

DREDGING U.K. LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1998

REGISTERED NO. 2386356



WALKER TINDLE
NEW EXCHANGE BUILDINGS
QUEENS SQUARE
MIDDLESBROUGH

AUDITORS' REPORT TO DREDGING U.K. LIMITED PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 2 to 4 together with the financial statements of Dredging U.K. Limited prepared under section 226 of the Companies Act 1985 for the year ended 31 December 1998.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 to the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the registrar of companies and whether the accounts are properly prepared in accordance with those provisions and report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts in accordance with sections 246(5) and (6), and the abbreviated accounts on pages 2 to 4 have been properly prepared in accordance with those provisions.

.....*Walker Tindle*.....

Walker Tindle
Chartered Accountants and
Registered Auditors
New Exchange Buildings
Queens Square
Middlesbrough

Date:*12 May 1999*.....

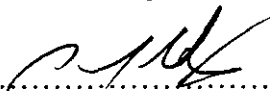
DREDGING U.K. LIMITED

ABBREVIATED BALANCE SHEET AS AT 31 DECEMBER 1998

| | Note | 1998 £ | 1997 £ |
|-------------------------------------|------|---------------|---------------|
| Current assets | | | |
| Debtors | | 203858 | 197576 |
| Creditors | 2 | | |
| Amounts falling due within one year | | (17325) | (18171) |
| Net current assets | | <u>186533</u> | <u>179405</u> |
| Capital and reserves | | | |
| Called up share capital | 3 | 10000 | 10000 |
| Profit and loss account | | 176533 | 169405 |
| Shareholders' funds | | <u>186533</u> | <u>179405</u> |

The directors have taken advantage, in the preparation of the abbreviated accounts, of the special provisions of Part VII of the Companies Act 1985 applicable to small companies.

The accounts were approved by the board of directors on 28-4-99 and are signed on its behalf by:



 Mr P M Stephenson
 Director

The annexed notes form part of these abbreviated accounts.

DREDGING U.K. LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

1. Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same financial statements.

Basis of preparation of financial statements

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

The effect of events in relation to the year ended 31 December 1998 which occurred before the date of approval of the financial statements by the Board of Directors, have been included in the statements to the extent required to show a true and fair view of the state of affairs at 31 December 1998 and of the results for the year ended on that date.

Taxation

The charge for taxation is based on the result for the accounting period as adjusted for disallowable items, and for timing differences arising from the recognition for tax purposes of certain items of income and expenditure in a different accounting period from that which they are recognised in the financial statements.

Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

2. Creditors

The total amount for which security has been given is £585 (1997: £2273).

3. Share capital

| | 1998 £ | 1997 £ |
|---|----------------------------|----------------------------|
| Authorised 10000 ordinary shares of £1 each | 10000 <u> </u> | 10000 <u> </u> |
| Allotted, called up and fully paid 10000 ordinary shares of £1 each | 10000 <u> </u> | 10000 <u> </u> |

DREDGING U.K. LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998 (CONT)

4. Related party transactions

During the year the company traded on a commercial and arms length basis with other group companies and a company controlled by Mr P M Stephenson, who controls the group.

Details of transactions which occurred during the year and balances at the year end date are as follows:-

| | 1998 £ | 1997 £ |
|-------------------------------------|-----------|-----------|
| Group companies | | |
| Turnover | - | 774400 |
| Cost of sales | 191507 | 558081 |
| Management fee | 35000 | - |
| Debtor | 194129 | 193543 |
| Company under common control | | |
| Turnover | 206200 | 212000 |

5. Parent company

The ultimate parent company is Able UK Limited, a company registered in England.