

SEH (ASPHALT) LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2003



SEH (ASPHALT) LIMITED

CONTENTS

	Page
DIRECTORS' REPORT	1 - 2
REPORT OF THE AUDITORS	3
ABBREVIATED PROFIT AND LOSS ACCOUNT	4
BALANCE SHEET	5
CASH FLOW STATEMENT	6
NOTES TO THE ABBREVIATED ACCOUNTS	7 - 16

SEH (ASPHALT) LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2003

The directors submit their report and the financial statements for the year ended 31 December 2003.

Results and dividends

The profit for the year, after taxation, amounted to £242,422 (2002 - £256,900).

The directors recommend a dividend of £48,484 leaving a balance of £193,938 which is transferred to retained reserves.

Principal activity and review of the business

The company's principal activity during the year was that of surfacing contractors.

The directors are satisfied with the results for the year and expect them to continue and in addition will pursue all opportunities to further the business as they become available.

Directors

The directors who served during the year and their interests in the company's issued share capital at the balance sheet date and at the start of the year (or date of appointment, if later) were:

	Ordinary Shares of £1 each	
	2003	2002
G E Emmerson	-	-
C H R Hewitt	-	-
D Brown	6,250	6,250
D Bates (resigned 22 May 2003)		
G A Day	-	-

At the year end G E Emmerson owned 9,314 (2002: 9,314) £1 ordinary shares and 224,424 (2002: 224,424) £1 preference shares in the ultimate parent company SEH (Holdings) Limited.

In addition G E Emmerson is a trustee of a discretionary trust which holds 9,388 (2002: 9,388) £1 ordinary shares in the ultimate parent company SEH (Holdings) Limited.

At the year end C H R Hewitt owned 168,318 (2002: 168,318) £1 preference shares in the ultimate parent company SEH (Holdings) Limited.

In addition C H R Hewitt is a trustee of a discretionary trust which holds 56,106 (2002: 56,106) £1 preference shares and 18,702 (2002: 18,702) £1 ordinary shares in the ultimate parent company SEH (Holdings) Limited.

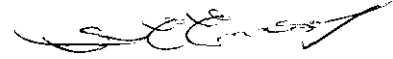
During the year an option to purchase 3,125 £1 ordinary shares for £40,000 was granted to G A Day. The option to be exercised within 90 days of the adoption by the board of directors of the annual audited accounts in any particular accounting period. This option will lapse on 4 January 2013.

During the year, no right to subscribe for shares or debentures in the company was exercised by any of the company's directors.

SEH (ASPHALT) LIMITED
DIRECTORS' REPORT (continued)
YEAR ENDED 31 DECEMBER 2003

Auditors

The auditors, PKF, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.



By order of the board

G E Emmerson
Secretary

8 April 2004

**INDEPENDENT AUDITORS' REPORT TO
SEH (ASPHALT) LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts, which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes, together with the financial statements of the company for the year ended 31 December 2003 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985 and the abbreviated accounts are properly prepared in accordance with that provision.

Ipswich, UK
22 April 2004

PKF
Registered Auditors

SEH (ASPHALT) LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2003

	Notes	2003 £	2002 £
GROSS PROFIT		721,357	769,930
Administrative expenses		(374,267)	(387,190)
Other operating income		-	699
OPERATING PROFIT	2	347,090	383,439
Interest receivable and similar income	5	5,227	5,617
Interest payable and similar charges	6	(2,904)	(2,904)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		349,413	386,152
TAXATION	7	(106,991)	(129,252)
PROFIT FOR THE FINANCIAL YEAR		242,422	256,900
DIVIDENDS	8	(48,484)	(51,380)
		193,938	205,520

All amounts relate to continuing operations.

There were no recognised gains or losses for the year other than those included in the profit and loss account.

There was no material difference between the reported result and the result calculated on an unmodified historical cost basis.

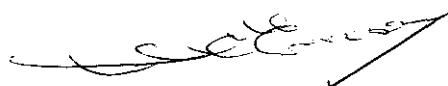
SEH (ASPHALT) LIMITED
BALANCE SHEET
31 DECEMBER 2003

	Notes	2003 £	2002 £
FIXED ASSETS			
Tangible	9	311,026	229,755
CURRENT ASSETS			
Stocks	10	700	700
Debtors	11	1,635,957	1,599,134
Cash at bank and in hand		82,931	51,566
		<u>1,719,588</u>	<u>1,651,400</u>
CREDITORS: amounts falling due within one year	12	<u>(1,007,528)</u>	<u>(1,060,207)</u>
NET CURRENT ASSETS		<u>712,060</u>	<u>591,193</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,023,086</u>	<u>820,948</u>
PROVISIONS FOR LIABILITIES AND CHARGES	14	<u>(28,900)</u>	<u>(20,700)</u>
NET ASSETS		<u><u>994,186</u></u>	<u><u>800,248</u></u>
CAPITAL AND RESERVES			
Called up share capital	15	62,500	62,500
Share premium account		4,227	4,227
Profit and loss account	16	927,459	733,521
SHAREHOLDERS' FUNDS	17	<u><u>994,186</u></u>	<u><u>800,248</u></u>

The abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The financial statements were approved by the board on 20/4/04

Signed on behalf of the board of directors



G E Emmerson

Director

SEH (ASPHALT) LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2003

	2003 £	2002 £
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	347,090	383,439
Depreciation of tangible fixed assets	54,856	49,965
(Profit)/loss on sale of fixed assets	(7,489)	7,902
Increase in debtors	(37,163)	(295,559)
Increase in creditors	30,999	25,213
Net cash inflow from operating activities	<u>388,293</u>	<u>170,960</u>
 CASH FLOW STATEMENT (note 18)		
Net cash inflow from operating activities	388,293	170,960
Returns on investments and servicing of finance	2,663	2,298
Taxation	(152,906)	29,768
Capital expenditure	(128,638)	(38,701)
Equity dividends paid	(51,380)	(12,409)
	<u>58,032</u>	<u>151,916</u>
Financing	<u>(26,667)</u>	<u>(26,667)</u>
Increase in cash	<u>31,365</u>	<u>125,249</u>
 Reconciliation of net cash flow to movement in net funds (note 19)		
Increase in cash in the year	31,365	125,249
Cash outflow from decrease in debt and lease financing	26,667	26,667
Change in net funds	<u>58,032</u>	<u>151,916</u>
Net funds at 1 January 2003	24,899	(127,017)
Net funds at 31 December 2003	<u>82,931</u>	<u>24,899</u>

SEH (ASPHALT) LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2003

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention.

(b) Turnover

Invoices for short term contracts are raised when work is completed and turnover is recognised at this stage.

Turnover on long term contracts is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in the previous period. The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Provision is made for any losses which are foreseen. Applications for payment on long term contracts are raised when phases of work are completed and recognised as turnover. Invoices are raised on receipt of a sub contractors payment certificate and credited to turnover and the original posting of the application reversed. Provisions are made for work that is in dispute and turnover is adjusted to reflect this.

Retentions on contracts are recognised when invoices are raised. Provisions are made for work that is in dispute and turnover is reduced to reflect this.

Turnover in respect of all work is stated net of value added tax and trade discounts.

(c) Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	2 % straight line
Plant & equipment	25 % reducing balance
Fixtures & fittings	20 % reducing balance
Motor vehicles	25 % reducing balance
Freehold land is not depreciated.	

(d) Finance leases and hire purchase

Assets acquired under finance leases or hire purchase are treated as tangible fixed assets and depreciation is provided accordingly. The present value of future rentals is shown as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the capital balance outstanding.

(e) Stocks and work in progress

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account. Amounts included within work in progress represent costs incurred on contracts in their initial stages at the year end for which no application for payment has been made.

(f) Deferred taxation

Deferred tax is provided in respect of the tax effects of all timing differences on a full provision basis, at the average rates of tax expected to apply when timing differences reverse. Deferred tax balances are not discounted.

SEH (ASPHALT) LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2003

1 ACCOUNTING POLICIES (continued)

(g) Pensions

The company is a member of the group's defined contribution pension scheme providing benefits additional to those from the State. The pension charge in the profit and loss account represents the amounts payable by the company to the fund in respect of the year.

2 OPERATING PROFIT

The operating profit is stated after charging:

	2003 £	2002 £
Depreciation of tangible fixed assets:		
- owned by the company	54,856	35,277
- held under finance lease or hire purchase contracts	-	14,688
Audit fees	5,725	5,425
Pension cost	3,485	3,729
	<u> </u>	<u> </u>

3 DIRECTORS' EMOLUMENTS AND BENEFITS

	2003 £	2002 £
Directors' emoluments	171,213	196,991
Contributions to money purchase pension schemes	3,070	2,897
	<u> </u>	<u> </u>

The number of directors accruing benefits under pension schemes were:

	No	No
Money purchase schemes	2	2
	<u> </u>	<u> </u>

The number of directors who exercised share options during the year was NIL (2002 - NIL)

A total of **£25,574** (2002 - £47,605) was paid to a third party in respect of the provision of the services of a director. This has been included in the above figure.

