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HAWKINS CONSTRUCTION (LONDON) LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 31 AUGUST 1996



HAWKINS CONSTRUCTION (LONDON) LIMITED

DIRECTORS : D. MOVERLEY
K. C. NEWMAN

SECRETARY : K. C. NEWMAN

REGISTERED OFFICE : "NEWLANDS"
DEANS LANE
WALTON-ON-THE-HILL
TADWORTH
SURREY
KT20 7UE

REPORT AND ACCOUNTS 31 AUGUST 1996

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The Trading and Profit and Loss Account on Page 9 does not form part of the
statutory accounts

HAWKINS CONSTRUCTION (LONDON) LIMITED

REPORT OF THE DIRECTORS

The Directors present their Report with the Accounts of the Company for the year ended 31 August 1996

PRINCIPAL ACTIVITY

The principal activity of the Company in the year under review was that of building contracting.

DIRECTORS

The Directors in office in the year were as follows:-

D. MOVERLEY
K. C. NEWMAN

The interests of the Directors in the ultimate Holding Company, Brookpass Limited, are disclosed in the Report of that Company.

DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS


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 year. In preparing the Company's accounts, the Directors consider that they have:

- a) selected suitable accounting policies and applied them consistently
- b) made judgements and estimates that are reasonable and prudent
- c) followed applicable accounting standards; and
- d) prepared the accounts on a going concern basis.

The Directors are responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 1985. They are responsible for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

In preparing the Directors' Report, the Directors have taken advantage of the exemptions conferred by Part II of Schedule 8 to the Companies Act 1985 on the basis that, in their opinion, the Company qualifies as a small company.

By Order of the Board.


K.C. NEWMAN
Secretary

12 May 1997

(1)

HAWKINS CONSTRUCTION (LONDON) LIMITED

AUDITOR'S REPORT

To the members of Hawkins Construction (London) Limited.

I have audited the accounts on Pages 3 to 8 which have been prepared under the historical cost convention and the accounting policies set out on Page 5.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on Page 1 the Company's Directors are responsible for the preparation of the accounts. It is my responsibility to form an independent opinion, based on my audit, on those accounts and to report my opinion to you.

BASIS OF OPINION

I conducted my 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 accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounts.

OPINION

In my opinion the accounts give a true and fair view of the state of the Company's affairs as at 31 August 1996 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

16 Chalfont Drive
Hove
E. Sussex BN3 6QR

12 May 1997



GERALD F. CRONIN
M.A. F.C.A.
Chartered Accountant and
Registered Auditor

HAWKINS CONSTRUCTION (LONDON) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

31 AUGUST 1996

	<u>NOTES</u>	<u>1996</u> £	<u>1995</u> £
TURNOVER	2	2074646	1764052
Cost of Sales		1885984 -----	1611038 -----
GROSS PROFIT		188662	153014
Administrative Expenses		172820 -----	152428 -----
OPERATING PROFIT	3	15842	586
Interest Receivable		6035 -----	5467 -----
		21877	6053
Interest payable and similar charges		2059 -----	1121 -----
PROFIT on ordinary activities before taxation		19818	4932
TAXATION	4	3012 -----	250 -----
PROFIT for the financial year		16806	4682
RETAINED PROFIT at 1 September 1995		185764 -----	181082 -----
DIVIDEND		202570 125000 -----	185764 - -----
RETAINED PROFIT at 31 August 1996		<u>77570</u>	<u>185764</u>

The notes on pages 5 to 8 form part of these accounts.

The Company had no recognised gains or losses other than the profit for the financial year shown above.

HAWKINS CONSTRUCTION (LONDON) LIMITED

BALANCE SHEET AS AT 31 AUGUST 1996

	<u>NOTES</u>	<u>1996</u> £	<u>1995</u> £
FIXED ASSETS			
Tangible Assets	5	75366 -----	64822 -----
CURRENT ASSETS			
Stocks and work in progress	6	124737	141696
Debtors	7	569497	352314
Cash at bank and in hand		100000	20000
		-----	-----
		794234	514010
CREDITORS: Amounts falling due within one year			
	8	787030 -----	388068 -----
NET CURRENT ASSETS		7204 -----	125942 -----
TOTAL ASSETS LESS CURRENT LIABILITIES		82570 =====	190764 =====
 CAPITAL AND RESERVES			
Called up share capital	9	5000	5000
Profit and loss account		77570	185764
		-----	-----
		82570 =====	190764 =====

In preparing these accounts the directors have taken advantage of the exemptions conferred by Part 1 of Schedule 8 to the Companies Act 1985 on the basis that, in their opinion, the Company qualifies as a small company.

Approved by the Board:

D. MOVERLEY, DIRECTOR.....

K. C. NEWMAN, DIRECTOR.....

12 May 1997

The notes on pages 5 to 8 form part of these accounts.

HAWKINS CONSTRUCTION (LONDON) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED

31 AUGUST 1996

1. ACCOUNTING POLICIES

a) Basis of accounting

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

b) Turnover

Turnover represents net invoiced sale of contracting services excluding value added tax.

c) Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life on a straight line basis.

Furniture, Fittings & Equipment	10%
Motor Vehicles	20%

d) Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

e) Pensions

The Company operates a defined benefit pension scheme, the contributions to which are charged to the Profit and Loss Account so as to spread the cost of pensions over the members' working lives using the attained age method. Contributions to the scheme are determined on the basis of professional actuarial advice in accordance with statutory requirements.

2. TURNOVER

The turnover and the operating profit before taxation is attributable to the one principal activity of the Company, which arose entirely in the United Kingdom.

