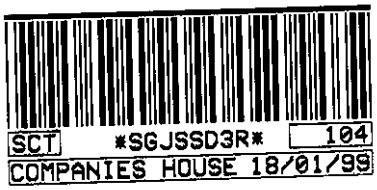
John McGeady Limited

Financial Statements

For the year ended 31 March 1998

Registered number: SC80553



Hardie Caldwell
(INCORPORATING PEACOCK & HENRY)

CHARTERED ACCOUNTANTS

Glasgow

John McGeady Limited

Financial Statements
For the year ended 31 March 1998

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Company information
For the year ended 31 March 1998

Number	SC80553
Chairman	John McGeady
Other directors	Martin Boyle I.P.F.A.
Secretary	Martin Boyle I.P.F.A.
Registered office	Savoy Tower 77 Renfrew Street Glasgow G2 3BY
Bankers	Bank of Scotland 19 Roman Road Bearsden Glasgow G61 2SP
Solicitors	Paterson Holmes & Co 112 Drymen Road Bearden Glasgow G61 3RA
Auditors	Hardie Caldwell Chartered Accountants Savoy Tower 77 Renfrew Street Glasgow G2 3BY

Chairman's statement

Introduction

The company undertakes civil engineering contracts for a range of clients including local authorities, public bodies, government departments, housing associations and various companies in the private sector. The contracts completed during the year comprised roads, footways, streetscape schemes, drainage, infrastructure and enabling works, retaining structures, environmental improvements, marine works, car parks, site preparation and urban regeneration schemes.

Review of year

A sound performance during the 1997/98 year resulting in pre-tax profits of just under £0.3 million. The accounts reflect the benefits of three main initiatives which began in 1996;

1. The introduction and development of a contract accountability system in which there are clear lines of responsibility from tender stage through to final account.

2. A review of overhead expenditure items with the following reductions achieved:

Expenditure	Comments	Cost 1995 £	Cost 1998 £
Insurance	Training and quality planning has reduced costs	32,904	14,577
Interest	A greater emphasis on money management has created a cash generating position	21,483 (Paid)	9,892 (Received)
Travelling costs	A review of costs has achieved savings	24,275	19,590
Legal/ Professional Fees	Although never considered a confrontational contractor we have developed relationships with our clients where potential problems are resolved to our mutual satisfaction. This has eliminated contractural related costs.	7,359	Nil
Telephone	A more efficient system has been introduced.	15,121	6,292

3. A change of policy from hiring plant to investing in our own has resulted in considerable savings. During the year the purchase of new vans, JCB 3CX site master and various compressors and rollers have been added to our plant fleet which now comprises 21 items. To ensure that the fleet are constantly ready for work a programme of planned maintenance is adhered to.

Health, safety and environmental policies

The company continues to regard health, safety and environmental issues to be of paramount importance and operates a positive safety management system.

Quality management

The company's quality system has been reviewed during the year and complies with the requirements of BS EN ISO 9002 1994.

Equal opportunities

It is the policy of the company to give equal consideration to all job applicants and employees irrespective of sex, race, creed and disability.

Chairman's statement (continued)

Prospects

The board remains committed to its aim to remain competitive, provide value for money and produce quality in all its activities. As the company's technical and financial resources can accommodate both a substantial increase in turnover and in the values of individual contracts, the directors hope that tender opportunities from current and potential clients increase. The directors believe we are viewed as a contractor who avoids the traditional adversarial approach but are seen as one striving for quality and best value. We are working towards "best value" contracting and our initial proposals are appendixed to this statement. The company is ideally placed to produce a large increase in turnover, in the next financial year.

John McGeady
Chairman

30 April 1998

Directors' report
For the year ended 31 March 1998

The directors submit their report and the accounts for the year ended 31 March 1998.

Principal activity
The principal activity of the company during the fifteenth year of trading has been that of civil engineering contracting. The review of the year and future prospects are contained in the Chairmans statement in pages 2 and 3.

Statement of Directors reponsibilities
The directors are required by UK company law to prepare accounts for each financial year which gives a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit and loss of the company for that year. In preparing the accounts, the directors are required to select suitable accounting policies and apply them consistently, to make reasonable and prudent judgements and estimates, to follow applicable accounting standards and to prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business. The directors are also responsible for maintaining adequate accounting records, for safeguarding the assets of the company, and taking reasonable steps to prevent and detect fraud and other irregularities.

Charitable contributions
During the year donations totalling £550 were made to charitable organisations.

Directors and their interests
The directors and their interests in the share capital of the company were follows

	31 March 1998 Ordinary shares	1 April 1997 Ordinary shares
John McGeady	2,500	2,500
Martin Boyle	2,500	2,500

Auditors
Hardie Caldwell, Chartered Accountants, have expressed their willingness to continue in office. A resolution proposing their re-appointment will be put to the Annual General Meeting. The directors report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies.

Approved by the Board on 30 April 1998 and signed on its behalf

Mart— B.

Martin Boyle C.P.F.A. Secretary

Auditors' report to the members of

John McGeady Limited

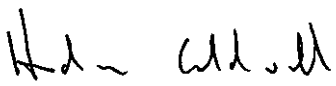
We have audited the financial statements on pages 6 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors
As described on page 4, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those 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 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 error or other irregularity. 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 March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Hardie Caldwell
Registered Auditors
Chartered Accountants

30 April 1998

Profit and loss account
For the year ended 31 March 1998

	Note	1998 £	1997 £
Turnover	2	2,116,074	1,943,189
Cost of sales		(1,684,703)	(1,653,829)
Gross profit		431,371	289,360
Administrative expenses		(178,498)	(171,035)
Other operating income		4,800	4,700
Operating profit	3	257,673	123,025
Investment income	5	14,838	5,160
Interest payable	6	(4,946)	(7,564)
Profit on ordinary activities before taxation		267,565	120,621
Taxation		(60,298)	(27,579)
Profit on ordinary activities after taxation		207,267	93,042
Dividends	7	(100,000)	(20,000)
Retained profit for the year	15	107,267	73,042

Movements in reserves are shown in the notes to the financial statements.

