

REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2002
FOR
HAWKINS CONSTRUCTION (LONDON) LIMITED



HAWKINS CONSTRUCTION (LONDON) LIMITED

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2002**

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	3
Profit and Loss Account	4
Balance Sheet	5
Notes to the Financial Statements	6 to 10
Trading and Profit and Loss Account	11

HAWKINS CONSTRUCTION (LONDON) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 AUGUST 2002**

DIRECTORS: D Moverley
K C Newman

SECRETARY: K C Newman

REGISTERED OFFICE: 'Newlands'
Deans Lane
Walton on the Hill
Tadworth
Surrey
KT20 7UE

REGISTERED NUMBER: 904908

AUDITORS: Myrus Smith
Chartered Accountants
and Registered Auditor
Old Inn House
2 Carshalton Road
Sutton, Surrey
SM1 4SR

HAWKINS CONSTRUCTION (LONDON) LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 AUGUST 2002**

The directors present their report with the financial statements of the company for the year ended 31 August 2002.

PRINCIPAL ACTIVITY

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

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No dividends will be distributed for the year ended 31 August 2002.

DIRECTORS

The directors during the year under review were:

D Moverley
K C Newman

The directors holding office at 31 August 2002 did not hold any beneficial interest in the issued share capital of the company at 1 September 2001 or 31 August 2002.

Their beneficial interests in the share capital of the holding company, Brookpass Limited, were as follows:

	Ordinary £1 shares	
	2002	2001
D Moverley	1,834	1,834
K C Newman	1,834	1,834

STATEMENT OF 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 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 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.

AUDITORS

The auditors, Myrus Smith, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:


K C Newman - SECRETARY

Dated:



HAWKINS CONSTRUCTION (LONDON) LIMITED

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
HAWKINS CONSTRUCTION (LONDON) LIMITED**

We have audited the financial statements of Hawkins Construction (London) Limited for the year ended 31 August 2002 on pages four to ten. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 Report of the Directors 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 the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit 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 August 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Myrus Smith

Myrus Smith
Chartered Accountants
and Registered Auditor
Old Inn House
2 Carshalton Road
Sutton, Surrey
SM1 4SR

Dated: 17th July 2003

HAWKINS CONSTRUCTION (LONDON) LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2002**

	Notes	2002 £	2001 £
TURNOVER		2,313,319	2,824,054
Cost of sales		1,940,628	2,186,876
GROSS PROFIT		372,691	637,178
Administrative expenses		278,727	417,831
OPERATING PROFIT	3	93,964	219,347
Interest receivable and similar income		41,746	53,495
		135,710	272,842
Interest payable and similar charges	4	316	1,133
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		135,394	271,709
Tax on profit on ordinary activities	5	32,453	68,764
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		102,941	202,945
RETAINED PROFIT FOR THE YEAR		<u>£102,941</u>	<u>£202,945</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

HAWKINS CONSTRUCTION (LONDON) LIMITED

**BALANCE SHEET
31 AUGUST 2002**

	Notes	2002		2001	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		48,575		49,235
CURRENT ASSETS					
Debtors	8	808,702		911,104	
Cash at bank		1,197,300		871,711	
		<u>2,006,002</u>		<u>1,782,815</u>	
CREDITORS					
Amounts falling due within one year	9	<u>1,321,428</u>		<u>1,201,842</u>	
NET CURRENT ASSETS			<u>684,574</u>		<u>580,973</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>£733,149</u>		<u>£630,208</u>
CAPITAL AND RESERVES					
Called up share capital	10		5,000		5,000
Profit and loss account	11		728,149		625,208
SHAREHOLDERS' FUNDS	13		<u>£733,149</u>		<u>£630,208</u>

ON BEHALF OF THE BOARD:


D Moverley - DIRECTOR

Approved by the Board on

8 JULY '03

HAWKINS CONSTRUCTION (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2002

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Tangible fixed assets

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

Motor Vehicles	20% Straight line
Fixtures and fittings	10% Straight line

Pensions

The pension costs charged against profits are based on actuarial methods and assumptions designed to spread the anticipated pension costs over the service lives of the employees in the scheme, so as to ensure that the regular pension cost represents a substantially level percentage of the current and expected future pensionable payroll. Variations from regular cost are spread over the remaining service lives of current employees in the scheme.

Contract Work in Progress

Work in progress on contracts is stated at costs incurred, net of amounts transferred to the profit and loss account in respect of work carried out to date, less foreseeable losses and less applicable payments on account not matched with turnover.

Costs include direct materials, labour and site establishment expenses.

Attributable profit is recognised on contracts as a proportionate allocation of the total estimated profit over the duration of the contract, based on the stage of completion of the contract. No profit is treated as attributable to any contract until the outcome of that contract can be assessed by the directors with reasonable certainty. Foreseeable losses are provided in full immediately on identification of a probable projected loss.

Provision is made for contract claims which have not reached an advanced state of negotiation.

To the extent that payments received on account on individual contracts are in excess of amounts matched with turnover and amounts offset against long term contract balances, they are classified as payments on account and included in creditors. The amounts by which recorded turnover is in excess of payments on account on individual contracts are classified as amounts recoverable on contracts and included in trade debtors.

Provision or accruals for foreseeable losses on individual contracts in excess of the costs incurred, after transfers to cost of sales, are included in creditors.

