

Reg No :- 810557

10 Kse

**KIER INTERNATIONAL LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 30 JUNE 1995**



A06 \*AL4BJGV4\* 275

COMPANIES HOUSE 28/11/95

**DIRECTORS' REPORT**

The directors present their annual report and audited accounts for the year ended 30 June 1995.

1. **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activities of the Group are civil engineering construction and building overseas, including joint venture contracts. The Company also acts as a holding company.

2. **RESULTS AND DIVIDENDS**

|   | Group<br>£000 | Company<br>£000 |
|---|---------------|-----------------|
| The profit/(loss) for the year after<br>taxation dealt with in the accounts is: | 596           | (489)           |
| Dividends   | (500)         | (500)           |
| Arising on currency translation   | (41)          | -               |
|   | <hr/>         | <hr/>           |
| Increase/(decrease) in reserves   | 55            | (989)           |
|   | <hr/>         | <hr/>           |

3. **FIXED ASSETS**

The changes in the fixed assets during the year are summarised in notes 8 and 9 to the accounts.

4. **DIRECTORS**

The directors of the Company during the year were:-

|   |                           |
|---|---------------------------|
| J Dodds   | Chairman                  |
| J W H Lawson, BEng  | Managing Director         |
| D J Durey, BSc, CEng, MICE  | (Resident in Jamaica)     |
| R G M Francis, BSc, CEng, MICE                                    |                           |
| B Gibbins, BSc, CEng, MICE  |                           |
| D Rainford, MCI0B   | Appointed 23 January 1995 |
| P J Staniland, BSc, FCA   |                           |
| V G Thompson, CEng, FICE  |                           |
| G C Trayling, BSc, CEng, MICE, MI Mech.E. (Resident in Hong Kong) | Appointed 6 February 1995 |

5. **DIRECTORS' INTERESTS**

The directors had the following interests in the 'A' Ordinary Shares of Kier Group plc:-

|               | 30 June 1995 | 1 July 1994 |
|---------------|--------------|-------------|
| J W H Lawson  | 14,331       | 10,000      |
| D J Durey     | 16,695       | 15,000      |
| R G M Francis | 14,196       | 12,500      |
| B Gibbins     | 15,089       | 12,500      |
| P J Staniland | 17,007       | 15,000      |
| V G Thompson  | 17,788       | 15,500      |
| G C Trayling  | 2,000        | -           |

**DIRECTORS' REPORT**  
**(CONTINUED)**

Any interests of directors who were also directors of the holding company or the ultimate holding company at 30 June 1995 appear in the directors' report of that company.

**6. EMPLOYEES**

The Company is an equal opportunity employer. It provides relevant information on matters of concern to employees through newsletters and formal and informal meetings with local management. Employees are given an opportunity at least twice a year to apply to purchase shares in the ultimate holding company, Kier Group plc, which is controlled by its employees. The Company encourages and assists, whenever practicable, the recruitment, training and career development of disabled people and the retention of those who become disabled during the course of their employment and who can be employed in a safe working environment.

**7. DIRECTORS' RESPONSIBILITIES**

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 the Group and of the profit or loss for that period. In preparing those accounts, the directors are required to:-

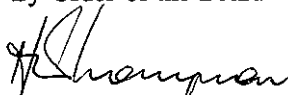
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are also responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Company and the Group and which enable them to ensure that the accounts comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

**8. AUDITORS**

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name. In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board



H L Thompson  
Secretary

Tempsford Hall  
Sandy  
Bedfordshire  
SG19 2BD

6 September 1995

**KIER INTERNATIONAL LIMITED**  
**AND SUBSIDIARY COMPANIES**

Page 3

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 30 JUNE 1995**

|  | Notes | 1995<br>£000 | 1994<br>£000 |
|--|-------|--------------|--------------|
| <b>TURNOVER - continuing operations</b>                  | 1 & 2 | 51,613       | 28,986       |
| Cost of sales  |       | (48,449)     | (26,941)     |
| <b>GROSS PROFIT</b>                                      | 1     | 3,164        | 2,045        |
| Administrative expenses                                  |       | (2,172)      | (1,802)      |
| <b>OPERATING PROFIT - continuing operations</b>          |       | 992          | 243          |
| Interest receivable                                      |       | 248          | 207          |
| Interest payable   | 4     | (199)        | (182)        |
| <b>PROFIT ON ORDINARY<br/>ACTIVITIES BEFORE TAXATION</b> | 3     | 1,041        | 268          |
| Taxation   | 7     | (445)        | (37)         |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>                     |       | 596          | 231          |
| Dividends  | 6     | (500)        | (134)        |
| <b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>            | 16    | 96           | 97           |

