

**RG CARTER COLCHESTER
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2002



Company no 2113021

RG Carter Colchester Limited

**Annual Report and Accounts
for the year ended 31 December 2002**

Directors

RG Carter
BHJ Neale
D Carter

Secretary and registered office

S Scott, Drayton, Norwich, NR8 6AH

Company number

2113021

Independent Auditors

Grant Thornton, Chartered Accountants, Holland Court, The Close, Norwich, NR1 4DY

Your Directors present their Report and Accounts of the Company for the year ended 31 December 2002.

Principal Activity

The principal activity of the Company is that of building and contracting.

Statement of Directors' Responsibilities

Company law requires the Directors to prepare accounts 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 accounts, 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 accounts; and
- prepare the accounts 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 accounts 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.

Business Review

The Directors are disappointed to report a loss on ordinary activities on a lower level of turnover.

The Company has on hand a reasonable order book and the Directors are confident that a satisfactory result will be achieved during the current year.

The results for the year are set out in the profit and loss account on page 4 of the accounts and the balance sheet, which shows the state of the Company's affairs at 31 December 2002, is presented on page 5.

The net loss before taxation for the year ended 31 December 2002 was £501,898 compared with a net profit before taxation of £449,091 for the previous year.

Dividends

The Directors propose the payment of a dividend of £200,000 on ordinary shares.

Directors and their interests

The Directors who served the Company during the year were:

RG Carter
TH Atkins (resigned 22 March 2002)
BHJ Neale
D Carter (appointed 22 March 2002)
RA Harrington (resigned 22 March 2002)

None of the Directors had any beneficial interest in the shares of RG Carter Colchester Limited at the beginning or end of the year.

Mr RG Carter and Mr BHJ Neale are Directors of RG Carter Holdings Limited, the ultimate parent undertaking of the Group, and have therefore notified the Secretary of RG Carter Holdings Limited of their interests in the shares of that Company.

The report was approved by the Board on 9 April 2003



S Scott
Secretary

REPORT OF THE INDEPENDENT AUDITORS

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF RG CARTER COLCHESTER LIMITED

We have audited the financial statements of RG Carter Colchester Limited for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet and notes 1 to 23. These financial statements have been prepared under 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 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

The directors' responsibilities for preparing the director's report and the financial statements in accordance with applicable law and United Kingdom accounting standards are set out in the statement of directors' responsibilities.

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 director's report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

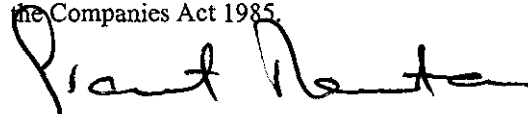
Basis of opinion

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



GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

NORWICH
9 April 2003

RG Carter Colchester Limited

**Profit and loss account
for the year ended 31 December 2002**

	Note	2002 £	2001 £ Restated
Turnover	3	23,256,703	28,361,769
Net operating costs	4	23,834,559	28,044,681
Operating (loss)/profit		(577,856)	317,088
Other income	7	75,958	132,003
(Loss)/profit on ordinary activities before taxation		(501,898)	449,091
Taxation on (loss)/profit on ordinary activities	8	134,285	(143,987)
(Loss)/profit for the financial year		(367,613)	305,104
Dividends on ordinary shares	9	200,000	200,000
Retained (loss)/profit for the financial year	18	(567,613)	105,104

**Statement of total recognised gains and losses
for the year ended 31 December 2002**

	Note	2002 £	2001 £ Restated
(Loss)/profit for the financial year		(367,613)	305,104
Prior year adjustment	1	9,672	-
Total recognised gains and losses for the year		(357,941)	305,104

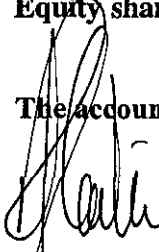
All amounts above relate to continuing activities.

