

HOULIHAN AND CO (EXCAVATIONS) LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2004**

**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 2004**

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HOULIHAN AND CO (EXCAVATIONS) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 AUGUST 2004**

DIRECTORS

K Winney
M T Doohan
K Root
P Withers

SECRETARY

M T Doohan

REGISTERED OFFICE

Ashford House
Littleton Road
Ashford
Middlesex
TW15 1UQ

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 2004

The directors present their annual report with the financial statements of the company for the year ended 31 August 2004.

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 £1,575,269 (2003 = profit of £2,635,330). The directors have declared dividends of £15.50 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	
		31/08/04	1/9/03
K Winney	Ordinary shares of £1 each	12,500	12,500
M T Doohan	Ordinary shares of £1 each	12,500	12,500
K Root	Ordinary shares of £1 each	12,500	12,500
P Withers	Ordinary shares of £1 each	12,500	12,500

RETIRING DIRECTORS

The directors retiring by rotation at the 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 2004

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 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

HOULIHAN AND CO (EXCAVATIONS) LIMITED

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2004

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 2004 on pages 6 to 16 which comprise the Profit and Loss Account, the Balance Sheet and the related notes.

These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

We have audited the financial statements of Houlihan and Co (Excavations) Limited for the year ended 31 August 2004 on pages 6 to 16 which comprise the Profit and Loss Account, the Balance Sheet and the related notes.

These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the company's members, 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 members 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 any responsibility to anyone other than the company's members as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Directors' Report 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 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.

HOULIHAN AND CO (EXCAVATIONS) LIMITED

**INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2004**

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 2004 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

6 April 2005

HOULIHAN AND CO (EXCAVATIONS) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2004**

	Notes	2004 £	2003 £
TURNOVER		24,276,690	26,051,380
Cost of sales		19,710,880	20,787,849
GROSS PROFIT		4,565,810	5,263,531
Administrative expenses		2,974,322	2,623,585
OPERATING PROFIT	3	1,591,488	2,639,946
Other interest receivable and similar income		14,615	22,439
		1,606,103	2,662,385
Interest payable and similar charges	6	30,834	27,055
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,575,269	2,635,330
Taxation on ordinary activities	7	519,068	841,029
PROFIT FOR THE FINANCIAL YEAR		1,056,201	1,794,301
Dividends paid and proposed	8	775,000	1,095,000
RETAINED PROFIT FOR THE FINANCIAL YEAR		281,201	699,301
Retained profit brought forward		3,525,031	2,825,730
RETAINED PROFIT CARRIED FORWARD		3,806,232	3,525,031

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 2004

	Notes	2004 £	2003 £
FIXED ASSETS			
Tangible assets	9	1,636,905	1,733,453
Investments	10	19,800	19,800
		<u>1,656,705</u>	<u>1,753,253</u>
CURRENT ASSETS			
Stock	11	49,811	319,901
Debtors	12	5,420,132	6,667,283
Cash at bank and in hand		130,594	77,405
		<u>5,600,537</u>	<u>7,064,589</u>
CREDITORS: Amounts falling due within one year	13	3,292,523	4,999,301
		<u>2,308,014</u>	<u>2,065,288</u>
NET CURRENT ASSETS			
		2,308,014	2,065,288
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,964,719</u>	<u>3,818,541</u>
CREDITORS: Amounts falling due after more than one year	14	50,928	178,328
Provisions for liabilities and charges	15	57,559	65,182
		<u>3,856,232</u>	<u>3,575,031</u>
NET ASSETS			
		<u>3,856,232</u>	<u>3,575,031</u>
CAPITAL AND RESERVES			
Called up share capital	17	50,000	50,000
Profit and loss account		3,806,232	3,525,031
		<u>3,856,232</u>	<u>3,575,031</u>
SHAREHOLDERS' FUNDS			
		<u>3,856,232</u>	<u>3,575,031</u>

These accounts were approved by the board of directors on 21.03.05 and signed on its behalf by the following:

Director



Director



HOULIHAN AND CO (EXCAVATIONS) LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2004**

RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Notes	2004 £	2003 £
Operating profit		1,591,488	2,639,946
Depreciation		576,166	578,240
Loss on disposal of fixed assets		40,014	53,845
Decrease / (increase) in stock		270,090	(301,849)
Decrease / (increase) in trade debtors		726,553	(701,512)
Decrease / (increase) in other debtors		491,527	(1,293,723)
(Decrease) / increase in trade creditors		(201,554)	173,392
Increase in other taxation creditors		78,899	38,789
(Decrease) in other creditors		(206,361)	(103,319)
Net cash flow from operating activities		3,366,822	1,083,809

