

FORKER GROUP HOLDINGS LIMITED

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD

26TH JULY 1999 TO 30TH NOVEMBER 2000

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R.K. THOMAS & CO.

CHARTERED ACCOUNTANTS

FORKER GROUP HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD

26TH JULY 1999 TO 30TH NOVEMBER 2000

CONTENTS

PAGES

1, 1a and 1b	REPORT OF THE DIRECTORS
2	REPORT OF THE AUDITORS
3	CONSOLIDATED PROFIT AND LOSS ACCOUNT
4	CONSOLIDATED BALANCE SHEET
5	COMPANY BALANCE SHEET
6	CONSOLIDATED CASH FLOW STATEMENT
7 to 13	NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FORKER GROUP HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD
26TH JULY 1999 TO 30TH NOVEMBER 2000

CONTENTS
(continued)

<u>Directors</u>	:	P. Forker Esq. - Chairman Mrs. B.M. Forker Mrs. H. Boyle Mrs. R. Curran R.J. Cotterill Esq.
<u>Joint Secretary</u>	:	Mrs. H. Boyle Mrs. R. Curran
<u>Registered Office</u>	:	Golds Green House Shaw Street West Bromwich West Midlands B70 0XT
<u>Registered Number</u>	:	3813601 England and Wales
<u>Auditors</u>	:	R.K. Thomas & Co. 259a Stratford Road Shirley Solihull West Midlands B90 3AL
<u>Solicitors</u>	:	Moran and Company 40 Upper Gungate Tamworth Staffordshire B79 8AA
<u>Bankers</u>	:	Allied Irish Bank Plc. 380 Birmingham Road Wylde Green Sutton Coldfield West Midlands B72 1YH

REPORT OF THE DIRECTORS

The directors submit their Report and Audited Financial Statements for the period 26th July 1999 to 30th November 2000.

PRINCIPAL ACTIVITIES

The company acquired its subsidiary companies P. Forker Contractors Limited (now Forkers Limited) and Midland Grouting and Drilling Company Limited on 14th October 1999 and 29th October 1999 respectively. The name of its subsidiary company P. Forker Contractors Limited was changed to that of Forkers Limited on 16th November 2000. On 1st December 2000 its subsidiary company Midland Grouting and Drilling Company Limited ceased to trade when the activities of that company were merged with those of Forkers Limited.

The principal activity of the group is that of Civil Engineering Contracting.

PROFITS AND APPROPRIATIONS

The consolidated profit and loss account is set out on page 3 and shows the result for the period.

The directors do not recommend the payment of a dividend to shareholders.

SUBSCRIPTIONS

Charitable donations of £1,680 were made during the period.

FIXED ASSETS

Details of the changes are shown in the notes forming part of these financial statements. No assets have a significant difference in value between book value reported and market value.

DIRECTORS

The following were directors throughout the financial period. Their shareholdings in the company are shown at the beginning and ending of the period.

		<u>Interest in Shares</u>			
		<u>2000</u>		<u>1999</u>	
		<u>Ordinary</u>	<u>Ordinary B</u>	<u>Ordinary</u>	<u>Ordinary B</u>
		<u>Voting</u>	<u>Non-Voting</u>	<u>Voting</u>	<u>Non-Voting</u>
P. Forker Esq.	£1 shares	1	450	1	450
Mrs. B.M. Forker	£1 shares	1	450	1	450
Mrs. H. Boyle	£1 shares	NIL	1,200	NIL	1,200
Mrs. R. Curran	£1 shares	NIL	1,200	NIL	1,200

REPORT OF THE DIRECTORS (Cont.d)

OTHER SUBSTANTIAL SHAREHOLDINGS

Trustees of the P. Forker Settlement	- 850 £1 Ordinary B Non voting shares
Trustees of Mrs.B.M. Forker Settlement	- 850 £1 Ordinary B Non voting shares

On 1st December 1999 Mr. R.J. Cotterill was appointed as a director of the company.

