

STATUTORY

HOULIHAN AND CO (EXCAVATIONS) LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2002**

**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 2002**

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HOULIHAN AND CO (EXCAVATIONS) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 AUGUST 2002**

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 2002

The directors present their annual report with the financial statements of the company for the year ended 31 August 2002.

PRINCIPAL ACTIVITY

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 £1,200,800 (2001 = profit of £1,087,808). The directors recommend the payment of a dividend of £15.74 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	
		31/8/02	1/9/01
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 DIRECTORS

The directors retiring by rotation at the next Annual General Meeting in accordance with the Articles of Association are M T Doohan and K Root who being eligible offer themselves for re-election.

HOULIHAN AND CO (EXCAVATIONS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2002

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.

POLICY ON PAYMENT OF CREDITORS

The company does not follow any code or standard on payment practice. It is the company's policy-

- (i) to settle the terms of payment with suppliers when agreeing the terms of transactions with that supplier,
- (ii) to ensure that suppliers are made aware of the terms of payment, and
- (iii) to abide by the terms of payment.

Creditor days calculated with reference to amount due to suppliers as at 31 August 2002 and amounts invoiced by suppliers during the year were 27 days (2001 = 27 days).

EURO

The directors have considered the impact of the introduction of the Euro, but do not envisage any material costs being incurred as a result.

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



M T Doohan
Secretary

21.5.2003

HOULIHAN AND CO (EXCAVATIONS) LIMITED

**INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2002**

TO THE SHAREHOLDERS OF HOULIHAN AND CO (EXCAVATIONS) LIMITED

We have audited the financial statements of Houlihan and Co (Excavations) Limited for the year ended 31 August 2002 on pages 5 to 15 which comprise the Profit and Loss Account, the Balance Sheet and the related

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 your audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or other material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

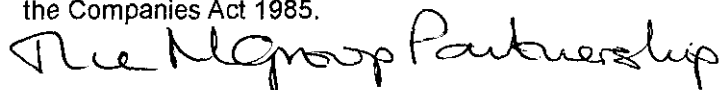
BASIS OF OPINION

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.

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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



THE MGROUP PARTNERSHIP
CHARTERED CERTIFIED ACCOUNTANTS
REGISTERED AUDITORS
OXFORD

30 May 2003

HOULIHAN AND CO (EXCAVATIONS) LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2002**

	Notes	2002 £	2001 £
TURNOVER		19,952,285	19,453,007
Cost of sales		16,603,579	16,268,547
GROSS PROFIT		3,348,706	3,184,460
Administrative expenses		2,128,429	2,092,295
OPERATING PROFIT	3	1,220,277	1,092,165
Other interest receivable and similar income		19,398	31,195
		1,239,675	1,123,360
Interest payable and similar charges	6	38,875	35,552
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,200,800	1,087,808
Taxation on ordinary activities	7	376,735	401,801
PROFIT FOR THE FINANCIAL YEAR		824,065	686,007
Dividends paid and proposed	8	787,000	350,000
RETAINED PROFIT FOR THE FINANCIAL YEAR		37,065	336,007
Retained profit brought forward		2,788,665	2,452,658
RETAINED PROFIT CARRIED FORWARD		2,825,730	2,788,665

There were no acquisitions and no discontinued operations in either of the periods.

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

HOULIHAN AND CO (EXCAVATIONS) LIMITED

BALANCE SHEET AS AT 31 AUGUST 2002

	Notes	2002 £	2001 £
FIXED ASSETS			
Tangible assets	9	1,612,265	2,296,129
Investments	10	19,800	19,800
		<u>1,632,065</u>	<u>2,315,929</u>
CURRENT ASSETS			
Stock	11	18,052	125,878
Debtors	12	4,635,554	4,412,751
Cash at bank and in hand		586,073	239,427
		<u>5,239,679</u>	<u>4,778,056</u>
CREDITORS: Amounts falling due within one year	13	3,799,115	3,928,424
		<u>3,799,115</u>	<u>3,928,424</u>
NET CURRENT ASSETS		<u>1,440,564</u>	<u>849,632</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,072,629</u>	<u>3,165,561</u>
CREDITORS: Amounts falling due after more than one year	14	92,018	159,993
Provisions for liabilities and charges	15	104,881	166,903
		<u>196,899</u>	<u>326,896</u>
NET ASSETS		<u>2,875,730</u>	<u>2,838,665</u>
CAPITAL AND RESERVES			
Called up share capital	17	50,000	50,000
Profit and loss account		2,825,730	2,788,665
		<u>2,875,730</u>	<u>2,838,665</u>
SHAREHOLDERS' FUNDS		<u>2,875,730</u>	<u>2,838,665</u>