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED**  
**GAINS AND LOSSES**  
**YEAR ENDED 30 JUNE 1995**

|   | 1995<br>£'000 | 1994<br>£'000 |
|---|---------------|---------------|
| <b>PROFIT FOR THE FINANCIAL YEAR</b>                                | 596           | 231           |
| Currency translation  | (41)          | (68)          |
| <b>TOTAL RECOGNISED GAINS AND LOSSES<br/>FOR THE FINANCIAL YEAR</b> | 555           | 163           |

**KIER INTERNATIONAL LIMITED**

Page 4

**COMPANY PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 30 JUNE 1995**

|  | Notes | 1995<br>£000 | 1994<br>£000 |
|--|-------|--------------|--------------|
| <b>TURNOVER - continuing operations</b>                                  | 1 & 2 | 5,851        | 4,380        |
| Cost of sales  |       | (5,055)      | (4,475)      |
|  |       | <hr/>        | <hr/>        |
| <b>GROSS PROFIT/(LOSS)</b>   | 1     | 796          | (95)         |
| Administrative expenses  |       | (2,023)      | (1,802)      |
|  |       | <hr/>        | <hr/>        |
| <b>OPERATING LOSS - continuing operations</b>                            |       | (1,227)      | (1,897)      |
| Income from shares in subsidiary undertakings                            |       | -            | 1,660        |
| Interest receivable  |       | 14           | 59           |
| Amounts released/(provided) for diminution in value of investments (net) |       | 448          | (174)        |
| Interest payable   | 4     | (184)        | (226)        |
|  |       | <hr/>        | <hr/>        |
| <b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>                       | 3     | (949)        | (578)        |
| Taxation   | 7     | 460          | 667          |
|  |       | <hr/>        | <hr/>        |
| <b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>                              |       | (489)        | 89           |
| Dividends  | 6     | (500)        | (134)        |
|  |       | <hr/>        | <hr/>        |
| <b>DECREASE IN RESERVES</b>  | 16    | (989)        | (45)         |
|  |       | <hr/>        | <hr/>        |

There are no recognised gains or losses other than the profit/(loss) for the financial year.

**KIER INTERNATIONAL LIMITED**  
**AND SUBSIDIARY COMPANIES**

Page 5

**CONSOLIDATED BALANCE SHEET**  
**AT 30 JUNE 1995**

|  | Notes | 1995<br>£000 | 1994<br>£000 |
|--|-------|--------------|--------------|
| <b>FIXED ASSETS</b>                                      |       |              |              |
| Tangible assets  | 8     | 3,056        | 2,992        |
| Investments  | 9     | 16           | 9            |
|  |       | <hr/>        | <hr/>        |
|  |       | 3,072        | 3,001        |
| <b>CURRENT ASSETS</b>                                    |       |              |              |
| Stocks and work in progress                              | 10    | 1,280        | 1,782        |
| Debtors due within one year                              | 11    | 11,805       | 10,274       |
| Debtors due after more than one year                     | 11    | 2,014        | 315          |
| Cash at bank and in hand                                 | 12    | 7,631        | 1,524        |
|  |       | <hr/>        | <hr/>        |
|  |       | 22,730       | 13,895       |
| <b>CURRENT LIABILITIES</b>                               |       |              |              |
| Creditors - amounts falling due within one year          | 13    | (21,781)     | (13,039)     |
|  |       | <hr/>        | <hr/>        |
| <b>NET CURRENT ASSETS</b>                                |       | 949          | 856          |
|  |       | <hr/>        | <hr/>        |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>             |       | 4,021        | 3,857        |
| Creditors - amounts falling due after more than one year | 13    | (226)        | (117)        |
|  |       | <hr/>        | <hr/>        |
| <b>NET ASSETS</b>  |       | 3,795        | 3,740        |
|  |       | <hr/>        | <hr/>        |
| <b>CAPITAL AND RESERVES</b>                              |       |              |              |
| Called up share capital                                  | 15    | 500          | 500          |
| Profit and loss account                                  | 16    | 3,295        | 3,240        |
|  |       | <hr/>        | <hr/>        |
| <b>SHAREHOLDERS' FUNDS</b>                               | 17    | 3,795        | 3,740        |
|  |       | <hr/>        | <hr/>        |
| J W H Lawson     }                                       |       |              |              |
| } Directors  |       |              |              |
| P J Staniland     }                                      |       |              |              |



The accounts were approved by the Board of Directors on 6 September 1995.