In accordance with the Articles of Association, the following directors retire and being eligible offers themselves for re-election:

P. Forker Esq.
Mrs. B.M. Forker
R.J. Cotterill Esq.

POST BALANCE SHEET EVENTS

No post balance sheet events have occurred since 30th November 2000 which require reporting or disclosing in the accounts.

CLOSE COMPANY PROVISION

The company is a close company as defined by the provisions of the Income and Corporation Taxes Act 1988. There has been no change in this respect since the end of the financial year.

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 these 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.

Follow applicable accounting standards, 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.

REPORT OF THE DIRECTORS (Cont.d)

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution proposing the re-appointment of Messrs. R.K. Thomas & Co., Chartered Accountants as Auditors to the company will be put to the Annual General Meeting.

Approved by the Board on 18th May 2001

SIGNED : *Helen Boyle*
.....
MRS. H. BOYLE
Company Secretary

FORKE GROUP HOLDINGS LIMITED

We have audited the financial statements on pages 3 to 13 which have been prepared under the historical cost convention and the accounting policies as set out on pages 7 to 13.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1a, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit on those financial statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with 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 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 and group's affairs as at 30th November 2000 and of the profit for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

SHIRLEY

WEST MIDLANDS

DATE 21.6.2001


R.K. THOMAS & CO.

CHARTERED ACCOUNTANTS

REGISTERED AUDITOR

<u>CONSOLIDATED PROFIT AND LOSS ACCOUNT</u>		<u>PERIOD 26TH JULY 1999 TO 30TH NOVEMBER 2000</u>	
	<u>NOTE</u>	<u>£</u>	<u>£</u>
Turnover	2		15,677,508
Direct costs			12,937,697
Gross Profit			2,739,811
Administrative expenses			2,431,088
Operating Profit	3		308,723
Bank interest received - gross		253,497	
Bank interest received - net		2,532	256,029
Net Profit before taxation			564,752
Taxation	6		166,502
Net Profit after taxation			398,250
Company formation charges written off			1,845
Retained Profits			396,405
Unappropriated Profits brought forward in respect of subsidiary companies since acquisitions			32,353
Unappropriated Profits carried forward	13		428,758
			=====

The results are derived from continuing operations.

The Profit and Loss Account reflects all recognised gains and losses during the period.

The notes on pages 7 to 13 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

30TH NOVEMBER 2000

		<u>AUTHORISED</u>	<u>ISSUED AND FULLY PAID</u>
	<u>NOTE</u>	<u>£</u>	<u>£</u>
<u>CAPITAL AND RESERVES:-</u>			
<u>CALLED-UP SHARE CAPITAL:-</u>			
Ordinary shares of £1 each		25,000	2
Ordinary 'B' £1 non-voting shares		25,000	5,000
Ordinary 'C' £1 non-voting shares		25,000	-
Ordinary 'D' £1 non-voting shares		25,000	-
		<u>100,000</u>	<u>5,002</u>
		=====	
<u>CAPITAL RESERVE</u>			3,508,638
<u>REVENUE RESERVE:-</u>			
Unappropriated profits			428,758
	13		<u>3,942,398</u>
			=====
<u>REPRESENTED BY:-</u>			
<u>FIXED ASSETS:-</u>			
Tangible assets	7		10,259
<u>CURRENT ASSETS:-</u>			
Work in progress	8	1,280,541	
Trade debtors		1,545,300	
Other debtors and prepayments	9	89,832	
Associated company loans		87,263	
Cash at bank - deposit accounts		4,377,307	
Cash at bank - current accounts		15,000	
Cash in hand		29,112	
		<u>7,424,355</u>	
		=====	
<u>CREDITORS FALLING DUE WITHIN ONE YEAR:-</u>			
Amounts received in advance on contracts		53,785	
Trade creditors		2,651,764	
Other creditors and accrued charges	10	417,882	
Social security costs		104,290	
Directors' current accounts	11	34,533	
Taxation		167,945	
Leasing liabilities		62,017	
		<u>3,492,216</u>	
		=====	
<u>NET CURRENT ASSETS</u>		3,932,139	3,932,139
		=====	
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			<u>3,942,398</u>
			=====