RG Carter Colchester Limited

**Balance sheet
at 31 December 2002**

	Note	2002		2001 Restated	
		£	£	£	£
Fixed assets					
Tangible assets	10		1,119,593		1,118,489
Current assets					
Stocks	11	33,106		22,952	
Debtors	12	4,296,542		5,001,086	
Cash at bank and in hand		1,774,834		3,267,090	
		6,104,482		8,291,128	
Creditors: amounts falling due within one year	14	6,310,569		7,858,161	
Net current (liabilities)/assets			(206,087)		432,967
Total assets less current liabilities			913,506		1,551,456
Creditors: amounts falling due after more than one year	15		61,775		132,112
Net assets			851,731		1,419,344
Capital and reserves					
Called up share capital	17		100		100
Profit and loss account	18		851,631		1,419,244
Equity shareholders' funds	19		851,731		1,419,344

The accounts on pages 4 to 15 were approved by the Board on 9 April 2003


RG Carter
Director

1 Basis of preparation of accounts

The accounts for the year have been prepared in accordance with applicable accounting standards under the historical cost convention.

A cash flow statement has not been prepared as the Directors have elected to take advantage of the exemption available to wholly owned subsidiary undertakings, as conferred by FRS1.

In accordance with the exemption available under paragraph 3(c) of FRS8, transactions with entities that are part of the RG Carter Holdings Limited Group are not disclosed.

As a result of the implementation of FRS19, a prior year adjustment amounting to £9,672 has been made. This represents the inclusion of the deferred tax asset previously excluded. The Company Balance Sheet has been restated accordingly.

2 Accounting policies

Turnover

Turnover represents work done and goods sold together with amounts receivable for services provided excluding value added tax.

Depreciation

Depreciation is provided on a straight line basis on all tangible fixed assets over their estimated useful lives, generally at the rates shown below although additional amounts may be provided from time to time dependent on particular circumstances.

Long leasehold property	-	2%
Freehold buildings	-	2%
Plant and equipment	-	20%
Motor vehicles	-	20%
Office equipment	-	15%
Computer equipment	-	25%

2 Accounting policies (*continued*)

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

Deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and

The recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

The above amounts to a change in accounting policy. The previous policy was not to recognise deferred tax assets and to provide for deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

The effect of the change in policy has been to increase the profit on ordinary activities after tax by £28,283.

Stocks

- (i) Stocks are valued at the lower of cost and net realisable value.
- (ii) Site huts and scaffolding are treated as trading stock items and are written down over a period of three years.

Contracts in progress

- (i) Contracts in progress are stated at prime cost plus contracting overheads, some account being taken of profits accrued to date on major long term contracts and provision for losses, including estimated future losses, being deducted where appropriate.
- (ii) Contracts awarded since the year end but for which there has been prior agreement to tender are included in contracts in progress and, where appropriate, provisions have been made in respect of any losses anticipated on such contracts.
- (iii) Claims receivable arising on contracts are normally taken to profit when agreed and paid.
- (iv) Progress payments received and receivable attributable to the value of contracts are deducted in presenting the amounts receivable on contracts in the accounts. Progress payments and amounts in excess of contract values are stated separately.

2 Accounting policies (continued)*Pensions*

The Group operates a contributory pension scheme covering Directors and designated site and staff positions, which provides benefits based on final pensionable salary.

Regular pension costs for the Group are established in accordance with the recommendations of an independent actuary and are charged to the Group profit and loss account based on the expected pension costs over the employees' service lives with the Group. The current actuarial surplus has been spread over the remaining service lives. The Company is unable to identify its share of the underlying assets and liabilities of the group scheme and consequently accounts for the pension costs as though the scheme is a defined contribution scheme.

The Group also operates a defined contribution pension scheme. The costs are charged to the profit and loss account as incurred.

Operating leases

Operating lease payments are written off as an expense when incurred.

3 Turnover and (loss)/profit on ordinary activities

There were no material differences between reported profit and historical cost profit on ordinary activities before taxation in either 2002 or 2001.