**COMPANY BALANCE SHEET**  
**AT 30 JUNE 1995**

|  | Notes | 1995<br>£000 | 1994<br>£000 |
|--|-------|--------------|--------------|
| <b>FIXED ASSETS</b>                                      |       |              |              |
| Tangible assets  | 8     | 1,342        | 1,077        |
| Investments  | 9     | 927          | 927          |
|  |       | <hr/>        | <hr/>        |
|  |       | 2,269        | 2,004        |
|  |       | <hr/>        | <hr/>        |
| <b>CURRENT ASSETS</b>                                    |       |              |              |
| Stocks and work in progress                              | 10    | 294          | 625          |
| Debtors due within one year                              | 11    | 4,911        | 5,282        |
| Debtors due after one year                               | 11    | 292          | 209          |
| Cash at bank and in hand                                 |       | 374          | 141          |
|  |       | <hr/>        | <hr/>        |
|  |       | 5,871        | 6,257        |
|  |       | <hr/>        | <hr/>        |
| <b>CURRENT LIABILITIES</b>                               |       |              |              |
| Creditors - amounts falling due within one year          | 13    | (7,055)      | (6,206)      |
|  |       | <hr/>        | <hr/>        |
| <b>NET CURRENT (LIABILITIES)/ASSETS</b>                  |       | (1,184)      | 51           |
|  |       | <hr/>        | <hr/>        |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>             |       | 1,085        | 2,055        |
|  |       | <hr/>        | <hr/>        |
| Creditors - amounts falling due after more than one year | 13    | (19)         | -            |
|  |       | <hr/>        | <hr/>        |
| <b>NET ASSETS</b>  |       | 1,066        | 2,055        |
|  |       | <hr/>        | <hr/>        |
| <b>CAPITAL AND RESERVES</b>                              |       |              |              |
| Called up share capital                                  | 15    | 500          | 500          |
| Profit and loss account                                  | 16    | 566          | 1,555        |
|  |       | <hr/>        | <hr/>        |
| <b>SHAREHOLDERS' FUNDS</b>                               | 17    | 1,066        | 2,055        |
|  |       | <hr/>        | <hr/>        |
| J W H Lawson    }  |       |              |              |
| } Directors  |       |              |              |
| P J Staniland    }                                       |       |              |              |

The accounts were approved by the Board of Directors on 6 September 1995.

**NOTES TO THE ACCOUNTS**

**1. Principal accounting policies**

The accounting policies adopted are disclosed below.

*Convention:*

The accounts are prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards.

*Consolidation:*

The Group accounts comprise the audited accounts of the Company and all its branches and subsidiary undertakings.

*Turnover:*

Turnover arises from increases in valuations on long term contracts and goods and services provided. This is considered by the directors to be a single class of continuing activity.

*Recognition of profit:*

Profits in respect of long term contracts are recognised on a percentage of completion basis where the contract's ultimate outcome can be foreseen with reasonable certainty. Profits in respect of other contracts are taken when the contract is completed. Provision is made in full for all foreseeable contract losses.

*Stocks and work in progress:*

Stocks and work in progress, which include attributable overheads, are stated at the lower of cost and net realisable value.

*Tangible fixed assets:*

Plant and machinery are depreciated at rates varying between 10% and 50% per annum estimated to reduce book values to realisable values over useful lives.

Leasehold property is depreciated over the life of the lease.

*Deferred taxation:*

Provision is made, on the liability basis, for the taxation effects arising from all timing differences other than those which are expected by the directors to continue for the foreseeable future.

*Foreign currencies:*

Transactions denominated in foreign currencies are recorded at the exchange rates in effect when they take place. Resulting foreign currency denominated assets and liabilities are translated at the exchange rates ruling at the balance sheet date unless they are covered by forward foreign exchange contracts in which case the contract rates are used. Exchange differences arising from foreign currency transactions are reflected in the profit and loss account.

