

REILLY CONSTRUCTION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2002

Company Registration Number 02176708 (England and Wales)



REILLY CONSTRUCTION LIMITED

COMPANY INFORMATION

Directors	J Reilly D P Reilly M Reilly K M Gearing B D Matthew G R Mulholland
Secretary	K M Gearing
Company number	02176708
Registered office	Highfield Court Tollgate Chandlers Ford Eastleigh SO53 3TY
Accountants and tax advisers	Tenon Limited Highfield Court Tollgate Chandlers Ford Eastleigh SO53 3TY
Auditors	Blueprint Audit Limited Highfield Court Tollgate Chandlers Ford Eastleigh SO53 3TY
Bankers	Bank of Ireland 22 Cumberland Place Southampton SO15 2UH

REILLY CONSTRUCTION LIMITED

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REILLY CONSTRUCTION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2002

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

Principal activities and review of the business

The principal activity of the company continued to be that of building contractors.

The results for the year and the financial position at the year end were considered satisfactory by the directors.

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 February 2001:

J Reilly
D P Reilly
M Reilly
K M Gearing
B D Matthew
G R Mulholland

Directors' interests

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

	Ordinary Shares of £ 1 each	
	31 January 2002	1 February 2001
J Reilly	15	15
D P Reilly	15	15
M Reilly	15	15
K M Gearing	15	15
B D Matthew	-	-
G R Mulholland	-	-

Auditors

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

REILLY CONSTRUCTION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 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;
- 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



K M Gearing

Director

25.11.02..

REILLY CONSTRUCTION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF REILLY CONSTRUCTION LIMITED

We have audited the financial statements on pages 4 to 17 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

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.

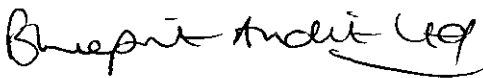
Basis of audit opinion

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



Blueprint Audit Limited
Registered Auditor

Date: 18 December 2002

Highfield Court
Tollgate
Chandlers Ford
Eastleigh
SO53 3TY

REILLY CONSTRUCTION LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JANUARY 2002

	Notes	2002 £	2001 £
Turnover	2	4,814,957	6,058,000
Cost of sales		(4,464,280)	(5,582,106)
Gross profit		350,677	475,894
Administrative expenses		(435,398)	(630,408)
Other operating income		100,000	330,850
Operating profit	3	15,279	176,336
Other interest receivable and similar income		5,712	11,357
Interest payable and similar charges	4	(1,276)	(4,713)
Profit on ordinary activities before taxation		19,715	182,980
Tax on profit on ordinary activities	5	(1,414)	(55,912)
Profit on ordinary activities after taxation	14	18,301	127,068

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

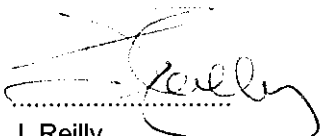
There are no recognised gains and losses other than those passing through the profit and loss account.

REILLY CONSTRUCTION LIMITED

BALANCE SHEET AS AT 31 JANUARY 2002

	Notes	2002 £	£	2001 £	£
Fixed assets					
Tangible assets	6		60,828		90,279
Current assets					
Stocks	7	18,068		6,080	
Debtors	8	1,902,718		1,783,120	
Cash at bank and in hand		144,236		198,998	
		<u>2,065,022</u>		<u>1,988,198</u>	
Creditors: amounts falling due within one year	9	<u>(1,688,629)</u>		<u>(1,612,393)</u>	
Net current assets			<u>376,393</u>		<u>375,805</u>
Total assets less current liabilities			<u>437,221</u>		<u>466,084</u>
Creditors: amounts falling due after more than one year	10		(35,683)		(80,296)
Provisions for liabilities and charges	11		<u>(1,500)</u>		<u>(4,051)</u>
			<u>400,038</u>		<u>381,737</u>
Capital and reserves					
Called up share capital	13		60		60
Profit and loss account	14		<u>399,978</u>		<u>381,677</u>
Shareholders' funds - equity interests	15		<u>400,038</u>		<u>381,737</u>

The financial statements were approved by the Board on 25.11.02


J Reilly
Director

REILLY CONSTRUCTION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JANUARY 2002

	2002		2001	
	£	£	£	£
Net cash (outflow)/inflow from operating activities		(111,139)		103,446
Returns on investments and servicing of finance				
Interest received	5,712		11,357	
Interest paid	(1,276)		(4,713)	
Net cash inflow for returns on investments and servicing of finance		4,436		6,644
Taxation		(20,547)		-
Capital expenditure				
Payments to acquire tangible assets	(6,700)		(24,947)	
Receipts from sales of tangible assets	10,349		5,782	
Net cash inflow/(outflow) for capital expenditure		3,649		(19,165)
Net cash (outflow)/inflow before management of liquid resources and financing		(123,601)		90,925
Financing				
Capital element of hire purchase contracts	(18,290)		(25,296)	
Net cash inflow from financing		(18,290)		(25,296)
(Decrease)/increase in cash in the year		(141,891)		65,629