These accounts were approved by the board on 21.5.2003 and signed on its behalf by the following:

Director



Director



HOULIHAN AND CO (EXCAVATIONS) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2002

RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Notes	2002 £	2001 £
Operating profit		1,220,277	1,092,165
Depreciation		525,563	577,869
Amortisation		4,317	
Loss on disposal of fixed assets		15,775	6,019
Decrease / (increase) in stock		107,826	(90,463)
(Increase) / decrease in trade debtors		(59,337)	168,683
(Increase) in other debtors		(163,466)	(1,157,003)
Increase / (decrease) in trade creditors		58,928	(561,808)
(Decrease) / increase in other taxation creditors		(29,443)	31,471
Increase in other creditors		8,865	489,128
Net cash flow from operating activities		1,689,305	556,061

CASH FLOW STATEMENT

		2002 £	2001 £
Net cash flow from operating activities		1,689,305	556,061
Returns on investments and servicing of finance	20	(19,477)	(4,357)
Taxation		(415,424)	(401,650)
Capital expenditure	21	138,209	(766,486)
		1,392,613	(616,432)
Equity dividends paid		(787,000)	(350,000)
		605,613	(966,432)
Management of liquid resources			
Financing	22	(258,967)	(6,192)
Increase / (decrease) in cash		346,646	(972,624)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

		2002 £	2001 £
Increase / (decrease) in cash		346,646	(972,624)
Net funds brought forward		239,427	1,212,051
Net funds carried forward	23	586,073	239,427

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2002

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.

Leasehold improvements	10% straight line
Plant and 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.

Rentals under operating leases are charged and credited on a straight-line basis over the lease term.

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.

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.

HOULIHAN AND CO (EXCAVATIONS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2002

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

	2002 £	2001 £
The operating profit is stated after charging:		
Directors' remuneration (Note 4)	722,777	870,844
Company contributions to employee pension schemes	152,000	106,757
Auditors' remuneration - audit fees	9,500	9,000
Auditors' remuneration - non audit fees	10,835	7,800
Depreciation	525,563	577,869
Amortisation	4,317	-
Loss on sale of tangible fixed assets	15,775	6,019
Operating lease rentals - plant and machinery	814,638	1,046,835
Operating lease rentals - other assets	65,074	7,290

4 DIRECTORS' REMUNERATION

	2002 £	2001 £
The remuneration of the directors was as follows:		
Emoluments	575,030	761,473
Company contributions to pension schemes	105,000	73,000
Benefits in kind	42,747	36,371
	<u>722,777</u>	<u>870,844</u>

The remuneration of the highest paid director was as follows:

Emoluments	163,720	231,000
Company contributions to pension schemes	15,000	-
Benefits in kind	11,331	1,013
	<u>190,051</u>	<u>232,013</u>

Four of the directors (2001 - four) are members of the pension scheme.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2002

5 STAFF COSTS

	2002 Number	2001 Number
Average number of persons employed by the company, including directors, during the year:		
Production	150	145
Administration	20	15
	<u>170</u>	<u>160</u>
	2002 £	2001 £
Staff costs incurred during the year in respect of these employees were:		
Wages and salaries	5,559,120	5,204,010
Social security costs	348,598	502,373
Other pension costs	152,000	106,757
	<u>6,059,718</u>	<u>5,813,140</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £	2001 £
Hire purchase interest and finance lease charges	38,875	35,467
Interest on overdue taxation	-	85
	<u>38,875</u>	<u>35,552</u>

7 TAXATION ON ORDINARY ACTIVITIES

	2002 £	2001 £
Corporation tax charge	438,070	414,737
Corporation tax adjustment regarding prior year	687	976
Deferred taxation (Note 15)	(62,022)	(13,912)
	<u>376,735</u>	<u>401,801</u>

The taxation charge for the year has been calculated at 29.9%.

8 DIVIDENDS

	2002 £	2001 £
Dividend paid on ordinary shares	<u>787,000</u>	<u>350,000</u>

HOULIHAN AND CO (EXCAVATIONS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2002**

9 TANGIBLE ASSETS

	Freehold property and leasehold improvements £	Plant and equipment £	Office equipment £	Motor vehicles £	Total £
Costs					
At 1 September 2001	550,000	2,086,862	33,353	1,039,821	3,710,036
Additions	43,168	245,679	10,306	172,088	471,241
Disposals	(550,000)	(99,363)	-	(117,466)	(766,829)
At 31 August 2002	43,168	2,233,178	43,659	1,094,443	3,414,448
Accumulated depreciation					
At 1 September 2001	-	858,488	13,854	541,565	1,413,907
Charge for year	4,317	355,566	7,452	162,545	529,880
Disposals	-	(47,579)	-	(94,025)	(141,604)
At 31 August 2002	4,317	1,166,475	21,306	610,085	1,802,183
Net book value					
At 1 September 2001	550,000	1,228,374	19,499	498,256	2,296,129
At 31 August 2002	38,851	1,066,703	22,353	484,358	1,612,265