The assets and liabilities of overseas subsidiary undertakings are translated at the exchange rates ruling at the balance sheet date. Trading profits or losses are translated at the average exchange rates prevailing during the accounting period. Exchange differences arising from the retranslation of net investments in overseas subsidiary undertakings at the year end rates are taken directly to reserves. All other exchange differences are reflected in the profit and loss account.



**NOTES TO THE ACCOUNTS**  
**(CONTINUED)**

*Pension cost:*

The pension costs charged against profits are based on an actuarial method and actuarial assumptions designed to spread the anticipated pension costs over the service lives of the employees in the pension schemes, in a way that seeks to ensure that the regular pension cost represents a substantially level percentage of the current and expected future pensionable salary. Variations from regular cost are spread over the average remaining service lives of current employees in the pension scheme.

*Joint ventures:*

Joint ventures to undertake construction contracts are entered into in the ordinary course of the Group's business. Interests in unincorporated joint ventures are, wherever practicable, accounted for by the proportional consolidation method.

*Cash flow:*

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cashflow statement on the grounds that it is a wholly-owned subsidiary undertaking.

**2. Turnover**

The analysis of turnover by geographical area is as follows:

|             | 1995          |                 | 1994          |                 |
|-------------|---------------|-----------------|---------------|-----------------|
|             | Group<br>£000 | Company<br>£000 | Group<br>£000 | Company<br>£000 |
| Africa      | 12,212        | 5,508           | 10,117        | 4,259           |
| Caribbean   | 9,533         | 343             | 7,888         | 121             |
| Middle East | 12,622        | -               | 3,803         | -               |
| Far East    | 17,246        | -               | 7,178         | -               |
|             | <hr/>         | <hr/>           | <hr/>         | <hr/>           |
|             | 51,613        | 5,851           | 28,986        | 4,380           |
|             | <hr/>         | <hr/>           | <hr/>         | <hr/>           |

**NOTES TO THE ACCOUNTS**  
**(CONTINUED)**

**3. Profit/(loss)**

Profit/(loss) on ordinary activities before taxation is stated after charging:

|                                     | 1995          |                 | 1994          |                 |
|-------------------------------------|---------------|-----------------|---------------|-----------------|
|                                     | Group<br>£000 | Company<br>£000 | Group<br>£000 | Company<br>£000 |
| Auditors' remuneration - audit fees | 104           | 45              | 94            | 47              |
| Depreciation                        | 1,226         | 750             | 1,821         | 1,338           |
| Hire of plant and transport         | 1,467         | 58              | 505           | 97              |
|                                     | <hr/>         | <hr/>           | <hr/>         | <hr/>           |

**4. Interest payable**

|                              | 1995          |                 | 1994          |                 |
|------------------------------|---------------|-----------------|---------------|-----------------|
|                              | Group<br>£000 | Company<br>£000 | Group<br>£000 | Company<br>£000 |
| On bank loans and overdrafts | 199           | 184             | 182           | 226             |
|                              | <hr/>         | <hr/>           | <hr/>         | <hr/>           |

**5. Information relating to directors and employees**

|  | 1995<br>£     | 1994<br>£     |
|--|---------------|---------------|
| UK directors' emoluments:                                  |               |               |
| As executives  | 329,440       | 289,677       |
| Pension contributions                                      | <u>28,786</u> | <u>24,964</u> |
|  | <hr/> 358,226 | <hr/> 314,641 |
| Emoluments of highest paid director during the year were:  | <hr/> 86,791  | <hr/> 82,319  |
| Emoluments of the Chairman during the year were:           | <hr/> Nil     | <hr/> Nil     |
| Details of emoluments of UK directors of the company were: |               |               |
|  | 1995<br>No.   | 1994<br>No.   |
| £ 0 - £ 5,000  | 1             | 1             |
| £20,000 - £25,000  | 1             | 0             |
| £45,001 - £50,000  | 0             | 1             |
| £50,001 - £55,000  | 3             | 2             |
| £55,001 - £60,000  | 1             | 1             |
| £80,001 - £85,000  | 0             | 1             |
| £85,001 - £90,000  | 1             | 0             |