REILLY CONSTRUCTION LIMITED

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

1	Reconciliation of operating profit to net cash (outflow)/inflow from operating activities	2002	2001
		£	£
	Operating profit	15,279	176,336
	Depreciation of tangible assets	20,331	26,545
	Loss on disposal of tangible assets	5,471	4,936
	(Increase)/decrease in stocks	(11,988)	10,800
	Increase in debtors	(119,598)	(662,136)
	Increase in creditors within one year	(20,634)	546,965
	Net cash (outflow)/inflow from operating activities	(111,139)	103,446

2	Analysis of net funds	1 February 2001	Cash flow	Other non-cash changes	31 January 2002
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	198,998	(54,762)	-	144,236
	Bank overdrafts	-	(87,129)	-	(87,129)
		198,998	(141,891)	-	57,107
	Debt:				
	Finance leases	(22,451)	18,290	-	(4,161)
	Net funds	176,547	(123,601)	-	52,946

3	Reconciliation of net cash flow to movement in net funds	2002	2001
		£	£
	(Decrease)/increase in cash in the year	(141,891)	65,629
	Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	18,290	25,296
	Change in net debt resulting from cash flows	(123,601)	90,925
	New finance lease	-	(12,145)
	Movement in net funds in the year	(123,601)	78,780
	Opening net funds	176,547	97,767
	Closing net funds	52,946	176,547

REILLY CONSTRUCTION LIMITED

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

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover and profits

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

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract.

1.4 Tangible fixed assets and depreciation

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

Plant and machinery	15% - 50% straight line/reducing balance
Fixtures, fittings & equipment	15% - 25% straight line/reducing balance
Motor vehicles	25% reducing balance

1.5 Leasing and hire purchase commitments

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals payable under operating leases are charged against income as incurred.

1.6 Stock

Stock is valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

1.7 Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

1.8 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS17.

1.9 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

REILLY CONSTRUCTION LIMITED

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

1 Accounting policies

1.10 Employee benefits

The company has established a trust for the benefit of employees, former employees and certain of their dependants. Monies contributed to this trust are held by independent trustees and managed at their discretion. Nevertheless, where the company retains the future economic benefit from and has de facto control of the assets and liabilities of the trust, they are accounted for as assets and liabilities of the company until the earlier of the date that an allocation of trust funds to employees in respect of past services is declared and the date that assets of the trust vest unconditionally in identified individuals.

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	20,331	26,545
	Loss on disposal of tangible assets	5,471	4,936
	Operating lease rentals		
	- Plant and machinery	246,403	240,820
	- Other assets	8,316	9,009
	Auditors' remuneration	1,500	1,500
		<u>261,221</u>	<u>280,710</u>
4	Interest payable	2002 £	2001 £
	On bank loans and overdrafts	75	42
	Hire purchase interest	1,201	3,374
	On overdue tax	-	1,297
		<u>1,276</u>	<u>4,713</u>

REILLY CONSTRUCTION LIMITED

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

5	Taxation	2002 £	2001 £
	Domestic current year tax		
	U.K. corporation tax	5,400	56,799
	Adjustment for prior years	(1,435)	242
	Current tax charge	<u>3,965</u>	<u>57,041</u>
	Deferred tax		
	Deferred tax charge	(2,551)	(1,129)
		<u>1,414</u>	<u>55,912</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>19,715</u>	<u>182,980</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2001 : 30.00%)	<u>3,943</u>	<u>54,894</u>
	Effects of:		
	Non deductible expenses	98	251
	Depreciation	4,066	7,964
	Capital allowances	(3,826)	(7,790)
	Adjustments to previous periods	(1,435)	242
	Other tax adjustments	1,119	1,480
		<u>22</u>	<u>2,147</u>
	Current tax charge	<u>3,965</u>	<u>57,041</u>

REILLY CONSTRUCTION LIMITED

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

6 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 February 2001	4,139	5,222	135,881	145,242
Additions	-	1,400	5,300	6,700
Disposals	-	(600)	(23,395)	(23,995)
	<u>4,139</u>	<u>6,022</u>	<u>117,786</u>	<u>127,947</u>
At 31 January 2002	4,139	6,022	117,786	127,947
Depreciation				
At 1 February 2001	3,407	2,932	48,624	54,963
On disposals	-	(278)	(7,897)	(8,175)
Charge for the year	247	1,132	18,952	20,331
	<u>3,654</u>	<u>3,786</u>	<u>59,679</u>	<u>67,119</u>
At 31 January 2002	3,654	3,786	59,679	67,119
Net book value				
At 31 January 2002	<u>485</u>	<u>2,236</u>	<u>58,107</u>	<u>60,828</u>
At 31 January 2001	<u>732</u>	<u>2,290</u>	<u>87,257</u>	<u>90,279</u>

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

	Motor vehicles £
Net book values	
At 31 January 2002	<u>25,293</u>
At 31 January 2001	<u>51,536</u>
Depreciation charge for the year	
31 January 2002	<u>8,014</u>
31 January 2001	<u>15,062</u>

