4,671,898</u>
CREDITORS: Amounts falling due within one year	13	3,928,424	3,896,537
		<u>849,632</u>	<u>775,361</u>
NET CURRENT ASSETS			
		<u>3,165,561</u>	<u>2,908,692</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS: Amounts falling due after more than one year	14	159,993	225,218
Provisions for liabilities and charges	15	166,903	180,815
		<u>2,838,665</u>	<u>2,502,659</u>
NET ASSETS			
CAPITAL AND RESERVES			
Called up share capital	16	50,000	50,000
Profit and loss account		2,788,665	2,452,658
		<u>2,838,665</u>	<u>2,502,659</u>
SHAREHOLDERS' FUNDS			
		<u>2,838,665</u>	<u>2,502,659</u>

These accounts were approved by the board of directors on the following:

26 June 2002

and signed on its behalf by

Director



Director



**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2001**

RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Notes	2001 £	2000 £
Operating Profit		1,092,164	1,176,096
Depreciation		577,869	589,779
(Profit) / loss on disposal of fixed assets		6,019	(34,818)
(Increase) in stocks		(90,463)	(35,415)
Decrease / (increase) in trade debtors		168,683	(85,140)
(Increase) in other debtors		(1,157,003)	(117,416)
(Decrease) / increase in trade creditors		(561,808)	1,098,112
Increase in other taxation creditors		31,471	10,192
Increase in other creditors		489,128	328,541
Net cash flow from operating activities		556,060	2,929,931

CASH FLOW STATEMENT

		2001 £	2000 £
Net cash flow from operating activities		556,060	2,929,931
Returns on investments and servicing of finance	19	(4,357)	(17,143)
Taxation		(401,650)	(262,210)
Capital Expenditure and financial investment	20	(766,486)	(569,061)
		(616,433)	2,081,517
Equity dividends paid		(350,000)	(305,000)
		(966,433)	1,776,517
Management of liquid resources			
Financing	21	(6,192)	(64,646)
Increase in cash		(972,625)	1,711,871

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT / FUNDS

		2001 £	2000 £
(Decrease) / increase in cash		(972,625)	1,711,871
Net debt / funds brought forward		1,212,052	(499,819)
Net debt / funds carried forward	22	239,427	1,212,052

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2001

1 STATEMENT OF ACCOUNTING POLICIES

Accounting convention

These accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover represents the value of goods and services provided, stated net of value added tax.

Depreciation

Depreciation has been provided at the following rates so as to write off the cost less residual value of the assets over their estimated useful lives.

Plant & equipment	25% per annum reducing balance
Office equipment	25% per annum reducing balance
Motor vehicles	25% per annum reducing balance

Investments

Fixed asset investments are shown at cost less provision for permanent diminution in value. Current asset investments are stated at the lower of cost and net realisable value.

Leases

Assets under finance leases which confer rights and obligations similar to those attached to owned assets are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account on a straight line basis, to produce an approximately constant rate of charge on the balance of capital repayments outstanding. Hire Purchase transactions are dealt with similarly except that assets are depreciated over their useful lives.

Work in progress

Work in progress has been valued at the lower of cost and net realisable value.

Long-term contracts have been assessed on a contract-by-contract basis and reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Turnover is ascertained in a manner appropriate to the stage of completion of the contract calculated by reference to the costs incurred at the balance sheet date. Profit is taken on long term contracts on a prudent basis and only when the final outcome of the project is reasonably certain.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2001

Deferred taxation

Deferred taxation is the taxation attributable to timing differences between profits computed for taxation purposes and profits as stated in the financial statements and is provided for to the extent that it is probable that a liability or asset will crystallise.

Pensions

The company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the amount payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

2 TURNOVER

None of the company's turnover is attributable to geographical markets outside the United Kingdom.