**NOTES TO THE ACCOUNTS**  
**(CONTINUED)**

**5. Information relating to directors and employees (continued)**

|                              | 1995          |                 | 1994          |                 |
|------------------------------|---------------|-----------------|---------------|-----------------|
|                              | Group<br>£000 | Company<br>£000 | Group<br>£000 | Company<br>£000 |
| Staff costs during the year: |               |                 |               |                 |
| Wages and salaries           | 5,872         | 2,452           | 3,949         | 2,480           |
| Social security costs        | 136           | 108             | 116           | 85              |
| Other pension costs          | 197           | 168             | 156           | 140             |
|                              | <hr/>         | <hr/>           | <hr/>         | <hr/>           |
|                              | 6,205         | 2,728           | 4,221         | 2,705           |
|                              | <hr/>         | <hr/>           | <hr/>         | <hr/>           |

The average number of persons employed by the Company during the year, including directors, was:

|              | 1995         |                | 1994         |                |
|--------------|--------------|----------------|--------------|----------------|
|              | Group<br>No. | Company<br>No. | Group<br>No. | Company<br>No. |
| Construction | 1,108        | 772            | 1,233        | 979            |
|              | <hr/>        | <hr/>          | <hr/>        | <hr/>          |

Included in the company numbers above are amounts which have ultimately been charged to subsidiaries of the Company.

*Pensions:*

The Company participates in the Kier Group Pension Scheme which is a defined benefit scheme based on final pensionable salary. The assets of the scheme are held under trust separately from those of the Group and are invested directly on the advice of independent professional investment managers. Contributions paid to the Group scheme are based on pension costs across the Group as a whole. Details of the scheme are set out in the accounts of the ultimate holding company, Kier Group plc.

Contributions are also made to the Kier Group Retirement Benefit Scheme and to an industry-wide scheme. The pension costs for these schemes have been taken as the actual contributions paid over the year.

**6. Dividends**

|                         | 1995<br>£000 | 1994<br>£000 |
|-------------------------|--------------|--------------|
| Ordinary - interim paid | 31           | -            |
| - final proposed        | 469          | 134          |
|                         | <hr/>        | <hr/>        |
|                         | 500          | 134          |
|                         | <hr/>        | <hr/>        |

**NOTES TO THE ACCOUNTS  
(CONTINUED)**

**7. Taxation**

| Taxation based on the results for the year:   | 1995          |                 | 1994          |                 |
|---|---------------|-----------------|---------------|-----------------|
|   | Group<br>£000 | Company<br>£000 | Group<br>£000 | Company<br>£000 |
| UK corporation tax at 33 %                    | 181           | (432)           | 34            | (629)           |
| Double tax relief                             | (227)         | -               | (389)         | -               |
| Deferred taxation                             | 20            | (28)            | (99)          | (54)            |
| Overseas taxation                             | 472           | 1               | 472           | 1               |
|   | <hr/>         | <hr/>           | <hr/>         | <hr/>           |
|   | 446           | (459)           | 18            | (682)           |
| Prior year taxation adjustments:              |               |                 |               |                 |
| UK corporation tax                            | (8)           | (1)             | 19            | 15              |
| Deferred taxation                             | 7             | -               | -             | -               |
|   | <hr/>         | <hr/>           | <hr/>         | <hr/>           |
| Charge/(credit) to<br>profit and loss account | 445           | (460)           | 37            | (667)           |
|   | <hr/>         | <hr/>           | <hr/>         | <hr/>           |

The overall effective tax rate of 42.7% has arisen because of the impact of high overseas tax rates for which full double tax relief could not be obtained.