The financial statements were approved by the Board on 18th May 2001

.....
Mrs. H. Boyle
 MRS. H. BOYLE - DIRECTOR

.....
Mrs. R. Curran
 MRS. R. CURRAN - DIRECTOR

COMPANY BALANCE SHEET

30TH NOVEMBER 2000

		<u>AUTHORISED</u>	<u>ISSUED AND FULLY PAID</u>
	<u>NOTE</u>	<u>£</u>	<u>£</u>
<u>CAPITAL AND RESERVES:-</u>			
<u>CALLED-UP SHARE CAPITAL:-</u>			
Ordinary shares of £1 each		25,000	2
Ordinary 'B' £1 non-voting shares		25,000	5,000
Ordinary 'C' £1 non-voting shares		25,000	-
Ordinary 'D' £1 non-voting shares		25,000	-
		<u>100,000</u>	<u>5,002</u>
		=====	
<u>CAPITAL RESERVE</u>			2,470,000
<u>REVENUE RESERVE:-</u>			
Unappropriated profits			423,927
	13		<u>2,898,929</u>
			=====
<u>REPRESENTED BY:-</u>			
<u>CURRENT ASSETS:-</u>			
Cash at bank - deposit accounts		2,579,004	
Cash at bank - current accounts		5,000	
Dividends receivable		350,000	
		<u>2,934,004</u>	
		=====	
<u>CREDITORS FALLING DUE WITHIN ONE YEAR:-</u>			
Creditors and accrued charges	10	4,250	
Taxation		18,325	
Directors' current accounts	11	12,500	
		<u>35,075</u>	
		=====	
<u>NET CURRENT ASSETS</u>		2,898,929	2,898,929
		=====	=====
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			2,898,929
			=====

The financial statements were approved by the Board on 18th May 2001

.....*Helena Boyle*.....
MRS. H. BOYLE - DIRECTOR

.....*R. Curran*.....
MRS. R. CURRAN - DIRECTOR

CONSOLIDATED CASHFLOW STATEMENT

PERIOD 26TH JULY 1999
TO 30TH NOVEMBER 2000

	<u>£</u>	<u>£</u>
<u>RECONCILIATION OF OPERATING PROFIT</u> <u>TO NET CASH FLOW FROM OPERATING ACTIVITIES</u>		
Operating profit on continuing activities		308,723
Depreciation of tangible assets		3,065
Decrease in stocks on hand		463,901
(Increase) in debtors		(355,941)
(Decrease) in creditors		(575,216)
(Decrease) in directors' loan account		(3,261)
Company formation costs		(1,845)
<u>NET CASH OUTFLOW FROM</u> <u>CONTINUING ACTIVITIES</u>		<u>(160,574)</u>
		=====
<u>NET CASH OUTFLOW FROM</u> <u>OPERATING ACTIVITIES</u>		(160,574)
<u>RETURNS ON INVESTMENTS AND</u> <u>SERVICING OF FINANCE</u>		
Interest received	256,029	
	=====	
<u>NET CASH INFLOW FROM RETURNS ON</u> <u>INVESTMENTS AND SERVICING OF FINANCE</u>		256,029
<u>TAXATION</u>		
Corporation tax paid		(112,307)
<u>CAPITAL EXPENDITURE</u>		
Payment to acquire investment	(280,000)	
Payments to acquire tangible assets	(5,300)	
Receipts from sales of tangible assets	1,005	
	<u> </u>	<u>(284,295)</u>
<u>CASH OUTFLOW BEFORE USE OF</u> <u>LIQUID RESOURCES AND FINANCING</u>		<u>(301,147)</u>
<u>FINANCING</u>		
Issuing of ordinary share capital		5,002
		<u> </u>
<u>(DECREASE) FOR THE PERIOD</u>		<u>(296,145)</u>
		=====

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 26TH JULY 1999 TO 30TH NOVEMBER 2000

1. ACCOUNTING POLICIES

(a) Accounting basis and standards

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of Forker Group Holdings Limited and its subsidiary under takings to 30th November 2000. Forker Group Holdings Limited has taken advantage of the statutory exemption from presenting its own profit and loss account.

