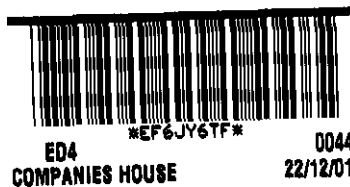


DEVON CONTRACTORS LIMITED
DIRECTORS' REPORT AND ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MAY 2001
COMPANY NUMBER: 533232



DEVON CONTRACTORS LIMITED

COMPANY INFORMATION

Directors

Mr P. J. Hilson
Mr I. T. Buckland
Mr G. D. Murrin

Secretary

Mr S. O. Bennington

Company number

533232

Registered office

Devon House
Clyst Works
Clyst Road
Exeter
EX3 0DB

Auditors

Thomas Westcott Gillard Heal
Queens House
New Street
Honiton
Devon
EX14 1BJ

DEVON CONTRACTORS LIMITED

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DEVON CONTRACTORS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MAY 2001

The directors present their report and the audited financial statements for the company for the year ended 31st May 2001.

Principal activities and review of business

The company's principal activity continued to be that of building contracting, civil engineering contracting, property development and residential development.

The directors consider that satisfactory progress was made in the year and the company will continue to explore new opportunities for its on-going success.

Dividends

The directors recommend dividends amounting to £130,000 (2000: £-).

Directors and their interests

The directors who held office during the year and their beneficial interests in the company's issued share capital are given below:

Name of director	Share type	At 31st May 2001	At 1st June 2000
Mr P. J. Hilson	Ordinary £1 shares	-	-
Mr I. T. Buckland	Ordinary £1 shares	-	-
Mr G. D. Murrin	Ordinary £1 shares	-	-

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 for that year. In preparing those financial statements the directors are required to:

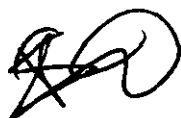
Select suitable accounting policies and then apply them consistently;

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 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.

By order of the Board



Mr S. O. Bennington, Secretary

Date: 1.12.01

AUDITORS' REPORT TO DEVON CONTRACTORS LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated financial statements set out on pages 3 to 13 together with the financial statements of Devon Contractors Limited for the year ended 31st May 2001 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the financial statements to be delivered are properly prepared in accordance with that provision and to report our opinion to you.


Basis of opinion

We have carried out procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements have been properly prepared. The scope of our work for the purpose of this report did 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 financial statements prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated financial statements on pages 3 to 13 are properly prepared in accordance with that provision.

We have audited the financial statements on pages 3 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 6.



Thomas Westcott Gillard Heal
Chartered Accountants and Registered Auditors
Queens House
New Street
Honiton
Devon
EX14 1BJ

Date: 17th December 2001

DEVON CONTRACTORS LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MAY 2001

	Notes	2001 £	2000 £
Gross profit		856,631	387,841
Administrative expenses		(626,819)	(322,022)
Operating profit	3	229,812	65,819
Amounts written off investments	7	(160,570)	-
Interest receivable		69,242	65,819
Interest payable and similar charges	4	56,345	28,898
	5	(316)	(149)
Profit on ordinary activities before taxation		125,271	94,568
Tax on profit on ordinary activities	8	(82,911)	(797)
Profit for the financial year		42,360	93,771
Dividends	9	(130,000)	-
Retained loss/profit for the year	16	(87,640)	93,771

All amounts relate to continuing activities.

There were no recognised gains or losses for 2001 or 2000 other than those included in the profit and loss account.