**8. Tangible fixed assets**

|                                | ----- Group -----                                   |                                 |               | Company                         |
|--------------------------------|---|---------------------------------|---------------|---------------------------------|
|                                | Land &<br>Buildings<br>(short<br>leasehold)<br>£000 | Plant<br>&<br>Machinery<br>£000 | Total<br>£000 | Plant<br>&<br>Machinery<br>£000 |
| Cost at 1 July 1994            | 2   | 9,222                           | 9,224         | 5,955                           |
| Currency realignments          | -   | (214)                           | (214)         | (108)                           |
| Additions during year          | 33  | 1,506                           | 1,539         | 1,028                           |
| Inter group transfers          | -   | -                               | -             | 31                              |
| Disposals at cost              | -   | (1,028)                         | (1,028)       | (509)                           |
|                                | <hr/>   | <hr/>                           | <hr/>         | <hr/>                           |
| Cost at 30 June 1995           | 35  | 9,486                           | 9,521         | 6,397                           |
|                                | <hr/>   | <hr/>                           | <hr/>         | <hr/>                           |
| Depreciation at 1 July 1994    | 2   | 6,230                           | 6,232         | 4,878                           |
| Currency realignments          | -   | (150)                           | (150)         | (104)                           |
| Charge for year                | -   | 1,226                           | 1,226         | 750                             |
| Inter group transfers          | -   | -                               | -             | 27                              |
| Depreciation on disposals      | -   | (843)                           | (843)         | (496)                           |
|                                | <hr/>   | <hr/>                           | <hr/>         | <hr/>                           |
| Depreciation at 30 June 1995   | 2   | 6,463                           | 6,465         | 5,055                           |
|                                | <hr/>   | <hr/>                           | <hr/>         | <hr/>                           |
|                                | 33  | 3,023                           | 3,056         | 1,342                           |
| Net book value at 30 June 1995 | <hr/>   | <hr/>                           | <hr/>         | <hr/>                           |
|                                | -   | 2,992                           | 2,992         | 1,077                           |
| Net book value at 30 June 1994 | <hr/>   | <hr/>                           | <hr/>         | <hr/>                           |

**NOTES TO THE ACCOUNTS  
(CONTINUED)**

**9. Fixed assets investments**

**Group**

|                       |       |
|-----------------------|-------|
| Cost                  | £000  |
| 1 July 1994           | 9     |
| Movement for the year | 7     |
|                       | <hr/> |
| 30 June 1995          | 16    |
|                       | <hr/> |

The above investment represents a 49% (1994: 40%) interest in the ordinary shares of Kier Afcons Limited, which is incorporated in India. The principal activity of this company is civil engineering and building construction overseas.

**Company**

|                              | Shares in Group Companies<br>£000 |   |                   |
|------------------------------|-----------------------------------|---|-------------------|
|                              | Cost                              | Provision for<br>Diminution in<br>Value | Net Book<br>Value |
| 1 July 1994 and 30 June 1995 | 928                               | 1                                       | 927               |
|                              | <hr/>                             | <hr/>                                   | <hr/>             |

Details of the principal subsidiary companies are given in note 20.

In the opinion of the directors the value of the Company's investment in this company is not less than the amount at which it is stated in the balance sheet.

**10. Stocks and work in progress**

|                                       | 1995          |                 | 1994          |                 |
|---------------------------------------|---------------|-----------------|---------------|-----------------|
|                                       | Group<br>£000 | Company<br>£000 | Group<br>£000 | Company<br>£000 |
| Long term contract balances           |               |                 |               |                 |
| - At cost                             | 1,318         | 6               | 2,047         | 367             |
| - Less applicable payments on account | (327)         | (1)             | (569)         | (46)            |
|                                       | <hr/>         | <hr/>           | <hr/>         | <hr/>           |
|                                       | 991           | 5               | 1,478         | 321             |
| Raw materials and consumables         | 289           | 289             | 304           | 304             |
|                                       | <hr/>         | <hr/>           | <hr/>         | <hr/>           |
|                                       | 1,280         | 294             | 1,782         | 625             |
|                                       | <hr/>         | <hr/>           | <hr/>         | <hr/>           |

**NOTES TO THE ACCOUNTS**  
**(CONTINUED)**

**11. Debtors**

|   | 1995          |                 | 1994          |                 |
|---|---------------|-----------------|---------------|-----------------|
|   | Group<br>£000 | Company<br>£000 | Group<br>£000 | Company<br>£000 |
| Amounts falling due within one year:              |               |                 |               |                 |
| Trade debtors                                     | 9,070         | 1,666           | 6,728         | 816             |
| Amounts recoverable on contracts                  | 578           | -               | 1,441         | 380             |
| Amounts due from subsidiary undertakings          | -             | 2,336           | -             | 1,664           |
| Amounts due from other group undertakings         | 153           | 153             | 57            | 57              |
| Dividends receivable from subsidiary undertakings | -             | -               | -             | 1,660           |
| Other debtors                                     | 1,563         | 444             | 662           | 266             |
| Prepayments and accrued income                    | 389           | 36              | 686           | 23              |
| Corporation tax - group relief                    | -             | 274             | 652           | 416             |
| Other taxes and social security                   | 36            | 2               | -             | -               |
| Overseas taxation                                 | 16            | -               | 48            | -               |
|   | <hr/>         | <hr/>           | <hr/>         | <hr/>           |
|   | 11,805        | 4,911           | 10,274        | 5,282           |
|   | <hr/>         | <hr/>           | <hr/>         | <hr/>           |
| Amounts falling due after more than one year:     |               |                 |               |                 |
| Amounts recoverable on contracts                  | 1,527         | 72              | 54            | 17              |
| Other debtors                                     | 253           | -               | -             | -               |
| Deferred tax                                      | 234           | 220             | 261           | 192             |
|   | <hr/>         | <hr/>           | <hr/>         | <hr/>           |
|   | 2,014         | 292             | 315           | 209             |
|   | <hr/>         | <hr/>           | <hr/>         | <hr/>           |