3 OPERATING PROFIT

	2001 £	2000 £
The operating profit is stated after charging:		
Directors' remuneration (Note 4)	870,844	692,108
Company contributions to employee pension schemes	106,757	55,406
Auditors' remuneration - audit fees	9,000	9,000
Auditors' remuneration - non audit fees	7,800	12,453
Depreciation	577,869	389,779
Loss on sale of tangible fixed assets	6,019	-
Operating lease rentals - plant and machinery	1,046,835	777,194
Operating lease rentals - other assets	7,290	4,088
 Exceptional items:		
Loss on impairment	-	200,000
 and after crediting:		
Profit on sale of tangible fixed assets	-	34,818
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2001

4 DIRECTORS' REMUNERATION

	2001 £	2000 £
The remuneration of the directors was as follows:		
Emoluments	761,473	628,000
Company contributions to pension schemes	73,000	31,500
Benefits in kind	36,371	32,608
	<u>870,844</u>	<u>692,108</u>

The remuneration of the highest paid director was as follows:

Emoluments	231,000	230,000
Benefits in kind	1,013	2,108
	<u>232,013</u>	<u>232,108</u>

Five of the directors (2000 - five) are members of the pension scheme.

5 STAFF COSTS

	2001 Number	2000 Number
Average number of persons employed by the company, including directors, during the year:		
Production	145	129
Administration	15	15
	<u>160</u>	<u>144</u>

	2001 £	2000 £
Staff costs incurred during the year in respect of these employees were:		
Wages and salaries	5,204,010	4,469,560
Social security costs	502,373	444,470
Other pension costs	106,757	55,406
	<u>5,813,140</u>	<u>4,969,436</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £	2000 £
Hire purchase interest and finance lease charges	35,467	36,150
Interest on overdue taxation	85	20
	<u>35,552</u>	<u>36,170</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2001

7 TAXATION ON ORDINARY ACTIVITIES

	2001 £	2000 £
Corporation tax charge	414,737	400,674
Corporation tax adjustment regarding prior year	976	1,244
Deferred taxation (Note 15)	(13,912)	31,071
	<u>401,801</u>	<u>432,989</u>

The taxation charge for the year has been calculated at 30%.

8 DIVIDENDS

	2001 £	2000 £
Dividend paid on ordinary shares	-	305,000
Proposed dividend on ordinary shares	350,000	-
	<u>350,000</u>	<u>305,000</u>

9 TANGIBLE ASSETS

	Freehold land and building £	Plant & equipment £	Office equipment £	Motor vehicles £	Total £
Costs					
At 1 September 2000	550,000	1,751,123	33,398	830,466	3,164,987
Additions	-	520,744	7,447	294,062	822,253
Disposals	-	(135,705)	(7,492)	(134,007)	(277,204)
At 31 August 2001	<u>550,000</u>	<u>2,136,162</u>	<u>33,353</u>	<u>990,521</u>	<u>3,710,036</u>
Accumulated depreciation					
At 1 September 2000	-	554,867	15,640	480,949	1,051,456
Charge for year	-	410,656	5,285	161,928	577,869
Disposals	-	(107,035)	(7,071)	(101,312)	(215,418)
At 31 August 2001	<u>-</u>	<u>858,488</u>	<u>13,854</u>	<u>541,565</u>	<u>1,413,907</u>
Net book value					
At 1 September 2000	<u>550,000</u>	<u>1,196,256</u>	<u>17,758</u>	<u>349,517</u>	<u>2,113,531</u>
At 31 August 2001	<u>550,000</u>	<u>1,277,674</u>	<u>19,499</u>	<u>448,956</u>	<u>2,296,129</u>

HOULIHAN AND CO (EXCAVATIONS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2001

Included in the above are assets held under finance leases and hire purchase contracts as follows:

	Freehold land and building	Plant & equipment	Office equipment £	Motor vehicles £	Total £
Depreciation charge for year	-	284,065	-	102,106	386,171
Net book value					
At 1 September 2000	-	691,617	-	166,083	857,700
At 31 August 2001	-	800,847	-	306,308	1,107,155

