



**T E W (CONSTRUCTION)
LIMITED**

FINANCIAL STATEMENTS

FOR THE 7 MONTHS ENDED

31 MARCH 2002

T E W (CONSTRUCTION) LIMITED

FINANCIAL STATEMENTS

For the 7 months ended 31 March 2002

Company registration number: 03606747

Registered office: 27 Church Street
Tewkesbury
Gloucestershire
GL20 5RH

Directors: T E Wright
A E Wright

Secretary: A E Wright

Bankers: Barclays Bank plc
PO Box 3735
2 High Street
Chelmsford
Essex
CM1 1BE

Solicitors: Thomson Badham
27 Church Street
Tewkesbury
Gloucestershire
GL20 5RH

Auditors: Grant Thornton
Registered Auditors
Chartered Accountants
The Quadgrange
Imperial Square
Cheltenham
Gloucestershire
GL50 1PZ

T E W (CONSTRUCTION) LIMITED

FINANCIAL STATEMENTS

For the 7 months ended 31 March 2002

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T E W (CONSTRUCTION) LIMITED

REPORT OF THE DIRECTORS

During the period the company changed its accounting reference date from 31 August to 31 March. The directors therefore present their report together with financial statements for the 7 months ended 31 March 2002.

Principal activity

The company principally operates as Civil Engineers.

Business review

There was a loss for the period after taxation amounting to £43,179 (2001: profit £313,591). The directors recommend payment of dividends of £100,000 (2001: £nil).

Directors

The present membership of the Board is set out below, both directors served throughout the period.

The interests of the directors in the shares of the company as at 31 March 2002 and 1 September 2001, were as follows:

	Ordinary shares	
	31 March 2002	1 September 2001
T E Wright	60	50
A E Wright	40	50

Directors' responsibilities for the financial statements

United Kingdom company law requires the directors to prepare financial statements for each financial period 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:

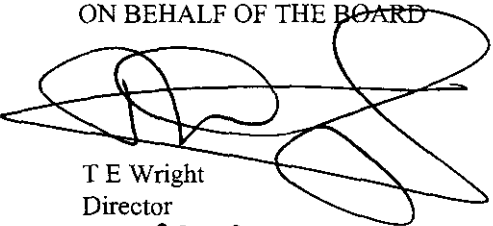
- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



T E Wright
Director
Date 3.7.02

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
T E W (CONSTRUCTION) LIMITED**

We have audited the financial statements of T E W (Construction) Limited for the 7 months ended 31 March 2002 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the cash flow statement and notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

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 other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of 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 March 2002 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton

**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

CHELTHENHAM
Date 17 July 2002

T E W (CONSTRUCTION) LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

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

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

TURNOVER

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts. Customer retentions are recognised as turnover upon receipt.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost, net of depreciation.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by the reducing balance method over their useful economic lives. The rates generally applicable are:

Plant and machinery	25%
Motor vehicles	25%
Fixtures and fittings	25%

INVESTMENTS

Listed current asset investments are stated at market value and are considered as liquid resources. Profits or losses arising from disposals of current asset investments are treated as part of the result from ordinary activities.

INTANGIBLE FIXED ASSETS

Purchased goodwill representing the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired, is capitalised and is amortised on a straight-line basis over its estimated useful economic life of 10 years.

STOCKS

Stocks are stated at the lower of cost and net realisable value.

DEFERRED TAXATION

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance date.

LEASED ASSETS

Assets held under finance leases are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

T E W (CONSTRUCTION) LIMITED

PROFIT AND LOSS ACCOUNT

For the 7 months ended 31 March 2002

	Note	7 months to 31 March 2002 £	Year to 31 August 2001 £
Turnover	1	1,931,546	3,557,105
Cost of sales		(1,673,667)	(2,753,368)
Gross profit		257,879	803,737
Administrative expenses		(294,424)	(376,412)
Operating (loss)/profit		(36,545)	427,325
Net interest	2	(8,272)	(5,734)
(Loss)/profit on ordinary activities before taxation	1	(44,817)	421,591
Tax on (loss)/profit on ordinary activities		1,638	(108,000)
(Loss)/profit for the financial period	16	(43,179)	313,591
Equity dividends	5	(100,000)	-
(Loss transferred from)/profit transferred to reserves		(143,179)	313,591

STATEMENT OF RETAINED EARNINGS

	2002 £	2001 £
At 1 September 2001	603,751	290,160
Retained (loss)/profit for the period	(143,179)	313,591
At 31 March 2002	460,572	603,751

There were no recognised gains or losses other than the loss for the financial period.