REILLY CONSTRUCTION LIMITED

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

7 Stocks	2002 £	2001 £
Long term contract balances:		
- Net cost less foreseeable losses	16,068	4,080
Finished goods and goods for resale	2,000	2,000
	<u>18,068</u>	<u>6,080</u>
8 Debtors	2002 £	2001 £
Trade debtors	1,274,025	731,527
Amounts recoverable on long term contracts	120,303	601,000
Other debtors	508,390	450,593
	<u>1,902,718</u>	<u>1,783,120</u>
9 Creditors: amounts falling due within one year	2002 £	2001 £
Bank loans and overdrafts	87,129	-
Net obligations under hire purchase contracts	4,161	18,210
Trade creditors	506,885	522,030
Corporation tax	61,006	77,588
Other taxes and social security costs	129,108	37,694
Directors' current accounts	77	362
Other creditors	52,948	298,342
Accruals and deferred income	847,315	658,167
	<u>1,688,629</u>	<u>1,612,393</u>

REILLY CONSTRUCTION LIMITED

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

10 Creditors: amounts falling due after more than one year	2002 £	2001 £
Net obligations under hire purchase contracts	-	4,241
Other creditors	35,683	76,055
	<u>35,683</u>	<u>80,296</u>
Net obligations under hire purchase contracts		
Repayable within one year	4,595	19,490
Repayable between one and five years	-	4,596
	<u>4,595</u>	<u>24,086</u>
Finance charges and interest allocated to future accounting periods	(434)	(1,635)
	<u>4,161</u>	<u>22,451</u>
Included in liabilities falling due within one year	(4,161)	(18,210)
	<u>-</u>	<u>4,241</u>

Net obligations under finance lease and hire purchase contracts are secured by fixed charges on the assets concerned.

Included in Other Creditors falling due after more than one year are subcontractor retentions totalling £35,683.

The bank overdraft is secured.

11 Provisions for liabilities and charges

	Deferred taxation £
Balance at 1 February 2001	4,051
Profit and loss account	(2,551)
	<u>1,500</u>
Balance at 31 January 2002	

Deferred taxation provided in the financial statements is as follows:

	2002 £	2001 £
Accelerated capital allowances	<u>1,500</u>	<u>4,051</u>

REILLY CONSTRUCTION LIMITED

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

12 Pension costs

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

	2002 £	2001 £
Contributions payable by the company for the year	3,426	2,250

13 Share capital

Authorised

100 Ordinary Shares of £ 1 each

Allotted, called up and fully paid

60 Ordinary Shares of £ 1 each

	2002 £	2001 £
100 Ordinary Shares of £ 1 each	100	100
60 Ordinary Shares of £ 1 each	60	60

14 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 February 2001	381,677
Retained profit for the year	18,301
Balance at 31 January 2002	399,978

15 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Profit for the financial year	18,301	127,068
Opening shareholders' funds	381,737	254,669
Closing shareholders' funds	400,038	381,737

REILLY CONSTRUCTION LIMITED

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

16 Financial commitments

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

	Land and buildings	
	2002	2001
	£	£
Expiry date:		
Within one year	8,316	8,316

17 Directors' emoluments

	2002	2001
	£	£
Emoluments for qualifying services	111,453	140,319
Company pension contributions to money purchase schemes	3,426	2,250
	114,879	142,569

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2001 - 1).

REILLY CONSTRUCTION LIMITED

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

18 Transactions with directors

The following directors had interest free loans during the year. The movement on these loans are as follows:

	Amount outstanding		Maximum
	2002	2001	in year
	£	£	£
D Reilly	-	4,892	4,892
K Gearing	(77)	(362)	(77)

J Reilly, M Reilly and D P Reilly were directors and shareholders of each of the following companies during the year and several transactions existed with these companies. These transactions and the balances at the Balance Sheet date were as follows.

	Sales	Purchases	Year end Balance
	£	£	£
John Reilly (Civil Engineering) Limited	14,636	-	(297,913) Creditor
Brockwood Estates Limited	1,929,978	-	904,700 Debtor
Reilly Holdings Limited	510,342	-	52,557 Debtor
Brockwood Estates (Sussex) Limited	-	-	259,088 Debtor

During the year, Reilly Construction Limited levied £100,000 management charges (net of VAT) to John Reilly (Civil Engineering) Limited, and paid management charges of £40,000 (net of VAT) to John Reilly (Civil Engineering) Limited.

All transactions were carried out at arm's length and on commercial terms.

Also during the year, the company supplied good and services to K M Gearing totalling £1,093.

REILLY CONSTRUCTION LIMITED

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

19 Employees

Number of employees

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

	2002 Number	2001 Number
Direct	7	9
Administration	5	5
Directors	6	6
	<u>18</u>	<u>20</u>

Employment costs

	£	£
Wages and salaries	342,579	375,700
Social security costs	32,863	38,687
Other pension costs	3,426	2,250
	<u>378,868</u>	<u>416,637</u>

20 Control

J Reilly, D P Reilly, M Reilly and K M Gearing have control of the company by virtue of their shareholdings.