DEVON CONTRACTORS LIMITED

ABBREVIATED BALANCE SHEET

AS AT 31ST MAY 2001

	Notes	£	2001 £	£	2000 £
Fixed assets					
Tangible assets	10		101,038		100,134
Current assets					
Stocks	11	726,623		823,149	
Debtors	12	1,196,935		787,139	
Cash at bank and in hand		855,822		534	
		<u>2,779,380</u>		<u>1,610,822</u>	
Creditors: amounts falling due within one year	13	<u>(2,440,033)</u>		<u>(1,182,931)</u>	
Net current assets			339,347		427,891
Total assets less current liabilities			<u>440,385</u>		<u>528,025</u>
Capital and reserves					
Share capital	15		300,000		300,000
Profit and loss account	16		140,385		228,025
Shareholders' funds	17		<u>440,385</u>		<u>528,025</u>

The abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

These financial statements were approved by the board on 1st DECEMBER 2001 and signed on its behalf by:

Mr P. J. Hilson
Director



DEVON CONTRACTORS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MAY 2001

	Notes	2001 £	2000 £
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		229,812	65,819
Depreciation		73,485	72,711
Amortisation of intangible fixed assets		-	2
Loss/Profit on sale of fixed assets		2,700	(4,755)
Decrease/Increase in stocks		96,526	(359,871)
Increase in debtors		(409,796)	(514,993)
Increase in creditors		1,120,332	110,383
Net cash inflow/outflow from operating activities		1,113,059	(630,703)
CASH FLOW STATEMENT			
Net cash inflow/outflow from operating activities		1,113,059	(630,703)
Returns on investments and servicing of finance	21	56,029	28,749
Taxation		(611)	(145,909)
Capital expenditure and financial investment	21	(77,089)	(77,577)
Equity dividends paid		(130,000)	(50,000)
Other exceptional items		(160,570)	-
Increase/Decrease in cash		800,818	(875,440)
Reconciliation of net cash flow to movement in net cash			
Increase/Decrease in cash in the year		800,818	(875,440)
Net cash at 1st June 2000		(9,637)	865,804
Net funds/debt at 31st May 2001	22	791,181	(9,635)

DEVON CONTRACTORS LIMITED

ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 2001

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Consolidation

The financial statements contain information about Devon Contractors Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 248 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as the group it heads qualifies as a small group.

Depreciation

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

Plant, Machinery and Workshop Fittings	Straight line basis over 2 to 5 years depending on the type of asset or 50%/40% first year and straight line for the next 3 years.
Motor vehicles	30% in the first year, then on a straight line basis over 3 years.
Office Fixtures and Fittings	Straight line basis up to 5 years.

Long term contracts

The attributable profit on long term contracts is recognised once their outcome can be assessed with reasonable certainty. The profit recognised reflects the proportion of work completed to date on the project.

Costs associated with long term contracts are included in the work in progress to the extent that they cannot be matched with contract work accounted for as turnover. Long term contract balances included in work in progress are stated at cost, after provision has been made for any foreseeable losses and the deduction of applicable payments on account.

Full provision is made for losses on all contracts in the year in which the loss is first foreseen.

Stocks

Raw Materials have been valued at the lower of cost and net realisable value.

Work in Progress has been valued at a cost less losses and payments on account.

Deferred taxation

In accordance with Statement of Standard Accounting Practice No.15, deferred taxation is not provided for in respect of timing differences which, on reasonable evidence, are not expected to reverse in the foreseeable future.

DEVON CONTRACTORS LIMITED

ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 2001

Operating Leases

Rentals payable under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

Contribution to pension funds

The company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

2 Turnover

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

The turnover was derived from the company's principal activity which was carried out wholly in the UK.

3 Operating profit

The operating profit is arrived at after charging or crediting:

	2001 £	2000 £
Depreciation of tangible fixed assets:		
-owned assets	73,485	72,711
Amortisation of intangible fixed assets	-	2
Loss on disposal of fixed assets	2,700	(4,755)
Operating leases: plant & equipment	1,876	1,517
Auditors' remuneration	3,000	3,000
	<hr/>	<hr/>

4 Interest receivable

	2001 £	2000 £
Bank interest receivable	56,345	28,898
	<hr/>	<hr/>

5 Interest payable and similar charges

	2001 £	2000 £
Interest payable on bank loans and overdrafts	316	149
	<hr/>	<hr/>

DEVON CONTRACTORS LIMITED

ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 2001

6 Directors and employees

Staff costs, including directors' remuneration, were as follows:

	2001	2000
	£	£
Wages and salaries	1,014,566	814,910
Social security costs	3,505	2,898
	<u>1,018,071</u>	<u>817,808</u>

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

	2001	2000
	Number	Number
Average number of employees	46	41

Directors' emoluments during the year were £nil (2000: £nil)

7 Exceptional items

	2001	2000
	£	£
Group balances written off	(160,570)	-

8 Taxation

	2001	2000
	£	£
Based on the profit for the year:		
UK corporation tax	82,300	-
Unprovided last year	611	797
	<u>82,911</u>	<u>797</u>

9 Dividends

	2001	2000
	£	£
Equity dividends		
Ordinary dividends - paid	130,000	-

DEVON CONTRACTORS LIMITED

ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 2001

10 Tangible fixed assets

	Plant, Machinery and Workshop Fittings	Motor Vehicles	Office Fixtures and Fittings	Total
Cost	£	£	£	£
At 1st June 2000	149,469	228,166	16,788	394,423
Additions	56,310	22,775	1,254	80,339
Disposals	-	(12,750)	-	(12,750)
At 31st May 2001	205,779	238,191	18,042	462,012
Depreciation				
At 1st June 2000	136,954	146,001	11,334	294,289
Charge for the year	28,748	40,830	3,907	73,485
Disposals	-	(6,800)	-	(6,800)
At 31st May 2001	165,702	180,031	15,241	360,974
Net book value				
At 31st May 2001	40,077	58,160	2,801	101,038
At 31st May 2000	12,515	82,165	5,454	100,134

11 Stocks

	2001 £	2000 £
Stocks	500	500
Work in progress	726,123	822,649
	726,623	823,149

12 Debtors

	2001 £	2000 £
Trade debtors	747,167	342,856
Amounts owed by associated undertakings	363,710	418,780
Other debtors	86,058	15,503
Directors' loan accounts (Note 19)	-	10,000
	1,196,935	787,139

DEVON CONTRACTORS LIMITED

ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 2001

13	Creditors: amounts falling due within one year	2001 £	2000 £
	Bank loans and overdrafts	64,641	10,171
	Payments received on account	147,824	95,437
	Trade creditors	2,040,190	1,036,901
	Other creditors	15,409	9,670
	Corporation tax	82,300	-
	Other taxes and social security	89,669	30,752
		<u>2,440,033</u>	<u>1,182,931</u>

The bank overdrafts are secured by a fixed and floating charge over all of the company's assets. They are also secured by a guarantee from Clyst Holdings Limited dated 25 September 2000.

14 Contingent liabilities

At the year end the company's bankers have given bonds to certain of the company's customers to guarantee completion of the projects undertaken. The amount of these bonds varied throughout the year and at the year end was £231,366 (2000: £162,422).

The bank overdraft of Clyst Holdings Limited is secured by a guarantee from Devon Contractors Limited dated 25 September 2000.

15	Share capital	2001 £	2000 £
	Authorised Equity shares		
	300,000 Ordinary shares of £1.00 each	<u>300,000</u>	<u>300,000</u>
	Allotted Equity shares		
	300,000 Allotted, called up and fully paid ordinary shares of £1.00 each	<u>300,000</u>	<u>300,000</u>

16	Reserves	Profit and loss account £
	At 1st June 1999	134,254
	Loss/Profit for the year	93,771
	At 1st June 2000	228,025
	Loss/Profit for the year	(87,640)
	At 31st May 2001	<u>140,385</u>

DEVON CONTRACTORS LIMITED

ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 2001

17	Reconciliation of movement in shareholders' funds	2001 £	2000 £
	Profit for the financial year	42,360	93,771
	Dividends	(130,000)	-
	Decrease in the shareholders' funds	(87,640)	93,771
	Opening shareholders' funds	528,025	434,254
	Closing shareholders' funds	440,385	528,025

18 Operating lease commitments

At 31st May 2001 the company had annual commitments under non-cancellable operating leases as set out below:

	2001 £	2000 £
Operating leases which expire:		
Between two and five years	-	1,517
After five years	9,000	13,992
	9,000	15,509

19 Transactions with directors

During the year the company provided interest free loans of £5,000 (2000: £5,000) each to S. C. Hilson (employee and wife of P. J. Hilson) and C. M. Buckland (employee and wife of I. T. Buckland).

