

Company Registration No. 01520021 (England and Wales)

R BORRAS CONSTRUCTION LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002



R BORRAS CONSTRUCTION LIMITED

COMPANY INFORMATION

Directors

R D Borrás
C A Borrás
C Wright
C E F Streeting
A Bowden
R B Woolfenden (Appointed 1 June 2002)

Secretary

C A Borrás

Company number

01520021

Registered office

1 Salar House
Campfield Road
St. Albans
Herts.
AL1 5HT

Auditors

Freeman Baker Associates
Accountants and Registered Auditors
The Old Church
48 Verulam Road
St. Albans
Hertfordshire
AL3 4DH

Business address

1 Salar House
Campfield Road
St. Albans
Herts.
AL1 5HT

Bankers

Barclays Bank plc
11 Bank Court
Hemel Hempstead
Hertfordshire
HP1 1BX

R BORRAS CONSTRUCTION LIMITED

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R BORRAS CONSTRUCTION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

The directors present their report and financial statements for the year ended 31 December 2002.

Principal activities and review of the business

The principal activity of the company is that of building contractors.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of an ordinary dividend.

Directors

The following directors have held office since 1 January 2002:

R D Borrás
C A Borrás
C Wright
C E F Streeting
A Bowden
R B Woolfenden (Appointed 1 June 2002)

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 December 2002	1 January 2002
R D Borrás	-	-
C A Borrás	-	-
C Wright	-	-
C E F Streeting	-	-
A Bowden	-	-
R B Woolfenden	-	-

Auditors

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

R BORRAS CONSTRUCTION LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

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.

On behalf of the board

Carol Borrás

C A Borrás

Director

4 June 2003

R BORRAS CONSTRUCTION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF R BORRAS CONSTRUCTION LIMITED

We have audited the financial statements on pages 4 to 19 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on page 10.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 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 the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

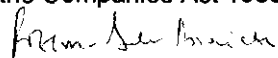
Basis of audit opinion

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


Freeman Baker Associates

5 June 2003

Accountants and Registered Auditors

The Old Church
48 Verulam Road
St. Albans
Hertfordshire
AL3 4DH

R BORRAS CONSTRUCTION LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 £	2001 £
Turnover	2	18,777,234	18,899,383
Cost of sales		(16,425,717)	(16,589,718)
Gross profit		<u>2,351,517</u>	<u>2,309,665</u>
Administrative expenses		(1,876,597)	(1,662,816)
Other operating income		274,355	152,055
Operating profit	3	<u>749,275</u>	<u>798,904</u>
Other interest receivable and similar income		40,888	81,692
Interest payable and similar charges	4	(24,579)	(32,274)
Profit on ordinary activities before taxation		<u>765,584</u>	<u>848,322</u>
Tax on profit on ordinary activities	5	(170,350)	(255,770)
Profit on ordinary activities after taxation	14	<u><u>595,234</u></u>	<u><u>592,552</u></u>

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

R BORRAS CONSTRUCTION LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2002

	2002	2001
	£	£
Profit for the financial year	595,234	592,552
Prior year adjustment	-	799
Total gains and losses recognised since last financial statements	<u>595,234</u>	<u>593,351</u>

R BORRAS CONSTRUCTION LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2002

		2002		2001	
	Notes	£	£	as restated £	£
Fixed assets					
Tangible assets	6		277,620		257,251
Investments	7		1,202,000		1,202,000
			<u>1,479,620</u>		<u>1,459,251</u>
Current assets					
Stocks	8	79,627		381,992	
Debtors	9	3,627,174		2,530,918	
Cash at bank and in hand		1,269,985		1,459,230	
		<u>4,976,786</u>		<u>4,372,140</u>	
Creditors: amounts falling due within one year	10	(2,653,526)		(2,575,249)	
Net current assets			<u>2,323,260</u>		<u>1,796,891</u>
Total assets less current liabilities			<u>3,802,880</u>		<u>3,256,142</u>
Creditors: amounts falling due after more than one year	11		(388,155)		(436,650)
			<u>3,414,725</u>		<u>2,819,492</u>
Capital and reserves					
Called up share capital	13		1,000		1,000
Revaluation reserve	14		448,470		448,470
Profit and loss account	14		2,965,255		2,370,022
Shareholders' funds - equity interests	15		<u>3,414,725</u>		<u>2,819,492</u>

The financial statements were approved by the Board on 4 June 2003

Carol Borrás

R D Borrás
Director

C A Borrás
Director

R BORRAS CONSTRUCTION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2002

	2002		2001	
	£	£	£	£
Net cash inflow/(outflow) from operating activities		65,286		(402,653)
Returns on investments and servicing of finance				
Interest received	40,888		81,692	
Interest paid	(24,579)		(32,274)	
Net cash inflow for returns on investments and servicing of finance		16,309		49,418
Taxation		(190,000)		(222,373)
Capital expenditure				
Payments to acquire tangible assets	(106,515)		(78,128)	
Receipts from sales of tangible assets	17,280		15,837	
Net cash outflow for capital expenditure		(89,235)		(62,291)
Net cash outflow before management of liquid resources and financing		(197,640)		(637,899)
Management of liquid resources				
Bank deposits	-		(125,000)	
		-		(125,000)
Financing				
Other new long term loans	-		145,245	
Repayment of long term bank loan	(36,173)		(21,552)	
Capital element of hire purchase contracts	(25,314)		(17,147)	
Net cash inflow from financing		(61,487)		106,546
Decrease in cash in the year		(259,127)		(655,554)