SEH (ASPHALT) LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2003

4 STAFF COSTS

Staff costs, including directors' emoluments, were as follows:

	2003	2002
	£	£
Wages and salaries	469,820	464,500
Social security costs	49,559	43,037
Other pension costs	3,485	3,729
	<u>522,864</u>	<u>511,266</u>

The average monthly number of employees, including executive directors, during the year was:

	No	No
Management	2	2
Office	1	2
Direct Labour	13	13
	<u>16</u>	<u>17</u>

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	2003	2002
	£	£
Interest receivable from group companies	5,064	5,617
Other interest receivable	163	-
	<u>5,227</u>	<u>5,617</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2003	2002
	£	£
Finance charges under finance lease and hire purchase contracts	2,904	2,904

SEH (ASPHALT) LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2003

7 TAXATION

(a) Analysis of charge in year	2003	2002
	£	£
UK corporation tax		
Current tax on income for the year	99,234	119,724
Adjustments in respect of prior periods	(443)	(1,172)
	<u>98,791</u>	<u>118,552</u>
Total UK taxation		
	<u>98,791</u>	<u>118,552</u>
Deferred tax		
Changes in deferred tax balances arising from:		
Origination or reversal of timing differences	8,200	10,700
	<u>8,200</u>	<u>10,700</u>
Tax on profit on ordinary activities	<u>106,991</u>	<u>129,252</u>

(b) Factors affecting the tax charge for the year

The tax assessed for the year is lower than would be expected by multiplying profit on ordinary activities by the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	2003	2002
	£	£
Profit on ordinary activities before tax	349,413	386,152
	<u>349,413</u>	<u>386,152</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax of 30% (2002: 30%)	104,824	115,846
Effects of:		
Depreciation and other fixed asset movements charged in excess of capital allowances	(7,195)	1,184
Expenses not deductible for tax purposes	1,605	2,694
Adjustments to tax charge in respect of previous periods	(443)	(1,172)
	<u>98,791</u>	<u>118,552</u>
Current tax charge for the year	<u>98,791</u>	<u>118,552</u>

8 DIVIDENDS

	2003	2002
	£	£
Ordinary shares		
Final proposed	48,484	51,380
	<u>48,484</u>	<u>51,380</u>
of which:		
Dividends on equity shares	48,484	51,380
	<u>48,484</u>	<u>51,380</u>

SEH (ASPHALT) LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2003

9 TANGIBLE FIXED ASSETS

	Land & buildings £	Plant & machinery £	Fixtures, fittings, tools & equipment £	Total £
Cost				
At 1 January 2003	51,717	382,475	8,015	442,207
Additions	-	170,052	1,986	172,038
Disposals	-	(105,319)	-	(105,319)
At 31 December 2003	<u>51,717</u>	<u>447,208</u>	<u>10,001</u>	<u>508,926</u>
Depreciation				
At 1 January 2003	3,621	204,884	3,947	212,452
Charge for year	1,035	52,974	847	54,856
On disposals	-	(69,408)	-	(69,408)
At 31 December 2003	<u>4,656</u>	<u>188,450</u>	<u>4,794</u>	<u>197,900</u>
Net book amount				
At 31 December 2003	<u>47,061</u>	<u>258,758</u>	<u>5,207</u>	<u>311,026</u>
At 31 December 2002	<u>48,096</u>	<u>177,591</u>	<u>4,068</u>	<u>229,755</u>

The net book amount of land and buildings comprises:

	2003 £	2002 £
Freeholds	<u>47,061</u>	<u>48,096</u>

The net book amounts of assets held under finance lease or hire purchase contracts included above were:

	2003 £	2002 £
Plant & machinery	<u>-</u>	<u>44,063</u>

10 STOCKS

	2003 £	2002 £
Raw materials	<u>700</u>	<u>700</u>

SEH (ASPHALT) LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2003

11 DEBTORS

	2003 £	2002 £
Due within one year		
Trade debtors	749,844	748,664
Amounts due from group undertakings	99,493	358,614
Other debtors	19,877	20,290
Amounts receivable on long term contracts	766,743	471,566
	<u>1,635,957</u>	<u>1,599,134</u>

12 CREDITORS

	2003 £	2002 £
Amounts falling due within one year		
Trade creditors	737,335	745,730
Amounts owed to group undertakings	32,687	69,693
Corporation tax	65,609	119,724
Other tax and social security	30,398	50,388
Net obligations under finance lease and hire purchase contracts(note 13)	-	26,667
Other creditors	109,824	43,030
Accruals and deferred income	31,675	4,975
	<u>1,007,528</u>	<u>1,060,207</u>

13 FINANCE LEASES

Net obligations under finance lease and hire purchase agreements fall due as follows:

	2003 £	2002 £
Within one year	-	26,667

Finance lease and hire purchase creditors are secured on the assets concerned.