During the year there were outstanding amounts on directors and related party loans as follows:-

Beginning of the year (also maximum):	S. C. Hilson	£5,000	(2000: £5,000)
	C. M. Buckland	£5,000	(2000: £5,000)
End of year:	S. C. Hilson	£nil	(2000: £5,000)
	C. M. Buckland	£nil	(2000: £5,000)

During the year the company sold a vehicle to Mr P. J. Hilson, a company director, for £3,250. This was considered to be the market value for the vehicle.

DEVON CONTRACTORS LIMITED

ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 2001

20 Related parties

The company is a wholly owned subsidiary of Clyst Holdings Limited. Until 1 May 2001 H. Greenaway & Sons Limited was also a wholly owned subsidiary of Clyst Holdings Limited. On this date it was sold as a going concern to a third party for the consideration of £5,000.

Also on 1 May 2001 H. Greenaway & Sons Limited transferred its book assets (except goodwill, plant, equipment and motor vehicles) and liabilities to Devon Contractors Limited. In return, Devon Contractors Limited agreed to write off the balance owed to it by H. Greenaway & Sons Limited. After the corporation tax liability for the year ended 31 May 2001 was taken into account, the write off was £160,570.

On 20 March 2001 freehold land and buildings were transferred to Clyst Holdings Limited from H. Greenaway & Sons Limited. In return, Clyst Holdings Limited became liable for the loan owed by H. Greenaway & Sons Limited to Devon Contractors Limited equal to the net book value of £36,890.

During the year the company entered into transactions with both H. Greenaway and Sons Limited and Clyst Holdings Limited. The transactions were as follows:-

H. Greenaway & Sons Limited	Sales	£6,694	(2000: £54,928)
	Sales of fixed assets	£ nil	(2000: £2,680)
	Purchases	£283,007	(2000: £70,029)
	Purchases of fixed assets	£nil	(2000: £638)
	Management charges received	£nil	(2000: £39,250)
Clyst Holdings Limited	Management Charges paid	£346,480	(2000: £116,395)
	Sales	£375,000	(2000: £500,000)

The balances at the year end were as follows:-

H. Greenaway & Sons Limited	£nil	(2000: £234,943 dr)
Clyst Holdings Limited	£363,724	(2000: £195,436 dr)

This loan was interest free and was provided to enable Clyst Holdings Limited to operate in its day-to-day running of the business.

DEVON CONTRACTORS LIMITED

ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MAY 2001

21	Gross cash flows	2001 £	2000 £
	Returns on investments and servicing of finance		
	Interest received	56,345	28,898
	Interest paid	(316)	(149)
		<u>56,029</u>	<u>28,749</u>
	Capital expenditure and financial investment		
	Payments to acquire tangible fixed assets	(80,339)	(94,202)
	Proceeds from the sale of tangible fixed assets	3,250	16,623
	Proceeds from the sale of investment	-	2
		<u>(77,089)</u>	<u>(77,577)</u>
	Issue of Bonus Shares	-	-

22	Analysis of changes in net cash	2000	Cash flows	2001
		£	£	£
	Cash at bank and in hand	534	855,288	855,822
	Overdrafts	(10,171)	(54,470)	(64,641)
		<u>(9,637)</u>	<u>800,818</u>	<u>791,181</u>

23 Ultimate Control

The company is a wholly owned subsidiary of Clyst Holdings Limited, a company incorporated in the United Kingdom. Clyst Holdings Limited is jointly owned by the following:-

P. J. Hilson	46.7%
I. T. Buckland	46.7%
G. D. Murrin	6.6%