The accompanying accounting policies and notes form an integral part of these financial statements.

T E W (CONSTRUCTION) LIMITED

BALANCE SHEET AT 31 MARCH 2002

	Note	31 March 2002 £	31 August 2001 £
Fixed assets			
Intangible assets	6	225,017	239,600
Tangible assets	7	327,483	215,355
		<u>552,500</u>	<u>454,955</u>
Current assets			
Stocks	8	41,792	-
Debtors	9	498,702	528,969
Investments	10	73,630	73,250
Cash at bank and in hand		340	291,005
		<u>614,464</u>	<u>893,224</u>
Creditors: amounts falling due within one year	11	<u>(608,131)</u>	<u>(689,030)</u>
Net current assets		<u>6,333</u>	<u>204,194</u>
Total assets less current liabilities		<u>558,833</u>	<u>659,149</u>
Creditors: amounts falling due after more than one year	12	<u>(85,661)</u>	<u>(27,298)</u>
Provisions for liabilities and charges	13	<u>(12,500)</u>	<u>(28,000)</u>
		<u>460,672</u>	<u>603,851</u>
Capital and reserves			
Called up share capital	15	100	100
Profit and loss account		460,572	603,751
Equity Shareholders' funds	16	<u>460,672</u>	<u>603,851</u>

The financial statements were approved by the Board of Directors on **3.7.02**

T E Wright

Director

A E Wright

Director

The accompanying accounting policies and notes form an integral part of these financial statements.

T E W (CONSTRUCTION) LIMITED

CASH FLOW STATEMENT

For the 7 months ended 31 March 2002

	Note	7 months to 31 March 2002 £	Year to 31 August 2001 £
Net cash (outflow)/inflow from operating activities	17	<u>(13,373)</u>	<u>445,006</u>
Returns on investments and servicing of finance			
Interest received		144	689
Interest paid		(1,046)	-
Finance lease interest paid		(7,370)	(6,423)
Net cash outflow from returns on investments and servicing of finance		<u>(8,272)</u>	<u>(5,734)</u>
Taxation		-	(44,495)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(10,369)	(36,816)
Net cash outflow from capital expenditure and financial investment		<u>(10,369)</u>	<u>(36,816)</u>
Equity dividends paid		(100,000)	-
Management of liquid resources			
Purchase of investments		(2,957)	-
Sale of investments		-	6,734
Net cash (outflow)/inflow from management of liquid resources		<u>(2,957)</u>	<u>6,734</u>
Financing			
Repayment of borrowings		(83,680)	(161,489)
Capital element of finance lease rentals		(72,014)	(116,382)
Net cash outflow from financing		<u>(155,694)</u>	<u>(277,871)</u>
(Decrease)/increase in cash	18	<u>(290,665)</u>	<u>86,824</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

T E W (CONSTRUCTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 7 months ended 31 March 2002

1 TURNOVER AND (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and (loss)/profit before taxation are attributable to Civil Engineering work.

The (loss)/profit on ordinary activities is stated after:

	7 months to 31 March 2002 £	Year to 31 August 2001 £
Auditors' remuneration	6,250	6,000
Depreciation and amortisation:		
Goodwill	14,583	10,400
Tangible fixed assets, owned	13,488	17,576
Tangible fixed assets, held under finance leases	42,424	20,457
Hire of plant and machinery	174,453	254,973

2 NET INTEREST

	7 months to 31 March 2002 £	Year to 31 August 2001 £
Finance charges in respect of finance leases	7,370	6,423
Other interest payable and similar charges	1,046	-
Other interest receivable and similar income	(144)	(689)

T E W (CONSTRUCTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 7 months ended 31 March 2002

3 DIRECTORS AND EMPLOYEES

Staff costs during the period were as follows:

	7 months to 31 March 2002 £	Year to 31 August 2001 £
Wages and salaries	845,163	1,341,539
Social security costs	61,196	103,978
	<u>906,359</u>	<u>1,445,517</u>

The average number of employees of the company during the period were as follows:

	7 months to 31 March 2002 Number	Year to 31 August 2001 Number
Operatives	49	54
Management	6	6
	<u>55</u>	<u>60</u>

No director received any remuneration during the period (2001: £nil)

T E W (CONSTRUCTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 7 months ended 31 March 2002

4 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

The tax (credit)/charge represents:

	7 months to 31 March 2002 £	Year to 31 August 2001 £
Corporation tax at 32.5% (2001: 24.07%)	(13,000)	100,000
Adjustment in respect of prior period	6,862	-
Total current tax	(6,138)	100,000
Origination and reversal of timing differences	14,500	8,000
Tax on (loss)/profit on ordinary activities	(1,638)	108,000