2. STAFF COSTS

	2002	2001
	£	£
Wages and salaries	573,811	716,874
Social security costs	48,861	54,715
Other pension costs	28,965	149,318
	<u>651,637</u>	<u>920,907</u>

HAWKINS CONSTRUCTION (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2002**

2. STAFF COSTS - continued

The average monthly number of employees during the year was as follows:

	2002	2001
Management	4	4
Administration	3	3
Production	19	19
	<u>26</u>	<u>26</u>

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2002 £	2001 £
Depreciation - owned assets	17,212	17,964
Profit on disposal of fixed assets	(3,582)	(3,482)
Auditors remuneration	4,000	4,725
Other operating lease rentals	65,000	70,000
	<u>9,000</u>	<u>43,070</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £	2001 £
Bank overdraft interest	<u>316</u>	<u>1,133</u>

5. TAXATION

Analysis of the tax charge

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

	2002 £	2001 £
Current tax:		
UK corporation tax	<u>32,453</u>	<u>68,764</u>
Tax on profit on ordinary activities	<u>32,453</u>	<u>68,764</u>

HAWKINS CONSTRUCTION (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2002

5. TAXATION - continued

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2002 £	2001 £
Profit on ordinary activities before tax	<u>135,394</u>	<u>271,709</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2001 - 30%)	40,618	81,513
Effects of:		
Disallowed expenses and capital allowances	7,218	(1,244)
Marginal relief	(15,383)	(12,061)
Underprovision in previous year	-	556
Current tax charge	<u>32,453</u>	<u>68,764</u>

6. PENSIONS - DEFINED BENEFIT SCHEME

The company has operated a defined benefit pension scheme based on final pensionable pay for a number of years. The assets of the scheme are held separately from those of the company, being invested in a with profits 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 were 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.

However, at 31 August 2002, the trustees were in the process of winding up the scheme. On 27 November 2002 the actuaries completed a valuation of the assets and liabilities of the scheme at that date. This showed a deficit of £28,965 based on the cost of securing members' benefits in a non-profit deferred annuity. This amount has been accrued for in these financial statements.

The pension charge for the period was £28,965 (2001 - £149,318).

HAWKINS CONSTRUCTION (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2002**

7. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Motor vehicles £	Totals £
COST:			
At 1 September 2001	24,021	87,602	111,623
Additions	-	26,470	26,470
Disposals	-	(30,241)	(30,241)
At 31 August 2002	<u>24,021</u>	<u>83,831</u>	<u>107,852</u>
DEPRECIATION:			
At 1 September 2001	12,675	49,713	62,388
Charge for year	2,040	15,172	17,212
Eliminated on disposal	-	(20,323)	(20,323)
At 31 August 2002	<u>14,715</u>	<u>44,562</u>	<u>59,277</u>
NET BOOK VALUE:			
At 31 August 2002	<u>9,306</u>	<u>39,269</u>	<u>48,575</u>
At 31 August 2001	<u>11,346</u>	<u>37,889</u>	<u>49,235</u>

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Trade debtors	601,416	452,843
Amounts recoverable on contracts	178,407	365,395
Other debtors	28,879	92,866
	<u>808,702</u>	<u>911,104</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Payments on account	435,802	548,686
Trade creditors	387,613	301,472
Amounts owed to group undertakings	305,960	186,320
Taxation	32,453	68,207
Social security and other taxes	45,890	19,118
Other creditors	107,808	71,286
Directors' current accounts	5,902	6,753
	<u>1,321,428</u>	<u>1,201,842</u>

10. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:			2002	2001
Number:	Class:	Nominal value:	£	£
5,000	Ordinary	£1	<u>5,000</u>	<u>5,000</u>

HAWKINS CONSTRUCTION (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2002

11. RESERVES

	Profit and loss account £
At 1 September 2001	625,208
Retained profit for the year	<u>102,941</u>
At 31 August 2002	<u><u>728,149</u></u>

12. RELATED PARTY DISCLOSURES

Details of related party transactions occurring during the year are as follows:

Name of related party 2002	Nature of relationship	Transaction details	Amount £	Balance £
D Moverley	Director	Current account	3,026	(2,463)
K C Newman	Director	Current account	(2,175)	(3,439)
Brookpass Limited	Parent undertaking	Current account	(119,640)	(305,960)
Brookpass Limited	Parent undertaking	Rent	65,000	-
2001				
D Moverley	Director	Current account	(364)	(5,489)
K C Newman	Director	Current account	4,153	(1,264)
Brookpass Limited	Parent undertaking	Current account	(66,947)	(186,320)
Brookpass Limited	Parent undertaking	Rent	70,000	-

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the financial year	<u>102,941</u>	<u>202,945</u>
Net addition to shareholders' funds	102,941	202,945
Opening shareholders' funds	<u>630,208</u>	<u>427,263</u>
Closing shareholders' funds	<u><u>733,149</u></u>	<u><u>630,208</u></u>
Equity interests	<u><u>733,149</u></u>	<u><u>630,208</u></u>

14. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Brookpass Limited, which is incorporated in Great Britain and registered in England and Wales. The financial statements of Brookpass Limited can be obtained from The Secretary, Brookpass Limited, 'Newlands', Deans Lane, Walton on the Hill, Tadworth, Surrey KT20 7UE.

15. CONTROLLING PARTY

The ultimate controlling parties of the company are D Moverley and K C Newman.