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains and losses in 1998 and 1997 other than the profit for the year.

The notes on pages 8 to 13 form part of these financial statements.

Balance sheet
As at 31 March 1998

	Note	1998 £	1998 £	1997 £	1997 £
Fixed assets					
Tangible assets	8		154,111		89,291
Investments	9		82,000		82,000
			236,111		171,291
Current assets					
Stocks	10	44,970		36,265	
Debtors	11	237,704		267,406	
Cash at bank and in hand		150,817		103,500	
		433,491		407,171	
Creditors: amounts falling due within one year	12	(381,689)		(397,817)	
Net current assets			51,802		9,354
Total assets less current liabilities			287,913		180,645
Capital and reserves					
Called up share capital	14		5,000		5,000
Profit and loss account	15		282,913		175,645
Total shareholders' funds	13		287,913		180,645

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements on pages 6 to 13 were approved by the board of directors on 30 April 1998 and signed on its behalf by:

John McGeady

John McGeady
Chairman

The notes on pages 8 to 13 form part of these financial statements.

Notes on the financial statements
For the year ended 31 March 1998

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost accounting rules.

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it qualifies as a small company under the Companies Act 1985.

Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Plant and machinery	15% reducing balance
Motor vehicles	25% reducing balance

Leases and hire purchase contracts

Rentals paid under operating leases are charged to income as incurred.

Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. The cost of work in progress and finished goods includes all production overheads and depreciation and the attributable proportion of indirect overheads based on the normal level of activity. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Pensions

Defined contribution scheme

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2 Turnover

In the opinion of the directors, none of the turnover of the company is attributable to geographical markets outside the UK. (1997 nil).

Notes on the financial statements
For the year ended 31 March 1998

3 Operating profit

	1998 £	1997 £
Operating profit is stated after crediting		
Rental income	4,800	4,700
and after charging		
Auditors' remuneration	6,469	4,250
Operating leases		
Hire of plant and machinery	171,759	127,233
Loss on sale of assets	5,315	2,089
Depreciation of tangible fixed assets (note 8)		
owned assets	52,144	26,340

4 Directors

	1998 £	1997 £
Directors' emoluments	35,160	34,972

Defined contribution pension scheme
The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £5,160 (1997 £4,972). Contributions totalling £0 (1997 £0) were payable to the fund at 31 March 1998 and are included in creditors.

5 Investment income

	1998 £	1997 £
Interest receivable	14,838	5,160

6 Interest payable

	£	£
Interest payable	4,946	7,564

7 Dividends

	£	£
Equity - ordinary/interim	100,000	20,000

Notes on the financial statements
For the year ended 31 March 1998

8 Tangible fixed assets

	Plant and Machinery etc £
Cost	
1 April 1997	181,584
Additions	142,511
Disposals	(54,886)
31 March 1998	269,209
Depreciation	
1 April 1997	92,293
Charge for year	52,144
Disposals	29,339
31 March 1998	115,098
Net book amount	
31 March 1998	154,111
1 April 1997	89,291

Notes on the financial statements
For the year ended 31 March 1998

9 Fixed asset investments

	Investments other than loans £
Cost	
1 April 1997 and at 31 March 1998	82,000
Net book amount	
31 March 1998	82,000
1 April 1997	82,000

	1998 £	1997 £
Listed investments included above		
Fixed asset investments - cost	85,785	85,785

Investment properties

Investment properties relate to freehold properties which are let out on a year to year tenancy. Investment properties were valued at their open market value by Mackie & Company, Chartered Building Surveyors on 5 May 1996.

10 Stocks

	1998 £	1997 £
Stocks	44,970	36,265

11 Debtors

	1998 £	1997 £
Amounts falling due within one year		
Trade debtors	230,810	258,882
Other debtors	6,894	8,524
	237,704	267,406

Notes on the financial statements
For the year ended 31 March 1998

12 **Creditors:** amounts falling due within one year

	1998 £	1997 £
Bank overdrafts	-	173,470
Trade creditors	140,579	44,248
Corporation tax	60,298	23,905
Other taxation and social security	65,437	64,893
Other creditors	115,375	91,301
	381,689	397,817

13 **Reconciliation of movements in shareholders' funds**

	1998 £	1997 £
Profit for the financial year	207,267	93,042
Dividends	(100,000)	(20,000)
	107,267	73,042
New share capital subscribed	-	5,000
Net addition to shareholders' funds	107,267	78,042
Opening shareholders' funds	180,646	102,603
Closing shareholders' funds	287,913	180,645

14 **Called up share capital**

	1998 Number of shares	1998 £	1997 Number of shares	1997 £
Authorised				
Ordinary shares of £1 each	5,000	5,000	5,000	5,000
Allotted called up and fully paid				
Ordinary shares of £1 each	5,000	5,000	5,000	5,000

Notes on the financial statements
For the year ended 31 March 1998

15 Profit and loss account

	1998 £
1 April 1997	175,646
Retained profit for the year	107,267
31 March 1998	282,913

16 Related parties

John McGeady, a director of the company, has a brother Michael McGeady who is a director of Errigal Construction Limited. During the year Errigal Construction Limited provided materials and services to the value of £165,241 to John McGeady Limited. In addition the company provided services to Errigal Construction Limited to the value of £12,205. Of this £6,692 was received by the balance sheet date. The balance of £5,513 is included in trade debtors.