4 Net operating costs

	2002 £	2001 £
Materials, site and production costs	19,610,612	23,763,522
Staff costs (see note 5(i))	2,868,350	2,795,972
Depreciation	150,332	136,867
Other operating charges:		
Plant hire	474,962	619,409
Other operating leases	12,940	9,400
Auditors' remuneration - audit services	9,500	9,200
Other charges	707,863	710,311
	<u>23,834,559</u>	<u>28,044,681</u>

5 Staff costs and numbers

	2002 £	2001 £
(i) Employee costs for the year:		
Wages and salaries	2,533,492	2,466,882
Social security costs	239,831	233,387
Other pension costs	47,439	40,204
Other employee costs	2,820,762	2,740,473
	47,588	55,499
	2,868,350	2,795,972
	2002 Number	2001 Number
(ii) The average number of persons employed by the Company during the year, all of whom were engaged in the Company's principal activity was:	122	122

6 Emoluments of Directors

No director received any remuneration during the year (2001: £NIL).

Retirement benefits have accrued to 5 Directors under a Group defined benefit scheme (2001: 4).

7 Other income

	2002 £	2001 £
Interest receivable	75,958	132,003

Notes forming part of the accounts
for the year ended 31 December 2002 (Continued)

8 Taxation

	2002 £	2001 £ Restated
(a) Analysis of tax (credit)/charge for the year		
Current tax:		
UK Corporation tax on (losses)/profits for the year	-	115,041
Group relief	(106,812)	-
Adjustments in respect of previous periods	810	(258)
	<u> </u>	<u> </u>
Total current tax	(106,002)	114,783
Deferred tax:		
Origination and reversal of timing differences	(28,283)	29,204
	<u> </u>	<u> </u>
	(134,285)	143,987
	<u> </u>	<u> </u>

	2002 £	2001 £ Restated
(b) Factors affecting tax (credit)/charge for the year		

The tax assessed for the period is higher/lower than the standard rate of corporation tax in the UK. The differences are explained below:

(Losses)/Profit on ordinary activities before tax	(501,898)	449,091
	<u> </u>	<u> </u>
(Loss)/Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2001: 30%)	(150,569)	134,727
Effects of:		
Expenses not deductible for tax purposes	15,474	9,518
Capital allowances for period in excess of depreciation	(5,886)	(6,258)
Movement in short term timing differences	34,169	(22,946)
Prior year change	810	(258)
	<u> </u>	<u> </u>
	(106,002)	114,783
	<u> </u>	<u> </u>

9 Dividends

	2002 £	2001 £
<i>Equity</i>		
Proposed final dividend	200,000	200,000

10 Tangible fixed assets

	Freehold Property £	Long Leasehold Property £	Plant and equipment £	Vehicles, fixtures and fittings £	Total £
<i>Cost</i>					
At 1 January 2002	633,148	230,392	281,213	930,098	2,074,851
Additions	-	-	52,671	83,476	136,147
Disposals	-	-	(70,794)	(95,880)	(166,674)
Transfers	-	-	-	15,048	15,048
At 31 December 2002	633,148	230,392	263,090	932,742	2,059,372
<i>Depreciation</i>					
At 1 January 2002	2,355	91,953	241,685	620,369	956,362
Provided for the year	9,420	4,770	19,158	116,984	150,332
Disposals	-	-	(70,108)	(95,880)	(165,988)
Transfers	-	-	-	(927)	(927)
At 31 December 2002	11,775	96,723	190,735	640,546	939,779
<i>Net Book Value</i>					
At 31 December 2002	621,373	133,669	72,355	292,196	1,119,593
At 31 December 2001	630,793	138,439	39,528	309,729	1,118,489

The amount included in the cost of freehold properties above, in respect of which depreciation is provided, is £433,148 (2001:£433,148).

11 Stocks

	2002 £	2001 £
Trading stocks	33,106	22,952

Notes forming part of the accounts
for the year ended 31 December 2002 (Continued)

12 Debtors

	2002 £	2001 £ Restated
<i>Amounts falling due within one year</i>		
Trade debtors	2,236,216	2,273,321
Amounts owed by Group undertakings	1,181,147	1,022,611
Amounts recoverable on contracts	680,706	1,648,116
Corporation tax recoverable	24,000	-
Group relief receivable	106,812	-
Other debtors	2,220	10,158
Prepayments and accrued income	27,486	37,208
Deferred tax asset (note 16)	37,955	9,672
	<u>4,296,542</u>	<u>5,001,086</u>

13 Group bank account and overdrafts

The Group bank account is in the name of the RG Carter Group. As a result certain subsidiary undertakings have jointly and severally entered into a bank guarantee in respect of these overdraft facilities. There was no Group overdraft at 31 December 2002 (2001: £NIL).

