

HAWKINS CONSTRUCTION (LONDON) LIMITED

Company No: 904908

Financial Statements

For the year ended 31st August 1999

MYRUS SMITH
Chartered Accountants

Times House
Throwley Way
Sutton
Surrey
SM1 4AF



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COMPANIES HOUSE

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19/04/00

Registered Office

"Newlands"
Deans Lane
Walton-on-the-Hill
Surrey
KT20 7UE

Directors

D. Moverley
K.C. Newman

Secretary

K.C. Newman

Auditors

Myrus Smith
Times House
Throwley Way
Sutton
Surrey
SM1 4AF

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1 and 2	Directors' Report
3	Auditors' Report
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5	Balance Sheet
6 to 9	Notes to the Financial Statements

The directors submit their report together with the audited financial statements for the year ended 31st August 1999.

Directors' Statement

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 for that year. 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 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.

Principal Activity

The principal activity of the company continued to be that of building contracting.

Directors

The directors, none of whom is directly interested in the shares of the company, who served during the year were as follows:

D. Moverley
K.C. Newman

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

	Ordinary shares of £1 each	
	1999 No.	1998 No.
D. Moverley	1,834	1,834
K.C. Newman	1,834	1,834


Auditors

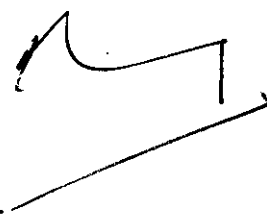
The Auditors, Myrus Smith Chartered Accountants, have indicated that they are willing to be reappointed at the forthcoming Annual General Meeting.

Exemption Statement

This directors' report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved and signed on behalf of the Board


K.C. Newman
Secretary



7th April 2000

"Newlands"
Deans Lane
Walton-on-the-Hill
Surrey
KT20 7UE

Registered Office of the Company

on the Financial Statements for the year ended 31st August 1999

We have audited the financial statements on pages 4 to 9, which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of the directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the 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.

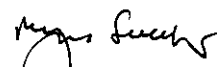
We planned and performed our audit so as to obtain all information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud, other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the 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 31st August 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**Times House
Throwley Way
Sutton
Surrey
SM1 4AF**

7th April 2000



**MYRUS SMITH
Chartered Accountants
and Registered Auditor**

Hawkins Construction (London) Limited

Profit and Loss Account

for the year ended 31st August 1999

	Notes	1999 £	1998 £
Turnover		3,601,229	3,800,065
Cost of sales		(3,116,013)	(3,457,818)
Gross profit		485,216	342,247
Administrative expenses		(369,328)	(298,067)
Other operating income		-	10,050
Operating profit	2	115,888	54,230
Interest receivable		24,708	23,403
Interest payable		(1,609)	(1,529)
Profit on ordinary activities before Taxation		138,987	76,104
Tax on profit on ordinary activities		(30,171)	(17,295)
Dividends		(60,000)	-
Retained profit transferred to reserves		48,816	58,809
Retained profit brought forward		171,303	112,494
Retained profit carried forward		220,119	171,303

All amounts relate to continuing activities.

There have been no recognised gains or losses, other than the results for the financial year, and all profits or losses have been accounted for on an historical cost basis.

Hawkins Construction (London) Limited

Balance Sheet

as at 31st August 1999

	Notes	1999 £	1999 £	1998 £	1998 £
Fixed Assets					
Tangible Fixed Assets	4		54,809		73,682
Current Assets					
Stock and Work in progress		485,482		230,049	
Debtors	5	320,356		545,773	
Cash at bank		878,000		150,739	
		<u>1,683,838</u>		<u>926,561</u>	
Creditors:					
Amounts falling due within one year	6	<u>(1,513,528)</u>		<u>(823,940)</u>	
Net Current Assets					
			<u>170,310</u>		<u>102,621</u>
			<u>225,119</u>		<u>176,303</u>
Capital and Reserves					
Called up share capital	7		5,000		5,000
Profit and loss account			220,119		171,303
			<u>225,119</u>		<u>176,303</u>
Equity Shareholders' Funds	8		<u>225,119</u>		<u>176,303</u>

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

Approved by the Board on 7th April 2000.