CASH FLOW STATEMENT

		2004 £	2003 £
Net cash flow from operating activities		3,366,822	1,083,809
Returns on investments and servicing of finance	20	(16,219)	(4,616)
Taxation		(1,305,728)	(438,070)
Capital expenditure and financial investment	21	(519,632)	(753,273)
		1,525,243	(112,150)
Equity dividends paid		(1,125,000)	(745,000)
		400,243	(857,150)
Management of liquid resources			
Financing	22	(198,743)	200,171
Increase / (decrease) in cash		201,500	(656,979)

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

		2004 £	2003 £
Increase / (decrease) in cash		201,500	(656,979)
(Increase) / reduction in net debt		201,500	(656,979)
Net (debt) / funds brought forward		(70,906)	586,073
Net funds / (debt) carried forward	23	130,594	(70,906)

HOULIHAN AND CO (EXCAVATIONS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2004

1 STATEMENT OF ACCOUNTING POLICIES

Accounting convention

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

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.

Stock and work in progress

Stock and 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.

HOULIHAN AND CO (EXCAVATIONS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2004

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

	2004 £	2003 £
The operating profit is stated after charging:		
Directors' remuneration (Note 4)	1,136,728	1,029,265
Company contributions to employee pension schemes	251,456	85,054
Auditors' remuneration - audit fees	10,000	10,000
Depreciation and amortisation	576,166	578,240
Loss on sale of tangible fixed assets	40,014	53,845
Operating lease rentals - plant and machinery	855,696	1,008,096
Operating lease rentals - land and buildings	68,712	85,671

4 DIRECTORS' REMUNERATION

	2004 £	2003 £
The remuneration of the directors was as follows:		
Emoluments	885,000	925,699
Company contributions to pension schemes	200,000	45,000
Benefits in kind	51,728	58,566
	1,136,728	1,029,265

The remuneration of the highest paid director was as follows:

Emoluments	225,000	342,212
Company contributions to pension schemes	50,000	15,000
Benefits in kind	16,264	16,288
	291,264	373,500

Four of the directors (2003 - four) are members of the pension scheme.

HOULIHAN AND CO (EXCAVATIONS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2004**

5 STAFF COSTS

	2004	2003
	£	£
Average number of persons employed by the company, including directors, during the year:		
Production	155	207
Administration	18	20
	<u>173</u>	<u>227</u>
	2004	2003
	£	£
Staff costs incurred during the year in respect of these employees were:		
Wages and salaries	6,631,298	6,550,574
Social security costs	740,576	664,731
Other pension costs	251,456	85,054
	<u>7,623,330</u>	<u>7,300,359</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2004	2003
	£	£
Hire purchase interest and finance lease charges	24,800	27,055
Interest on overdue taxation	6,034	-
	<u>30,834</u>	<u>27,055</u>

7 TAXATION ON ORDINARY ACTIVITIES

	2004	2003
	£	£
Corporation tax charge	526,691	880,728
Deferred taxation (Note 15)	(7,623)	(39,699)
	<u>519,068</u>	<u>841,029</u>

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

8 DIVIDENDS

	2004	2003
	£	£
Dividend paid on ordinary shares	775,000	745,000
Proposed dividend on ordinary shares	-	350,000
	<u>775,000</u>	<u>1,095,000</u>

HOULIHAN AND CO (EXCAVATIONS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2004

9 TANGIBLE ASSETS

	Leasehold improvements	Plant and equipment	Office equipment	Motor vehicles	Total
	£	£	£	£	£
Costs					
At 1 September 2003	43,168	2,394,041	41,923	979,339	3,458,471
Additions	-	463,205	18,958	175,675	657,838
Disposals	-	(371,525)	(6,075)	(203,908)	(581,508)
At 31 August 2004	43,168	2,485,721	54,806	951,106	3,534,801
Accumulated depreciation					
At 1 September 2003	8,202	1,128,585	24,863	563,368	1,725,018
Charge for year	4,317	419,744	8,287	143,818	576,166
Disposals	-	(244,485)	(4,628)	(154,175)	(403,288)
At 31 August 2004	12,519	1,303,844	28,522	553,011	1,897,896
Net book value					
At 1 September 2003	34,966	1,265,456	17,060	415,971	1,733,453
At 31 August 2004	30,649	1,181,877	26,284	398,095	1,636,905