10 FIXED ASSET INVESTMENTS

	Investment in unquoted shares £
Costs	
At 1 September 2000	19,800
At 31 August 2001	19,800
Net book value	
At 1 September 2000	19,800
At 31 August 2001	19,800

11 STOCK

	2001 £	2000 £
Long term contract balances	125,878	35,415

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2001

12 DEBTORS

	2001	2000
	£	£
Trade debtors	36,242	204,925
Amounts recoverable on long term contracts	3,869,258	2,933,641
Other debtors	507,251	285,865
	<u>4,412,751</u>	<u>3,424,431</u>

13 CREDITORS: amounts falling due within one year

	2001	2000
	£	£
Trade creditors	1,186,222	1,748,030
Provisions for losses on contracts	872,321	562,917
Corporation tax	414,737	400,674
Other taxation and social security	167,294	135,823
H.P. contracts and finance leases	448,289	342,256
Other creditors	839,561	706,837
	<u>3,928,424</u>	<u>3,896,537</u>

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

Included in other creditors are loans from directors (note 18) totalling £1413 (2000 = £48413). These loans are interest free and have no fixed date of repayment.

The bank holds a debenture over the company's assets.

14 CREDITORS: amounts falling due after more than one year

	2001	2000
	£	£
Due within 2 to 5 years		
H.P. contracts and finance leases	<u>159,993</u>	<u>225,218</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2001

15 PROVISIONS FOR LIABILITIES

Provided

Deferred Taxation

Accelerated capital allowances

Balance carried forward

All deferred taxation has been fully provided.

Movements on deferred taxation provision

Balance brought forward

Transfer during the year

Balance carried forward

2001

£

166,903

166,903

2001

£

180,815

(13,912)

166,903

2000

£

180,815

180,815

2000

£

149,744

31,071

180,815

16 SHARE CAPITAL

Ordinary shares of £1 each:

Authorised

Allotted, called up and fully paid

2001

£

50,000

50,000

2000

£

50,000

50,000

17 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

Profit for the financial year

Dividends

Net addition to shareholders' funds

Opening shareholders' funds

Closing shareholders' funds

2001

£

686,006

350,000

336,006

2,502,659

2,838,665

2000

£

725,964

305,000

420,964

2,081,695

2,502,659

18 RELATED PARTY TRANSACTIONS

The directors made loans to the company during the year. The following amounts were due to the directors at the year end:

Mr and Mrs J P Houlihan

2001

£

1,413

2000

£

48,413

On 13 January 2002 the freehold property was transferred to Mr & Mrs J P Houlihan for the sum of £550,000.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2001**

19 CASHFLOWS RELATING TO RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2001	2000
	£	£
Interest received	31,195	19,027
Interest paid	(35,552)	(36,170)
Net cash (outflow)	(4,357)	(17,143)

20 CASHFLOWS RELATING TO CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2001	2000
	£	£
Purchase of tangible fixed assets	(822,253)	(756,160)
Sale of tangible fixed assets	55,767	187,099
Net cash (outflow)	(766,486)	(569,061)

21 CASHFLOWS RELATING TO FINANCE

	2001	2000
	£	£
New finance leases	785,310	776,136
Repayment of finance lease balances	(744,502)	(756,658)
Repayment of directors loan accounts	(47,000)	(84,124)
Net cash (outflow) / inflow	(6,192)	(64,646)

22 ANALYSIS OF CHANGES IN NET DEBT

	At 1 September 2000	Cash flows	Other changes	At 31 August 2001
	£	£	£	£
Cash at bank and in hand	1,212,052	(972,625)	-	239,427

23 POST BALANCE SHEET EVENTS

On 13 January 2002, the company sold the property to Mr & Mrs J P Houlihan for the sum of £550,000.

24 ULTIMATE CONTROLLING PARTY

The company's ultimate controlling party is Mr & Mrs J P Houlihan, who own the company's entire issued share capital