HAWKINS CONSTRUCTION (LONDON) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED

31 AUGUST 1996 (CONTINUED)

3. OPERATING PROFIT

The operating profit is stated after charging:

	<u>1996</u>	<u>1995</u>
	£	£
a) Depreciation of tangible fixed assets	19550	16330
Directors' emoluments	96612	88900
Auditor's remuneration	900	900
Losses (less Profits) on disposal of fixed assets	646	91
	<u> </u>	<u> </u>

b) Pension Costs

The Company operates a defined benefit pension scheme based on final pensionable pay. The assets of the scheme are held separately from those of the Company, being invested in a with profit Deferred Annuity policy with an insurance company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the members' working lives with the Company. The contributions are determined by a qualified actuary appointed by the insurance company on the basis of triennial valuations using the Attained Age method of valuation, which considers the liability for benefits relating to service before and after the valuation date separately.

The most recent valuation was as at 1 September 1996. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that, on an on-going basis, the investment returns would be 9% per annum and that future salary escalation would be at the rate of 8% per annum. Provision is made for present and future pensions for directors to increase at the rate of 3% per annum and the normal retirement age for all members is 60.

The pension charge for the period was £30759 (1995 - £32234). At the date of the latest actuarial valuation, the present value of the fund amounted to approximately £634,000, and the actuarial value represented approximately 107.6% of the liabilities for benefits that had accrued to members, allowing for expected future increases in salaries.

The contributions to the scheme for the current year by the Company and by the members were 23.5% and 6.5% respectively, the same as the previous year.

HAWKINS CONSTRUCTION (LONDON) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED

31 AUGUST 1996 (CONTINUED)

4. TAXATION

The tax on the profit on ordinary activities for the year was as follows:

	<u>1996</u>	<u>1995</u>
	£	£
Corporation tax at 25% for the period 1 September 1995 to 31 March 1996 and 24% for the period 1 April to 31 August 1996 on the profit apportioned pro rata, (year to 31 August 1995 - 25%).	<u>3012</u>	<u>250</u>

5. TANGIBLE FIXED ASSETS

	<u>FURNITURE FITTINGS & EQUIPMENT</u>	<u>MOTOR VEHICLES</u>	<u>TOTAL</u>
	£	£	£
Cost			
At 1 September 1995	30964	125105	156069
Additions	7835	27380	35215
Inter-Group Transfers	-	17300	17300
Disposals	(7338)	(25785)	(33123)
	-----	-----	-----
At 31 August 1996	<u>31461</u>	<u>144000</u>	<u>175461</u>
Depreciation			
At 1 September 1995	14761	76486	91247
Charge for year	3681	15869	19550
On Inter-Group Transfers	-	16775	16775
Disposals	(1693)	(25784)	(27477)
	-----	-----	-----
At 31 August 1996	<u>16749</u>	<u>83346</u>	<u>100095</u>
Written Down Values			
At 31 August 1996	<u>14712</u>	<u>60654</u>	<u>75366</u>
At 31 August 1995	<u>16203</u>	<u>48619</u>	<u>64822</u>

HAWKINS CONSTRUCTION (LONDON) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED

31 AUGUST 1996 (CONTINUED)

	<u>1996</u>	<u>1995</u>
6. STOCKS	£	£
Work in Progress	<u>124737</u>	<u>141696</u>
7. DEBTORS DUE WITHIN ONE YEAR	£	£
Trade debtors	331612	53109
Amount owed by Parent Company	236023	294858
Others debtors and prepayments	1862	4347
	<u>569497</u>	<u>352314</u>
8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	£	£
Bank overdraft	174550	21981
Trade creditors	460839	222696
Taxation and social security	52166	61355
Other creditors and accruals	99475	82036
	<u>787030</u>	<u>388068</u>
9. CALLED UP SHARE CAPITAL	£	£
Authorised, issued and fully paid 5000 Ordinary Shares at £1 each	<u>5000</u>	<u>5000</u>

10. ULTIMATE HOLDING COMPANY

The ultimate holding company is BROOKPASS LIMITED, which is registered in England.

HAWKINS CONSTRUCTION (LONDON) LIMITED

TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

31 AUGUST 1996

	<u>1996</u>		<u>1995</u>	
	£	£	£	£
SALES		2074646		1764052
COST OF SALES		1885984		1611038
		-----		-----
GROSS PROFIT		188662		153014
 ESTABLISHMENT EXPENSES				
Rent & Rates	4638		8680	
Light, heat and power	3789		2394	
Insurance	5496		8623	
		-----		-----
	13923		19697	
		-----		-----
 ADMINISTRATIVE EXPENSES				
Salaries and payroll	59063		63244	
Directors' remuneration	70000		65000	
Pension costs	30759		32235	
Telephone	3192		4668	
Printing, postage and stationery	2220		2555	
Advertising	598		232	
Depreciation	19550		16330	
Net Loss on disposal of fixed assets	646		91	
General administration	6007		4462	
Audit and accountancy	900		900	
Legal and professional	12893		14257	
Bank charges	2126		3134	
Motor expenses	13112		13468	
Travelling and entertaining	2831		2155	
Management and Service				
Charge receivable	(65000)		(90000)	
		-----		-----
	158897		132731	
		-----		-----
		172820		152428
		-----		-----
OPERATING PROFIT		15842		586
 INTEREST RECEIVABLE				
Bank Interest		6035		5467
		-----		-----
		21877		6053
 INTEREST PAYABLE				
Bank overdraft	1989		905	
Other	70		216	
		-----		-----
		2059		1121
 PROFIT on ordinary activities				
before taxation		19818		4932
		=====		=====

This page does not form part of the statutory accounts.