The tax assessed for the period is higher than the standard rate of corporation tax in the United Kingdom of 30% (2001: 30%). The differences are explained as follows:

	7 months to 31 March 2002 £	Year to 31 August 2001 £
(Loss)/profit on ordinary activities before tax	(44,817)	421,591
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 30% (2001: 30%)	(13,445)	126,477
Effect of:		
Expenses not deducted for tax purposes	1,922	7,261
Depreciation in excess of capital allowances/(capital allowances in excess of depreciation)	6,023	(6,566)
Short term timing differences related to general provisions	(6,000)	6,000
Effect of marginal relief	(1,500)	(26,310)
Adjustments to tax charge in respect of prior periods	6,862	-
Effect of estimation of prior period tax charge	-	(6,862)
Current tax charge for the period	(6,138)	100,000

5 DIVIDENDS

	2002 £	2001 £
Ordinary shares - final dividend of £1,000 (31 August 2001: nil) per share	100,000	-

T E W (CONSTRUCTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 7 months ended 31 March 2002

6 INTANGIBLE FIXED ASSETS

	Purchased goodwill £
Cost	
At 1 September 2001 and at 31 March 2002	<u>250,000</u>
Amortisation	
At 1 September 2001	10,400
Charge for the period	<u>14,583</u>
At 31 March 2002	<u>24,983</u>
Net book amount at 31 March 2002	<u><u>225,017</u></u>
Net book amount at 31 August 2001	<u><u>239,600</u></u>

Purchased goodwill arose on the purchase of the trade and assets of the business and is being amortised over its estimated useful economic life of 10 years.

7 TANGIBLE FIXED ASSETS

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost				
At 1 September 2001	32,862	205,486	37,258	275,606
Additions	10,369	157,671	-	168,040
At 31 March 2002	<u>43,231</u>	<u>363,157</u>	<u>37,258</u>	<u>443,646</u>
Depreciation				
At 1 September 2001	10,387	38,142	11,722	60,251
Provided in the period	4,790	47,398	3,724	55,912
At 31 March 2002	<u>15,177</u>	<u>85,540</u>	<u>15,446</u>	<u>116,163</u>
Net book amount at 31 March 2002	<u><u>28,054</u></u>	<u><u>277,617</u></u>	<u><u>21,812</u></u>	<u><u>327,483</u></u>
Net book amount at 31 August 2001	<u><u>22,475</u></u>	<u><u>167,344</u></u>	<u><u>25,536</u></u>	<u><u>215,355</u></u>

T E W (CONSTRUCTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 7 months ended 31 March 2002

The figures stated above include assets held under finance leases, as follows:

	Plant and machinery £	Motor vehicles £
Net book amount at 31 March 2002	<u>10,038</u>	<u>238,444</u>
Net book amount at 31 August 2001	<u>11,752</u>	<u>126,967</u>
Depreciation provided during period	<u>1,714</u>	<u>40,710</u>

8 STOCKS

	31 March 2002 £	31 August 2001 £
Raw materials and consumable stores	<u>41,792</u>	<u>-</u>

9 DEBTORS

	31 March 2002 £	31 August 2001 £
Trade debtors	476,461	505,045
Other debtors	18,470	23,924
Prepayments and accrued income	3,771	-
	<u>498,702</u>	<u>528,969</u>

10 CURRENT ASSET INVESTMENTS

	31 March 2002 £	31 August 2001 £
Listed investments	<u>73,630</u>	<u>73,250</u>

T E W (CONSTRUCTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 7 months ended 31 March 2002

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2002	31 August 2001
	£	£
Trade creditors	292,580	166,823
Corporation tax	93,862	100,000
Social security and other taxes	60,062	220,680
Other creditors	8,100	-
Loans from directors	4,831	88,511
Accruals and deferred income	66,477	58,091
Amounts due under finance leases	82,219	54,925
	<u>608,131</u>	<u>689,030</u>

12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 March 2002	31 August 2001
	£	£
Amounts due under finance leases	<u>85,661</u>	<u>27,298</u>
Borrowings are repayable as follows:		
	31 March 2002	31 August 2001
	£	£
Within one year		
Bank and other borrowings	4,831	88,511
Finance leases	82,219	54,925
After one and within two years		
Finance leases	59,299	18,250
After two and within five years		
Finance leases	26,362	9,048
	<u>172,711</u>	<u>170,734</u>

T E W (CONSTRUCTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 7 months ended 31 March 2002

13 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £	Other provisions £	Total £
At 1 September 2001	8,000	20,000	28,000
Provided during the period	4,500	-	4,500
Utilised during the period	-	(20,000)	(20,000)
At 31 March 2002	<u>12,500</u>	<u>-</u>	<u>12,500</u>

In the previous year, other provisions related to costs incurred on the termination of a contract with a customer.