R BORRAS CONSTRUCTION LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2002

1	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2002	2001
		£	£
	Operating profit	749,275	798,904
	Depreciation of tangible assets	86,169	78,639
	Loss on disposal of tangible assets	8,864	18,524
	Decrease/(increase) in stocks	302,365	(362,548)
	Increase in debtors	(1,090,519)	(1,115,814)
	Increase in creditors within one year	9,132	179,642
	Net cash inflow/(outflow) from operating activities	65,286	(402,653)

2	Analysis of net funds	1 January 2002	Cash flow	Other non-cash changes	31 December 2002
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	1,334,230	(189,245)	-	1,144,985
	Bank overdrafts	(191,809)	(69,882)	-	(261,691)
		<u>1,142,421</u>	<u>(259,127)</u>	<u>-</u>	<u>883,294</u>
	Liquid resources:				
	Bank deposits	<u>125,000</u>	<u>-</u>	<u>-</u>	<u>125,000</u>
	Debt:				
	Finance leases	(38,704)	25,314	(26,168)	(39,558)
	Debts falling due within one year	(20,555)	(18,938)	-	(39,493)
	Debts falling due after one year	(421,806)	55,111	-	(366,695)
		<u>(481,065)</u>	<u>61,487</u>	<u>(26,168)</u>	<u>(445,746)</u>
	Net funds	<u>786,356</u>	<u>(197,640)</u>	<u>(26,168)</u>	<u>562,548</u>

R BORRAS CONSTRUCTION LIMITED

NOTES TO THE CASH FLOW STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

3	Reconciliation of net cash flow to movement in net funds	2002 £	2001 £
	Decrease in cash in the year	(259,127)	(655,554)
	Cash outflow from increase in liquid resources	-	125,000
	Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	61,487	(106,546)
	Change in net debt resulting from cash flows	(197,640)	(637,100)
	New finance lease	(26,168)	-
	Movement in net funds in the year	(223,808)	(637,100)
	Opening net funds	786,356	1,423,456
	Closing net funds	562,548	786,356

R BORRAS CONSTRUCTION LIMITED

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

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	15% Reducing balance
Fixtures, fittings & equipment	15% & 25% Reducing balance
Motor vehicles	25% Reducing balance

1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Investments

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the directors compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

1.6 Stock and work in progress

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

1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

R BORRAS CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

1 Accounting policies

(continued)

1.8 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value as the company does not intend to sell the revalued assets.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

The adoption of the standard requires a prior period adjustment to be made to recognise the asset which existed at the start of the financial year and which was not recognised under the old accounting policy. This has increased the debtors and increased the retained profits by £5,737.

2 Turnover

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

3 Operating profit

2002

2001

£

£

Operating profit is stated after charging:

Depreciation of tangible assets

86,169

78,639

Auditors' remuneration

11,450

10,300

and after crediting:

Rents receivable

122,883

152,055

4 Interest payable

2002

2001

£

£

On bank loans and overdrafts

16,091

19,606

On loans repayable after 5 years

5,167

4,790

Hire purchase interest

3,321

5,376

On overdue tax

-

2,502

24,579

32,274

R BORRAS CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

5	Taxation	2002 £	2001 £
	Domestic current year taxation		
	U.K. corporation tax	241,877	259,802
	Adjustment for prior years	(65,790)	(498)
	Deferred taxation	(5,737)	(3,534)
		170,350	255,770

R BORRAS CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

6 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 January 2002	55,921	169,679	413,339	638,939
Additions	646	13,926	118,111	132,683
Disposals	-	-	(78,130)	(78,130)
At 31 December 2002	56,567	183,605	453,320	693,492
Depreciation				
At 1 January 2002	43,239	100,148	238,302	381,689
On disposals	-	-	(51,986)	(51,986)
Charge for the year	1,999	17,411	66,759	86,169
At 31 December 2002	45,238	117,559	253,075	415,872
Net book value				
At 31 December 2002	11,329	66,046	200,245	277,620
At 31 December 2001	12,682	69,532	175,037	257,251

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

	Motor vehicles £
Net book values	
At 31 December 2002	39,280
At 31 December 2001	65,660
Depreciation charge for the year	
31 December 2002	13,094
31 December 2001	21,886

R BORRAS CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

7 Fixed asset investments

	Unlisted investments £
Cost or valuation	
At 1 January 2002 & at 31 December 2002	1,202,000

Fixed asset investments represent investment properties which are held for their investment potential. The directors are of the opinion that the properties fall within the definition of investment properties. During the year ended 31 December 2002 the investment properties were not revalued because the directors were not aware of any material change in value. The last full valuation of the investment properties was carried out by the directors during the year ended 31 December 1999. No depreciation has been provided in accordance with SSAP 19.