D. Moverley
Director

Signed on behalf of the Board

1 Principal 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.

Depreciation

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

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.

Contribution to Pension Funds

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.

Hawkins Construction (London) Limited

Notes to the Financial Statements

for the year ended 31st August 1999

2 Operating Profit

The operating profit is stated after charging or crediting:

	1999	1998
	£	£
Amounts payable to the auditors in respect of audit services	2,500	2,000
Depreciation - owned assets	24,295	28,394
Loss on disposal of fixed assets	2,887	161
Other operating Income	-	(10,050)
	<u> </u>	<u> </u>

3 Directors

	1999	1998
	£	£
Total remuneration	<u>123,260</u>	<u>117,725</u>

4 Tangible Fixed Assets

	Plant, Machinery and Other Assets £
Cost	
At 1st September 1998	193,138
Additions	10,892
Disposals	(10,000)
At 31st August 1999	<u>194,030</u>
Depreciation	
At 1st September 1998	119,456
Charge for year	24,295
Depreciation on disposals	(4,530)
At 31st August 1999	<u>139,221</u>
Net Book Value	
At 31st August 1999	<u>54,809</u>
At 31st August 1998	<u>73,682</u>

5 Debtors

	1999	1998
	£	£
Trade debtors	303,930	418,196
Amounts owed by group undertakings and undertakings in which the company has a participating interest	6,204	120,239
Other debtors	10,222	7,338
	<u>320,356</u>	<u>545,773</u>

Hawkins Construction (London) Limited

Notes to the Financial Statements

for the year ended 31st August 1999

6	Creditors: Amounts falling due within one year	1999	1998
		£	£
	Payments received on account	695,584	171,327
	Bank loans and overdrafts	148,387	-
	Trade creditors	299,630	451,400
	Other creditors	339,756	183,918
	Corporation tax	30,171	17,295
		<u>1,513,528</u>	<u>823,940</u>
7	Share Capital		
	Authorised	1999	1998
		£	£
	5,000 Ordinary shares of £1 each (1998: 5,000)	<u>5,000</u>	<u>5,000</u>
	 Allotted and fully paid	 1999	 1998
		£	£
	5,000 Ordinary Shares at £1 each (1998 : 5,000)	<u>5,000</u>	<u>5,000</u>
8	Reconciliation of the Movement in Shareholders' Funds	1999	1998
		£	£
	Profit for the financial year	108,816	58,809
	Dividends	(60,000)	-
		<u>48,816</u>	<u>58,809</u>
	Opening shareholders' funds	176,303	117,494
		<u>225,119</u>	<u>176,303</u>

9 Pensions - Defined Benefit Scheme

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 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 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 available valuation was as at 1 September 1998. 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 rate of increase in salaries and pensions. It was assumed that, on an on-going basis, the investment returns would be 8% per annum and that future salary escalation would be at the rate of 6.5% per annum and at a limited price indexation of 4%. Provision is made for present and future pensions for directors to increase at the rate of 5% per annum and the normal retirement age for members is between 60 years and 65 years and 5 months.

The pension charge for the period was £39,310 (1998 - £38,819). At the date of the latest actuarial valuation, the present value of the fund amounted to approximately £879,000, and the actuarial value represented approximately 106% 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% and 6.5% respectively (1998 - 23% and 6.5%).

10 Related Party Transactions

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

Name of related party	Nature of Relationship	Transaction Details	Amount	Balance	Balance
			£	1999	1998
			£	£	£
D. Moverley	Director	Current Account	12,006	6,074	18,080
K. C. Newman	Director	Current Account	15,195	9,660	24,855
Brookpass Limited	Parent company	Current Account	114,035	6,204	120,239
Brookpass Limited	Parent company	Rent	35,000	-	-

The management and service charge received for the year to 31st August 1998 was £10,050.

11 Ultimate Parent Undertaking

The Ultimate Parent Company 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, Surrey KT20 7UE.

12 Controlling Party

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