(c) Depreciation

Depreciation of fixed assets is provided at rates estimated to write off the cost or revalued amounts, less estimated residual value, of each asset over its expected useful life as follows :

Office equipment	20% reducing balance per annum
Motor vehicles	25% reducing balance per annum

(d) Work in progress

Work in progress is stated at the lower of cost or net realisable value. Cost includes all direct costs incurred in executing the work carried out in respect of work in progress at the end of the financial period.

(e) Turnover

Turnover represents value of work executed and invoiced to clients during the period, net of value added tax.

(f) Deferred taxation

No provision has been made for deferred taxation as the directors do not consider that any adjustment would be material.

(g) Leasing and hire purchase commitments

Rentals paid under operating leases are charged to income on a straight line basis over the lease term. Future obligations are included in creditors.

(h) Pension scheme arrangements

Contributions are made to two pension schemes, a directors executive scheme and a staff scheme all defined contribution schemes the assets of the scheme being held separately from the assets of the group. The pension cost charge represents contributions payable to the scheme. The liability is limited to the amount of the contribution.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26TH JULY 1999 TO 30TH NOVEMBER 200 (Cont.d)

2. TURNOVER

Turnover is attributable to the one principal activity of the company which arose wholly in the United Kingdom.

3. OPERATING PROFIT

Group
2000

£

The operating profit is stated after charging:
Auditors' remuneration

11,500

Depreciation:

Owned tangible fixed assets

3,065

Operating lease rentals:

Motor vehicles

85,175

Plant and vehicle hire

3,083,316

=====

4. EMPLOYEE INFORMATION

The average number of persons employed by the company (including directors) during the period was:

Group
2000

Production

91

Administration

33

=====

£

Their total remuneration was:

Wages and salaries

3,116,824

Social security costs

295,299

Pension costs

70,180

Redundancy costs

39,570

3,521,873

=====

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26TH JULY 1999 TO 30TH NOVEMBER 2000 (Cont.d)

5. DIRECTORS' EMOLUMENTS

Group
2000

£

(i)	Aggregate emoluments	301,762
	Company contributions to money purchase pension schemes	20,574
	Redundancy costs	35,000
		<u>357,336</u>
		=====

(ii) Retirement benefits are accruing to two directors under the Forker Group executive pension scheme and to one director under the Forker Group staff pension scheme

(iii) No directors held or exercised any share options in the period.

6. TAXATION

Group
2000

£

U.K. corporation tax	166,502
	=====

7. FIXED ASSETS (TANGIBLE) - GROUP

	<u>Office equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Additions	5,300	45,561	50,861
Disposals	-	(7,518)	(7,518)
	<u>5,300</u>	<u>38,043</u>	<u>43,343</u>
	=====	=====	=====
Cost at 30th November 2000	5,300	38,043	43,343
Depreciation			
Depreciation relating to additions	-	36,532	36,532
Charge for the period	1,060	2,006	3,066
Depreciation on disposals	-	(6,514)	(6,514)
	<u>1,060</u>	<u>32,024</u>	<u>33,084</u>
	=====	=====	=====
Depreciation at 30th November 2000	1,060	32,024	33,084
Net book values:			
at 30th November 2000	4,240	6,019	10,259
	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 26TH JULY 1999 TO 30TH NOVEMBER 2000 (Cont.d)