14 DEFERRED TAXATION

Deferred taxation provided for in the financial statements is set out below.

	Amount provided	
	2002 £	2001 £
Accelerated capital allowances	12,500	14,000
Other timing differences	-	(6,000)
	<u>12,500</u>	<u>8,000</u>

15 SHARE CAPITAL

	31 March 2002 £	31 August 2001 £
Authorised 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

T E W (CONSTRUCTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 7 months ended 31 March 2002

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 March 2002	31 August 2001
	£	£
(Loss)/profit for the financial period	(43,179)	313,591
Dividends	(100,000)	-
Net (decrease)/increase in shareholders' funds	(143,179)	313,591
Shareholders' funds at 1 September 2001	603,851	290,260
Shareholders' funds at 31 March 2002	<u>460,672</u>	<u>603,851</u>

17 NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2002	2001
	£	£
Operating (loss)/profit	(36,545)	427,325
Depreciation	70,495	48,433
Loss on investments	2,577	20,016
(Increase)/decrease in stocks	(41,792)	131,232
Decrease/(increase) in debtors	30,267	(514,195)
(Decrease)/increase in creditors	(38,375)	332,195
Net cash (outflow)/inflow from continuing operating activities	<u>(13,373)</u>	<u>445,006</u>

18 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2002	2001
	£	£
(Decrease)/increase in cash in the period	(290,665)	86,824
Cash outflow from financing in the period	83,680	161,489
Cash outflow from finance leases in the period	72,014	116,382
Cash outflow/(inflow) from increase/(decrease) in liquid resources	2,957	(6,734)
Change in net debt resulting from cash flows	(132,014)	357,961
Loan from directors to acquire goodwill	-	(250,000)
Inception of finance leases	(157,671)	(162,013)
Loss on investments	(2,577)	(20,016)
Movement in net debt in the period	(292,262)	(74,068)
Net funds at 1 September 2001	193,521	267,589
Net debt at 31 March 2002	<u>(98,741)</u>	<u>193,521</u>

T E W (CONSTRUCTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 7 months ended 31 March 2002

19 ANALYSIS OF CHANGES IN NET DEBT

	At 1 September 2001 £	Cash flow £	Non - cash items £	At 31 March 2002 £
Cash in hand and at bank	291,005	(290,665)	-	340
Debt	(88,511)	83,680	-	(4,831)
Finance leases	(82,223)	72,014	(157,671)	(167,880)
Current asset investments	73,250	2,957	(2,577)	73,630
	<u>193,521</u>	<u>(132,014)</u>	<u>(160,248)</u>	<u>(98,741)</u>

20 MAJOR NON-CASH TRANSACTIONS

During the period the company entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £157,671 (2001: £162,013).

21 CAPITAL COMMITMENTS

The company had no capital commitments at 31 March 2002 or 31 August 2001.

22 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2002 or 31 August 2001.

23 LEASING COMMITMENTS

Operating lease payments amounting to £18,834 (2001: £15,084) in respect of land and buildings are due within one year. The leases to which these amounts relate expire between one and five years.

T E W (CONSTRUCTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 7 months ended 31 March 2002

24 TRANSACTIONS WITH DIRECTORS AND RELATED PARTIES

During the year the company made purchases totalling £28,736 (2001: £16,650) from K V Wright (Plant Hire), a business owned by the wife of T E Wright's brother. At 31 March 2002 the company owed K V Wright (Plant Hire) £10,832 (2001: £2,886).

During the prior year the following transactions took place between the company and T.E.W. Partnership, a business owned by the directors of the company:

Fixed assets with a net book value of £97,070 and their corresponding finance lease creditors of £48,325 were transferred to the company at book value together with goodwill amounting to £250,000

T.E.W. Partnership recharged payroll costs of £160,077 to the company

Payments of £62,859 were made by the company on behalf of T.E.W Partnership.

At 31 March 2002 the company owed £4,831 (31 August 2002: £88,511), in total to T E Wright and A E Wright, directors and shareholders. During the year the maximum amount outstanding on this loan account was £87,069 owed to the company.

25 CONTROLLING RELATED PARTY

T E Wright is the company's controlling related party by virtue of his ownership of 60% of the share capital of the company.