**12. Cash at bank and in hand**

Cash at bank includes £4,135,000 (1994: £712,000) being the Group's share of cash held by joint ventures.

**13. Creditors**

|   | 1995          |                 | 1994          |                 |
|---|---------------|-----------------|---------------|-----------------|
|   | Group<br>£000 | Company<br>£000 | Group<br>£000 | Company<br>£000 |
| Amounts falling due within one year:    |               |                 |               |                 |
| Bank loans and overdrafts               | 1,275         | 1,985           | 2,346         | 2,887           |
| Trade creditors                         | 5,466         | 990             | 4,686         | 634             |
| Advance payments on contracts           | 2,065         | 920             | 1,249         | -               |
| Amounts due to subsidiary undertakings  | -             | 852             | -             | 1,126           |
| Amounts due to other group undertakings | 161           | 161             | 288           | 288             |
| Other creditors                         | 287           | 124             | 195           | 57              |
| Corporation tax                         | 105           | -               | 514           | -               |
| Overseas tax                            | 292           | 1               | 90            | 1               |
| Other taxes and social security         | 30            | 4               | 151           | 6               |
| Accruals and deferred income            | 11,631        | 1,549           | 3,386         | 1,073           |
| Proposed dividend                       | 469           | 469             | 134           | 134             |
|   | <hr/>         | <hr/>           | <hr/>         | <hr/>           |
|   | 21,781        | 7,055           | 13,039        | 6,206           |
|   | <hr/>         | <hr/>           | <hr/>         | <hr/>           |

**NOTES TO THE ACCOUNTS**  
**(CONTINUED)**

**13. Creditors - continued**

|   | 1995          |                 | 1994          |                 |
|---|---------------|-----------------|---------------|-----------------|
|   | Group<br>£000 | Company<br>£000 | Group<br>£000 | Company<br>£000 |
| Amounts falling due after more than one year: |               |                 |               |                 |
| Trade creditors                               | 226           | 19              | 117           | -               |
|   | <hr/>         | <hr/>           | <hr/>         | <hr/>           |

Accruals and deferred income include advance payments and balances related to work in progress which the directors do not consider will have a cash effect within the normal trade credit period.

**14. Deferred taxation**

|  | 1995          |                 | 1994          |                 |
|--|---------------|-----------------|---------------|-----------------|
|  | Group<br>£000 | Company<br>£000 | Group<br>£000 | Company<br>£000 |
| Balance at 1 July 1994                     | (261)         | (192)           | (162)         | (138)           |
| Transfer from/(to) profit and loss account | 27            | (28)            | (99)          | (54)            |
|  | <hr/>         | <hr/>           | <hr/>         | <hr/>           |
| Balance at 30 June 1995                    | (234)         | (220)           | (261)         | (192)           |
|  | <hr/>         | <hr/>           | <hr/>         | <hr/>           |

All of the above items relate to accelerated capital allowance and are classified under debtors.

The directors consider the deferred tax asset will be released in the foreseeable future.

**15. Called up share capital**

|                                    | 1995<br>£000 | 1994<br>£000 |
|------------------------------------|--------------|--------------|
| Ordinary shares of £1 each:        |              |              |
| Authorised                         | 500          | 500          |
|                                    | <hr/>        | <hr/>        |
| Allotted, called up and fully paid | 500          | 500          |
|                                    | <hr/>        | <hr/>        |

**NOTES TO THE ACCOUNTS  
(CONTINUED)**

**16. Profit and loss account**

|   | 1995          |                 |
|---|---------------|-----------------|
|   | Group<br>£000 | Company<br>£000 |
| As at 1 July 1994                             | 3,240         | 1,555           |
| Retained profit/(loss) for the financial year | 96            | (989)           |
| Currency translation                          | (41)          | -               |
|   | <hr/>         | <hr/>           |
| At 30 June 1995                               | 3,295         | 566             |
|   | <hr/>         | <hr/>           |