8.	<u>WORK IN PROGRESS</u>	<u>Group</u> <u>2000</u>	
		<u>£</u>	
	Work in progress	1,280,540	=====
9.	<u>OTHER DEBTORS AND PREPAYMENTS</u>	<u>Group</u> <u>2000</u>	<u>Company</u> <u>2000</u>
		<u>£</u>	<u>£</u>
	Other debtors	7,784	-
	Prepayments and accrued income	82,048	-
		89,832	-
		=====	=====
10.	<u>OTHER CREDITORS AND ACCRUED CHARGES</u> <u>FALLING DUE WITHIN ONE YEAR</u>	<u>Group</u> <u>2000</u>	<u>Company</u> <u>2000</u>
		<u>£</u>	<u>£</u>
	Amount due to company pension scheme	7,724	-
	Value added tax	30,212	-
	Other creditors	51,203	-
	Accruals and deferred income	328,743	4,250
		417,882	4,250
		=====	=====
11.	<u>DIRECTORS' CURRENT ACCOUNTS</u>	<u>Group</u> <u>2000</u>	<u>Company</u> <u>2000</u>
		<u>£</u>	<u>£</u>
	P. Forker Esq.	14,365	2,500
	Mrs. B.M. Forker	7,875	2,500
	Mrs. H. Boyle	4,500	2,500
	Mrs. R. Curran	4,898	2,500
	P.D. Watson Esq.	395	-
	R.J. Cotterill Esq.	2,500	2,500
		34,533	12,500
		=====	=====

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 26TH JULY 1999 TO 30TH NOVEMBER 2000 (Cont.d)

12. CAPITAL RESERVE - GROUP

	<u>Total</u>	<u>P. Forker Contractors Limited</u>	<u>Midland Grouting and Drilling Company Limited</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Undistributed profits at date of acquisition	3,783,636	2,701,879	1,081,757
Cost of acquisitions	(274,998)	5,002	(280,000)
Balance at 30th November 2000	3,508,638	2,706,881	801,757
	=====	=====	=====

CAPITAL RESERVE - COMPANY

	<u>Total</u>	<u>P. Forker Contractors Limited</u>	<u>Midland Grouting and Drilling Company Limited</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Dividends paid from pre acquisition profits	2,750,000	2,000,000	750,000
Cost of acquisitions	(280,000)	-	(280,000)
Balance at 30th November 2000	2,470,000	2,000,000	470,000
	=====	=====	=====

13. SHAREHOLDERS' FUNDS - GROUP

	<u>Called-up share capital</u>	<u>Profit and loss account</u>	<u>Capital reserve</u>	<u>2000 Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Balance at 26th July 1999	5,002	-	-	5,002
Transfer from profit and loss account	-	428,758	-	428,758
Surplus on acquisitions	-	-	3,508,638	3,508,638
Balance at 30th November 2000	5,002	428,758	3,508,638	3,942,398
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 26TH JULY 1999 TO 30TH NOVEMBER 2000 (Cont.d)

13. SHAREHOLDERS' FUNDS - COMPANY

	<u>Called-up share capital</u>	<u>Profit and loss account</u>	<u>Capital reserve</u>	<u>2000 Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Balance at 26th July 1999	5,002	-	-	5,002
Transfer from profit and loss account	-	423,927	-	423,927
Surplus on acquisitions	-	-	2,470,000	2,470,000
Balance at 30th November 2000	5,002	423,927	2,470,000	2,898,929
	=====	=====	=====	=====

14. CHANGES IN CASH DURING THE YEAR - GROUP

	<u>Group 2000</u>
	<u>£</u>
Change in the Year	
Opening position	4,717,564
Net cash outflow	(296,145)
at 30th November 2000	4,421,419
	=====

15. CAPITAL COMMITMENTS

	<u>Group 2000</u>
	<u>£</u>
Expenditure contracted but not provided in the financial statements	NIL
	=====

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 26TH JULY 1999 TO 30TH NOVEMBER 2000 (Cont'd)

16. FUTURE FINANCIAL COMMITMENTS - GROUP

Operating leases

At 30th November 2000 the group had annual contributions under operating leases as set out below:

	<u>2000</u>
	<u>Motor Vehicles</u>
	<u>£</u>
Operating leases which expire:	
within one year	46,271
between one and two years	15,745
	=====

17. CONTINGENT LIABILITIES - GROUP

There were no contingent liabilities outstanding at 30th November 2000

18. SUBSIDIARY COMPANIES

During the period the company's subsidiaries were Forkers Limited (formerly P. Forker Contractors Limited) and Midland Grouting and Drilling Company Limited both companies being registered in England.

19. CONTROL RELATIONSHIPS

The group is controlled by Mr. P. Forker and Mrs. B.M. Forker who are directors of the company.