SEH (ASPHALT) LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2003

14 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
At 1 January 2003	20,700
Charged to profit and loss	8,200
At 31 December 2003	28,900

Deferred tax is analysed as follows:

	2003 £	2002 £
Capital allowances	28,900	20,700

15 SHARE CAPITAL

	Authorised £	Allotted, called up and fully paid No	£
At 1 January 2003 and 31 December 2003			
Ordinary shares of £1 each	100,000	62,500	62,500

16 RESERVES

	£
Profit and loss account	
At 1 January 2003	733,521
Profit for the year	242,422
Dividends	(48,484)
At 31 December 2003	927,459

17 SHAREHOLDERS' FUNDS

	2003 £	2002 £
Shareholders' funds at 1 January 2003	800,248	594,728
Profit for the year	242,422	256,900
Dividends	(48,484)	(51,380)
Shareholders' funds at 31 December 2003	994,186	800,248

SEH (ASPHALT) LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2003

18 GROSS CASH FLOWS

	2003 £	2002 £
Returns on investments and servicing of finance		
Interest received	5,567	5,202
Interest element of finance lease rentals	(2,904)	(2,904)
	<u>2,663</u>	<u>2,298</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(172,038)	(50,151)
Receipts from sales of tangible fixed assets	43,400	11,450
	<u>(128,638)</u>	<u>(38,701)</u>
Financing		
Capital element of finance lease rentals	(26,667)	(26,667)
	<u></u>	<u></u>

19 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 January 2003 £	Cash flows £	Other changes £	At 31 December 2003 £
Cash at bank and in hand	51,566	31,365	-	82,931
Finance leases	(26,667)	26,667	-	-
Total	<u>24,899</u>	<u>58,032</u>	<u>-</u>	<u>82,931</u>

20 CAPITAL COMMITMENTS

At 31 December 2003 the company had entered into contracts for capital expenditure not provided for in these accounts amounting to approximately £NIL (2002 - £23,967).

21 CONTINGENT LIABILITIES

There is a contingent liability of up to £764,193 in respect of guarantees given by the company to its bankers for overdraft facilities granted to group undertakings.

SEH (ASPHALT) LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2003

22 TRANSACTIONS WITH RELATED PARTIES

The following transactions took place with fellow subsidiary companies during the year:

	Sales		Purchases	
	2003	2002	2003	2002
	£	£	£	£
S E H (Ipswich) Limited	392,166	347,744	7,411	742
Emmitt Plant Limited			119,121	80,474
S E H (Holdings) Limited		395		
S E H French Limited	45,472	5,856		
S E H Windows and Doors Limited	490			

Management and financial charges of **£79,830** (2002: £61,187) were paid to S E H Holdings Limited, the company's parent undertaking. Management and financial charges of **£7,922** (2002: £8,878) were paid to S E H (Ipswich) Limited, a fellow subsidiary.

During the year the company paid consultancy fees of **£48,071** (2002: £47,605) to D A B Associates Limited, a company of which D Bates, a shareholder, is a director. In addition the company raised sales invoices totalling **£16,607** (2002: £nil) and received purchase invoices totalling **£3,488** (2002: £nil). Included within trade debtors is **£19,514** (2002: £nil) outstanding at 31 December 2003 in relation to amounts owed on sales invoices raised.

The following amounts, included within amounts due from and to group companies, were outstanding at 31 December 2003 in relation to the sales, purchases and management and financial charges.

	Debtors		Creditors	
	2003	2002	2003	2002
	£	£	£	£
S E H (Ipswich) Limited	47,126	81,613	3,732	4,970
Emmitt Plant Limited			20,206	13,862
S E H (Holdings) Limited			3,748	2,759
S E H French Limited	2,040		6	1,854

Included within amounts due from group undertakings is **£50,000** (2002: £250,000) held on deposit by S E H (Holdings) Limited

Included within other creditors D Brown has a directors account with **£1,266** (2002: £81) payable at the year end.

23 PENSION COSTS

The company is a member of the group's defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund. The pension cost charge for the year is shown in Note 5.

SEH (ASPHALT) LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2003

24 PARENT UNDERTAKINGS

The parent undertaking of the largest and smallest group for which consolidated accounts are prepared is SEH Holdings Limited. Consolidated accounts are available from Companies House, Cardiff, CF4 3UZ.

In the opinion of the directors this is the company's ultimate parent company.