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

	Leasehold improvements	Plant and equipment	Office equipment	Motor vehicles	Total
	£	£	£	£	£
Depreciation charge for year	-	230,301	-	47,509	277,810
Net book value					
At 1 September 2003	-	737,048	-	221,766	958,814
At 31 August 2004	-	670,399	-	142,527	812,926

HOULIHAN AND CO (EXCAVATIONS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2004

10 FIXED ASSET INVESTMENTS

Costs	Investments £
At 1 September 2003	19,800
At 31 August 2004	19,800
Net book value	
At 1 September 2003	19,800
At 31 August 2004	19,800

11 STOCK

	2004 £	2003 £
Long term contract balances	49,811	319,901

12 DEBTORS

	2004 £	2003 £
Trade debtors	70,538	797,091
Amounts recoverable on long term contracts	4,482,016	4,701,904
Other debtors	867,578	1,168,288
	5,420,132	6,667,283

13 CREDITORS: amounts falling due within one year

	2004 £	2003 £
Bank loans and overdrafts	-	148,311
Trade creditors	1,216,988	1,418,542
Provisions for future costs on contracts	867,143	955,513
Corporation tax	101,691	880,728
Other taxation and social security	262,962	184,063
H.P. contracts and finance leases	300,732	401,146
Dividends payable	-	350,000
Other creditors	543,007	660,998
	3,292,523	4,999,301

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

HOULIHAN AND CO (EXCAVATIONS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2004**

14 CREDITORS: amounts falling due after more than one year

	2004	2003
	£	£
H.P. contracts and finance leases	50,928	178,328

15 PROVISIONS FOR LIABILITIES

Provided

Deferred Taxation

	2004	2003
	£	£
Accelerated capital allowances	57,559	65,182

All deferred taxation has been fully provided.

Movements on deferred taxation provision

	2004	2003
	£	£
Balance brought forward	65,182	104,881
Transfer during the year	(7,623)	(39,699)
Balance carried forward	57,559	65,182

16 OPERATING LEASES

Amounts falling due next year under operating leases:

	2004	2003
	£	£
Expiring in more than five years	65,000	65,000

17 SHARE CAPITAL

	2004	2003
	£	£
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 2004

18 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Profit for the financial year	1,056,201	1,794,301
Dividends	775,000	1,095,000
Opening shareholders' funds	281,201 3,575,031	699,301 2,875,730
Closing shareholders' funds	3,856,232	3,575,031

19 RELATED PARTY TRANSACTIONS

Included within other debtors (note 12) is an amount of £nil (2003 - £29,071) owed by P Withers, a director of the company. During the year the total outstanding loan of £24,306 was written off.

During the year the company paid dividends to the parent company, Houlihan and Co Limited totalling £775,000.

The parent company, Houlihan and Co Limited has finance facilities in existence with a first legal charge over the assets of Houlihan and Co (Excavations) Limited.

20 CASHFLOWS RELATING TO RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2004 £	2003 £
Interest received	14,615	22,439
Interest paid	(30,834)	(27,055)
Net cash (outflow)	(16,219)	(4,616)

21 CASHFLOWS RELATING TO CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2004 £	2003 £
Purchase of tangible fixed assets	(657,838)	(1,059,153)
Sale of tangible fixed assets	138,206	305,880
Net cash (outflow)	(519,632)	(753,273)

HOULIHAN AND CO (EXCAVATIONS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2004

22 CASHFLOWS RELATING TO FINANCE

	2004 £	2003 £
New finance leases	404,269	1,138,101
Repayment of finance lease balances	(632,083)	(908,859)
Repayment and write off / (payment) of directors loan account	29,071	(29,071)
Net cash (outflow) / inflow	(198,743)	200,171

23 ANALYSIS OF CHANGES IN NET DEBT

	At 1 September 2003 £	Cash flows £	Other changes £	At 31 August 2004 £
Cash at bank and in hand	77,405	53,189	-	130,594
Overdrafts	(148,311)	148,311	-	-
	(70,906)	201,500	-	130,594

24 ULTIMATE CONTROLLING PARTY

The company's ultimate controlling party is Houlihan and Co Limited by virtue of its 100% shareholding in Houlihan and Co (Excavations) Limited. Houlihan and Co Limited is incorporated in the United Kingdom and it's registered office is Ashford House, Littleton Road, Ashford, Middlesex TW15 1QU. The directors of Houlihan and Co (Excavations) Limited each own a one quarter share of Houlihan and Co Limited.