8 Stocks	2002 £	2001 £
Work in progress	79,627	381,992

9 Debtors	2002 £	2001 £
Trade debtors	1,702,556	1,109,190
Amounts owed by parent and fellow subsidiary undertakings	885,200	444,947
Other debtors	933,286	940,570
Prepayments and accrued income	96,062	31,878
Deferred tax asset (see note 12)	10,070	4,333
	3,627,174	2,530,918

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

	2002 £	2001 £
Other debtors	-	4,087

R BORRAS CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

10 Creditors: amounts falling due within one year	2002 £	2001 £
Bank loans and overdrafts	301,184	212,364
Net obligations under hire purchase contracts	18,098	23,860
Trade creditors	1,434,750	1,387,232
Corporation tax	245,889	259,802
Other taxes and social security costs	322,321	363,083
Directors' current accounts	662	62,752
Other creditors	6,630	-
Accruals and deferred income	323,992	266,156
	2,653,526	2,575,249

R BORRAS CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

11 Creditors: amounts falling due after more than one year	2002 £	2001 £
Bank loans	166,450	221,561
Other loans	200,245	200,245
Net obligations under hire purchase contracts	21,460	14,844
	<u>388,155</u>	<u>436,650</u>
Analysis of loans		
Not wholly repayable within five years by instalments:		
Bank loans	205,943	242,116
Other loans	200,245	200,245
	<u>406,188</u>	<u>442,361</u>
Included in current liabilities	(39,493)	(20,555)
	<u>366,695</u>	<u>421,806</u>
Loan maturity analysis		
In more than one year but not more than two years	78,987	69,515
In more than two years but not more than five years	87,463	93,060
In more than five years	200,245	259,231
	<u>366,695</u>	<u>421,806</u>
The bank loan is secured by a legal charge over the freehold deeds relating to one of the investment properties held by the company.		
Net obligations under hire purchase contracts		
Repayable within one year	20,410	26,872
Repayable between one and five years	24,117	16,848
	<u>44,527</u>	<u>43,720</u>
Finance charges and interest allocated to future accounting periods	(4,969)	(5,016)
	<u>39,558</u>	<u>38,704</u>
Included in liabilities falling due within one year	(18,098)	(23,860)
	<u>21,460</u>	<u>14,844</u>

R BORRAS CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

- 12 The deferred tax asset (included in the debtors, note 9) is made up as follows:

	2002 £
Balance at 1 January 2002	(4,333)
Profit and loss account	(5,737)
	<u> </u>
Balance at 31 December 2002	<u>(10,070)</u>

	2002 £	2001 £
Accelerated capital allowances	<u>(10,070)</u>	<u>(4,333)</u>

13 Share capital

	2002 £	2001 £
Authorised		
1,000 Ordinary shares of £ 1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
1,000 Ordinary shares of £ 1 each	<u>1,000</u>	<u>1,000</u>

14 Statement of movements on reserves

	Revaluation reserve £	Profit and loss account £
Balance at 1 January 2002	448,470	2,370,021
Retained profit for the year	-	595,234
	<u> </u>	<u> </u>
Balance at 31 December 2002	<u>448,470</u>	<u>2,965,255</u>

15 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Profit for the financial year	595,234	592,552
Opening shareholders' funds	<u>2,819,492</u>	<u>2,226,940</u>
	<u> </u>	<u> </u>
Closing shareholders' funds	<u>3,414,725</u>	<u>2,819,492</u>

R BORRAS CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

16 Financial commitments

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as follows:

	2002 £	2001 £
Expiry date:		
Between two and five years	2,340	2,340

17 Directors' emoluments

	2002 £	2001 £
Emoluments for qualifying services	412,125	349,119
Company pension contributions to money purchase schemes	45,401	33,808
	457,526	382,927

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	158,000	162,000
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18 Employees

Number of employees

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

	2002 Number	2001 Number
Direct labour	97	89
Administration	23	21
	120	110

Employment costs

	£	£
Wages and salaries	3,186,606	2,919,143
Social security costs	271,624	206,562
Other pension costs	80,410	48,275
	3,538,640	3,173,980

R BORRAS CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

19 Control

The company is under the immediate control of Borrás Group Holdings Limited which holds 100% (2001:100%) of the company's issued share capital. The company is under the ultimate control of Mr. R. D. Borrás who holds 99% (2001:99%) of the issued share capital of Borrás Group Holdings Limited.

20 Related party transactions

During the year the company paid rent totalling £71,000 to R Borrás Construction Limited Pension Scheme, in respect of the property at Salar House, Campfield Road, St. Albans. Mr R. D. Borrás and Mrs C. A. Borrás are Trustees and Members of the R. Borrás Construction Limited Pension Scheme.

During the year the company provided services amounting to £1,108,889 and loaned additional amounts totalling £2,343 to RBC Property Investments Limited, a company in which Mr. R. D. Borrás and Mrs. C. A. Borrás are directors and shareholders. As at 31st December 2002 the total amount due from RBC Property Investments Limited was £919,737.