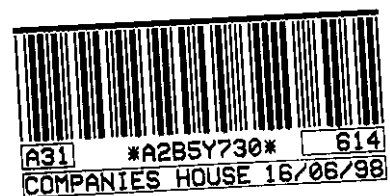


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HAWKINS CONSTRUCTION (LONDON) LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 31 AUGUST 1997



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 1997

Pages	1	Report of the Directors
	2	Report of the Auditor
	3	Profit and Loss Account
	4	Balance Sheet
	5-8	Notes to the Accounts

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 1997.

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

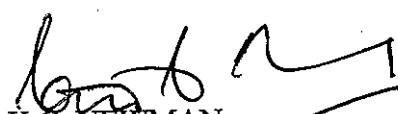
Company Law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing the Company's accounts, the Directors consider that they have:

- 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

22 May 1998

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 1997 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
East Sussex
BN3 6QR

22 May 1998



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 1997

	<u>NOTES</u>	<u>1997</u> £	<u>1996</u> £
TURNOVER	2	2411545	2074646
Cost of Sales		2209890	1885984
		<hr/>	<hr/>
GROSS PROFIT		201655	188662
Administrative Expenses		176822	172820
		<hr/>	<hr/>
OPERATING PROFIT	3	24833	15842
Interest Receivable		20458	6035
		<hr/>	<hr/>
		45291	21877
Interest Payable and similar charges		1111	2059
		<hr/>	<hr/>
PROFIT on ordinary activities before taxation		44180	19818
TAXATION	4	9256	3012
		<hr/>	<hr/>
PROFIT for the financial year		34924	16806
RETAINED PROFIT at 1 September 1996		77570	185764
		<hr/>	<hr/>
		112494	202570
DIVIDEND		-	125000
		<hr/>	<hr/>
RETAINED PROFIT at 31 August 1997		112494	77570
		<hr/>	<hr/>

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 1997

	<u>NOTES</u>	<u>1997</u> £	<u>1996</u> £
FIXED ASSETS			
Tangible Assets	5	88676	75366
		<hr/>	<hr/>
CURRENT ASSETS			
Stocks and work in progress	6	127082	124737
Debtors	7	430696	569497
Cash at bank and in hand		550000	100000
		<hr/>	<hr/>
		1107778	794234
CREDITORS: Amounts falling due within one year	8	1078960	787030
		<hr/>	<hr/>
NET CURRENT ASSETS		28818	7204
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		117494	82570
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	9	5000	5000
Profit and loss account		112494	77570
		<hr/>	<hr/>
		117494	82570
		<hr/>	<hr/>

In preparing these accounts the Directors have taken advantage of the exemptions conferred by Part I 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

22 May 1998

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 1997

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 due 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 1997 (CONTINUED)

3. OPERATING PROFIT

The operating profit is stated after charging:

	<u>1997</u>	<u>1996</u>
	£	£
a) Depreciation of tangible fixed assets	23529	19550
Directors' emoluments	106132	96612
Auditor's remuneration	1900	900
(Profits) less Losses on disposal of fixed assets	(1313)	646
	<hr/>	<hr/>
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 £33257 (1996 - £30759). 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 1997 (CONTINUED)

4. TAXATION

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

	<u>1997</u>	<u>1996</u>
	£	£
Corporation tax at 24% for the period 1 September 1996 to 31 March 1997 and 21% for the period 1 April to 31 August 1997 on the profit apportioned pro rata, (year to 31 August 1996 - 25% and 24%)	9256	3012
	9256	3012

5. TANGIBLE FIXED ASSETS

	<u>FURNITURE FITTINGS & EQUIPMENT</u>	<u>MOTOR VEHICLES</u>	<u>TOTAL</u>
	£	£	£
Cost			
At 1 September 1996	31461	144000	175461
Additions	1029	47947	48976
Disposals	-	(19437)	(19437)
	32490	172510	205000
At 31 August 1997	32490	172510	205000
Depreciation			
At 1 September 1996	16749	83346	100095
Charge for year	3042	20487	23529
On Disposals	-	(7300)	(7300)
	19791	96533	116324
At 31 August 1997	19791	96533	116324
Written Down Values			
At 31 August 1997	12699	75977	88676
	12699	75977	88676
At 31 August 1996	14712	60654	75366
	14712	60654	75366

HAWKINS CONSTRUCTION (LONDON) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED

31 AUGUST 1997 (CONTINUED)

	<u>1997</u>	<u>1996</u>
	£	£
6. STOCKS		
Work in Progress	127082	124737
	<u> </u>	<u> </u>
7. DEBTORS DUE WITHIN ONE YEAR		
Trade debtors	315524	331612
Amount owed by Parent Company	100039	236023
Other debtors and prepayments	15133	1862
	<u>430696</u>	<u>569497</u>
	<u> </u>	<u> </u>
8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank overdraft	190088	174550
Trade creditors	696509	460839
Taxation and social security	50918	52166
Other creditors and accruals	141445	99475
	<u>1078960</u>	<u>787030</u>
	<u> </u>	<u> </u>
9. CALLED UP SHARE CAPITAL		
Authorised, issued and fully paid 5000 Ordinary Shares at £1 each	5000	5000
	<u> </u>	<u> </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 1997

	<u>1997</u>		<u>1996</u>	
	£	£	£	£
SALES		2411545		2074646
COST OF SALES		2209890		1885984
GROSS PROFIT		<u>201655</u>		<u>188662</u>
ESTABLISHMENT EXPENSES				
Rent & Rates	4625		4638	
Light, heat and power	4351		3789	
Insurance	7074		5496	
		<u>16050</u>		<u>13923</u>
ADMINISTRATIVE EXPENSES				
Salaries and payroll	71169		59063	
Directors' remuneration	80000		70000	
Pension costs	33258		30759	
Telephone	3482		3192	
Printing, postage and stationery	1959		2220	
Advertising	415		598	
Depreciation	23529		19550	
Net (Profit) Loss on disposal of fixed assets	(1313)		646	
General administration	6427		6007	
Audit and accountancy	1900		900	
Legal and professional	9742		12893	
Bank charges	2777		2126	
Motor expenses	14501		13112	
Travelling and entertaining	2926		2831	
Management and Service Charge receivable	(90000)		(65000)	
		<u>160772</u>		<u>158897</u>
		176822		172820
OPERATING PROFIT		<u>24833</u>		<u>15842</u>
INTEREST RECEIVABLE				
Bank Interest		20458		6035
		<u>45291</u>		<u>21877</u>
INTEREST PAYABLE				
Bank overdraft	987		1989	
Other	124		70	
		<u>1111</u>		<u>2059</u>
PROFIT on ordinary activities before taxation		<u>44180</u>		<u>19818</u>

This page does not form part of the statutory accounts.