Various subsidiary undertakings of the RG Carter Construction Group have entered into guarantees to certain other banks in respect of overdraft facilities for Companies within the RG Carter Group; there were no overdrafts under these facilities at 31 December 2002 (2001: £NIL).

14 Creditors: amounts falling due within one year

	2002 £	2001 £
Progress payments and amounts in excess of contract values	1,933,397	1,096,615
Trade creditors	3,665,150	5,890,152
Amounts owed to Group undertakings	77,689	88,436
Corporation tax	-	69,041
Other taxes and social security	148,096	246,607
Other creditors	66,862	49,730
Accruals	219,375	217,580
Dividends	200,000	200,000
	<u>6,310,569</u>	<u>7,858,161</u>

Notes forming part of the accounts
for the year ended 31 December 2002 (Continued)

15 Creditors: amounts falling due after more than one year

	2002 £	2001 £
Trade creditors	61,775	132,112

16 Deferred tax asset

	2002 £	2001 £ Restated
Accelerated capital allowances	(6,098)	(212)
Short term timing differences	44,053	9,884
	37,955	9,672
	£	
Balance at 1 January 2002	-	
Prior year adjustment (note 1)	9,672	
	9,672	
Balance at 1 January 2002 - restated		9,672
Deferred tax credit in profit and loss account for the year		28,283
		37,955

17 Share capital

	Authorised		Allotted, called up and fully paid	
	2002 £	2001 £	2002 £	2001 £
Ordinary shares of £1 each	1,000	1,000	100	100

18 Reserves

	Profit and loss account £
At 1 January 2002	1,409,572
Prior year adjustment (note 1)	9,672
At 1 January 2002 as restated	1,419,244
Retained (loss) for the financial year	(567,613)
At 31 December 2002	851,631

19 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
(Loss)/profit for the financial year	(367,613)	305,104
Dividends	(200,000)	(200,000)
Net (reduction)/addition to shareholders' funds	(567,613)	105,104
Opening shareholders' funds (originally £1,409,672 for 2002 before prior year adjustment of £9,672)	1,419,344	1,314,240
Closing shareholders' funds	851,731	1,419,344

20 Group pension scheme and commitments

The Company participates in a Group contributory pension scheme covering Directors and designated site and staff positions and is based on final pensionable salary. The scheme funds are administered by the Trustee and are insured by annuity and life policies with an insurance company. The Company's contributions, which are paid in accordance with RG Carter Holdings Limited instructions, are charged to the profit and loss account in the year in which they accrue. An actuarial review of the fund is carried out at three yearly intervals and the latest review, made on 1 January 2002, disclosed that there were no unfunded liabilities at that date on the on-going valuation basis and assumptions adopted. Details of the scheme can be found in the accounts of RG Carter Holdings Limited.

The Group operates a defined contribution pension scheme for certain designated site and staff positions. The assets are held independently from those of the Group in individual members funds. The Company's contributions charged for the year to 31 December 2002 were £25,567 (2001:£17,802).

21 Contingent liabilities

The Company and certain of its fellow subsidiary undertakings were contingently liable in respect of bank facilities referred to in note 13.

The Company was also contingently liable in respect of any claim which may arise out of performance bonds and other arrangements entered into in the ordinary course of business.

22 Commitments under operating leases

As at 31 December 2002 the company had annual commitments under non-cancellable operating leases as set out below:

	2002		2001	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
In two to five years	-	720	-	-
After five years	9,400	-	9,400	720
	<u>9,400</u>	<u>720</u>	<u>9,400</u>	<u>720</u>

23 Parent undertakings

The parent undertaking of RG Carter Colchester Limited is RG Carter Construction Limited, the ultimate parent undertaking is RG Carter Holdings Limited.