**17. Reconciliation of movement in shareholders' funds**

|                                      | 1995           |                  | 1994          |                 |
|--------------------------------------|----------------|------------------|---------------|-----------------|
|                                      | Group<br>£'000 | Company<br>£'000 | Group<br>£000 | Company<br>£000 |
| Profit/(loss) for the financial year | 596            | (489)            | 231           | 89              |
| Dividends                            | (500)          | (500)            | (134)         | (134)           |
| Currency translation                 | (41)           | -                | (68)          | -               |
|                                      | <hr/>          | <hr/>            | <hr/>         | <hr/>           |
| Net movement in shareholders' funds  | 55             | (989)            | 29            | (45)            |
| Shareholders' funds at 1 July 1994   | 3,740          | 2,055            | 3,711         | 2,100           |
|                                      | <hr/>          | <hr/>            | <hr/>         | <hr/>           |
| Shareholders' funds at 30 June 1995  | 3,795          | 1,066            | 3,740         | 2,055           |
|                                      | <hr/>          | <hr/>            | <hr/>         | <hr/>           |

**18. Contingent liabilities**

There are contingent liabilities in respect of guarantees and claims under contracting and other agreements, including joint ventures, entered into in the normal course of business.

The Company is party to cross guarantees in respect of group banking arrangements under which the Kier Group has no net liability.

**19. Commitments**

The Company has given a commitment to provide continuing support to certain of its subsidiaries.

**20. Ultimate holding company**

The Company is a wholly-owned subsidiary of Tempsford Holdings Limited. The ultimate holding company is Kier Group plc. The parent of the largest group for which group accounts have been drawn up is Kier Group plc and the parent of the smallest group for which accounts, including the Company, have been drawn up is Kier International Limited. Both these parent companies are registered in England and copies of their accounts will be filed with Companies House, Crown Way, Cardiff where they will be available to the public.



**NOTES TO THE ACCOUNTS**  
**(CONTINUED)**

**21. Principal subsidiary companies and joint ventures**

| Subsidiary companies                   | Country of Incorporation<br>(operations if different) | Percentage<br>Interest |
|--|---|------------------------|
| KI (Investments) Limited               | England   | 100                    |
| Kier Hong Kong Limited                 | England (Hong Kong)                                   | 100                    |
| Kier Caribbean Limited                 | England (Jamaica, St Lucia)                           | 100                    |
| Kier Overseas (Four) Limited           | England (Egypt)                                       | 100                    |
| Kier Overseas (Fifteen) Limited        | England (Lesotho)                                     | 100                    |
| Kier Overseas (Twenty Three) Limited   | England (Thailand)                                    | 100                    |
| Caribbean Construction Company Limited | Jamaica   | 99.8                   |
| Kier Saudi Arabia Limited              | Saudi Arabia  | 40                     |
| Kier (Malaysia) Sdn Bhd                | Malaysia  | 100                    |

The Company's investment in the above companies comprises ordinary shares only.

| Joint Ventures                      | Country of Operation | Percentage<br>Interest |
|-------------------------------------|----------------------|------------------------|
| Kier/SFK Joint Venture              | Hong Kong            | 50                     |
| Kier/SFK/CFC Joint Venture          | Hong Kong            | 40                     |
| Kier/PPC Joint Venture              | Malaysia             | 50                     |
| Highlands Water Venture             | Lesotho              | 8                      |
| Kier CCC (Tembladora) Joint Venture | Trinidad             | 50                     |
| Kin Sun Kier Beazer Joint Venture   | Thailand             | 49                     |
| KSKB Jetty Joint Venture            | Thailand             | 49                     |

**AUDITORS' REPORT TO THE MEMBERS OF KIER INTERNATIONAL LIMITED**

We have audited the accounts on pages 3 to 16.

*Respective responsibilities of directors and auditors*

As described in the Directors' Report on page 2 the Company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 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 Group'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 accounts 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 accounts.

*Opinion*

In our opinion the accounts give a true and fair view of the state of affairs of the Company and the Group as at 30 June 1995 and of the results of the Company and the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG  
Chartered Accountants  
Registered Auditors

London  
6 September 1995