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

	Freehold property and leasehold improvements £	Plant and equipment £	Office equipment £	Motor vehicles £	Total £
Depreciation charge for year	-	143,755	-	89,835	233,590
Net book value					
At 1 September 2001	-	381,437	-	225,806	607,243
At 31 August 2002	-	431,253	-	254,438	685,691

Freehold land and property was transferred to the shareholders on 13 January 2002 at an open market value of £550,000.

HOULIHAN AND CO (EXCAVATIONS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2002

10 FIXED ASSET INVESTMENTS

Costs	Investment £
At 1 September 2001 and 31 August 2002	19,800
Net book value	
At 1 September 2001	19,800
At 31 August 2002	19,800

The market value of fixed asset investments are:

2002 £	2001 £
11,680	10,646

11 STOCK

	2002 £	2001 £
Long term contract balances	18,052	125,878

12 DEBTORS

	2002 £	2001 £
Trade debtors	95,579	36,242
Amounts recoverable on long term contracts	3,875,565	3,869,258
Other debtors	664,410	507,251
	4,635,554	4,412,751

13 CREDITORS: amounts falling due within one year

	2002 £	2001 £
Trade creditors	1,245,150	1,186,222
Provisions for future costs on contracts	1,018,319	872,321
Corporation tax	438,070	414,737
Other taxation and social security	137,851	167,294
Hire purchase contracts and finance leases	258,214	448,289
Other creditors	701,511	839,561
	3,799,115	3,928,424

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

Included in other creditors is a loan from a director (note 19) of £496 (2001 = £1413). This loan is interest free and has no fixed date of repayment.

HOULIHAN AND CO (EXCAVATIONS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2002****14 CREDITORS: amounts falling due after more than one year**

	2002	2001
	£	£
Hire purchase contracts and finance leases	92,018	159,993

15 PROVISIONS FOR LIABILITIES

Deferred Taxation	2002	2001
	£	£
Accelerated capital allowances	104,881	166,903
Balance carried forward	104,881	166,903

Movements on deferred taxation provision	2002	2001
	£	£
Balance brought forward	166,903	180,815
Transfer during the year	(62,022)	(13,912)
Balance carried forward	104,881	166,903

16 OPERATING LEASES

	2002	2001
	£	£
Amounts falling due next year under operating leases for land and buildings:		
Expiring in more than five years	78,000	-

17 SHARE CAPITAL

	2002	2001
	£	£
Authorised:		
50000 Ordinary shares of £1 each	50,000	50,000
Allotted, called up and fully paid:		
50000 Ordinary shares of £1 each	50,000	50,000

HOULIHAN AND CO (EXCAVATIONS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2002****18 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2002	2001
	£	£
Profit for the financial year	824,065	686,007
Dividends	787,000	350,000
Net addition to shareholders' funds	37,065	336,007
Opening shareholders' funds	2,838,665	2,502,658
Closing shareholders' funds	2,875,730	2,838,665

19 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:

	2002	2001
	£	£
Mrs V Houlihan	496	1,413

During the year the freehold land and property was transferred to the Mr and Mrs J P Houlihan at a value of £550,000. Mr and Mrs Houlihan have granted the company a 15 year lease on the premises at an annual cost of £78,000.

20 CASHFLOWS RELATING TO RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2002	2001
	£	£
Interest received	19,398	31,195
Interest paid	(38,875)	(35,552)
Net cash (outflow)	(19,477)	(4,357)

21 CASHFLOWS RELATING TO CAPITAL EXPENDITURE

	2002	2001
	£	£
Purchase of tangible fixed assets	(471,241)	(822,253)
Sale of tangible fixed assets	609,450	55,767
Net cash inflow / (outflow)	138,209	(766,486)

HOULIHAN AND CO (EXCAVATIONS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2002**

22 CASHFLOWS RELATING TO FINANCE

	2002	2001
	£	£
New finance leases	120,405	498,287
Repayment of finance lease balances	(378,455)	(457,479)
Repayment of directors loan accounts	(917)	(47,000)
	<u> </u>	<u> </u>
Net cash (outflow)	<u>(258,967)</u>	<u>(6,192)</u>

23 ANALYSIS OF CHANGES IN NET DEBT

	At 1 September 2001	Cash flows	Other changes	At 31 August 2002
	£	£	£	£
Cash at bank and in hand	239,427	346,646	-	586,073
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

24 ULTIMATE CONTROLLING PARTY

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