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RELIABLE CONSTRUCTION LIMITED

DIRECTORS' REPORT & ACCOUNTS

YEAR ENDED 31ST MAY, 2001



RELIABLE CONSTRUCTION LIMITEDREPORT OF THE DIRECTORS

The directors present their annual report together with the audited accounts of the company for the year ended 31st May, 2001.

RESULTS

The loss for the year before taxation amounted to £7,085. The loss after taxation and dividends debited to reserves amounted to £5,916.

DIVIDENDS

The directors do not recommend the payment of a final dividend.

PRINCIPAL ACTIVITY

The principal activity of the company during the year continued to be that of building and civil engineering contractors and no significant changes are anticipated.

DIRECTORS

The directors who have served during the year were:-

J. Murphy (Died 2nd August, 2000)  
J. Murphy Jnr.  
A. Murphy (Resigned 21st February, 2001)  
W.F. Hanley  
J. Shannon  
R.H. Platt (Appointed 11th December, 2000)  
S.P. McGee (Appointed 11th December, 2000)

The directors had no interests in the company's shares.

RELIABLE CONSTRUCTION LIMITEDREPORT OF THE DIRECTORSDIRECTORS' 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 of the company for that period. In preparing those financial statements, the directors are required to:-

- (i) Select suitable accounting policies and apply them consistently.
- (ii) State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- (iii) Make judgements and estimates that are reasonable and prudent.
- (iv) 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 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.

AUDITORS

A resolution in accordance with Section 385, Companies Act 1985, for the re-appointment of Newton & Garner as auditors of the company is to be proposed at the forthcoming annual general meeting.

Approved by the Board on 23<sup>rd</sup> NOVEMBER 2001 and signed on its behalf

  
\_\_\_\_\_- CHAIRMAN

RELIABLE CONSTRUCTION LIMITEDNO. OF COMPANY - 1375005YEAR ENDED 31ST MAY, 2001REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF RELIABLE CONSTRUCTION LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of 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 the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, 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 financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31st May, 2001 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

APEX HOUSE,  
GRAND ARCADE,  
NORTH FINCHLEY,  
LONDON. N12 0EJ.

*Newton & Garner*

CHARTERED ACCOUNTANTS  
REGISTERED AUDITOR  
DATE: 23<sup>RD</sup> NOVEMBER 2001

RELIABLE CONSTRUCTION LIMITEDPROFIT AND LOSS ACCOUNTYEAR ENDED 31ST MAY, 2001

	<u>Notes</u>	<u>2001</u>	<u>2000</u>
<u>TURNOVER</u>	2	2,762,258	3,425,812
Cost of sales		2,520,152	2,843,035
		-----	-----
<u>GROSS PROFIT</u>		242,106	582,777
Administration expenses		249,191	248,804
		-----	-----
<u>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>	3	(7,085)	333,973
Taxation on (loss)/profit on ordinary activities	5	(1,169)	100,832
		-----	-----
<u>(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u>		(5,916)	233,141
Dividend - Paid		-	170,000
		-----	-----
<u>(LOSS)/PROFIT TRANSFERRED TO RESERVES</u>		£(5,916)	£63,141
		=====	=====

NOTES

1. All operations of the company during the current and preceding year are continuing operations.
2. There are no gains or losses recognised which are attributable to shareholders and which are not included in the profit and loss account.

RELIABLE CONSTRUCTION LIMITEDBALANCE SHEETAT 31ST MAY, 2001

	<u>Notes</u>	<u>2001</u>	<u>2000</u>
<u>FIXED ASSETS</u>			
Tangible assets	6	73,507	96,571
<u>CURRENT ASSETS</u>			
Stocks and work in progress	7	196,715	766,692
Debtors	8	1,186,468	1,226,901
Cash at bank & in hand		181,123	260,329
		-----	-----
		1,564,306	2,253,922
<u>CREDITORS</u>			
Amounts falling due within one year	9	659,654	1,365,137
		-----	-----
<u>NET CURRENT ASSETS</u>		904,652	888,785
		-----	-----
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		978,159	985,356
<u>PROVISIONS FOR LIABILITIES AND CHARGES</u>			
Deferred taxation	10	1,621	2,902
		-----	-----
		£976,538	£982,454
		=====	=====
<u>CAPITAL AND RESERVES</u>			
Called up share capital	11	50,000	50,000
Profit and loss account	12	926,538	932,454
		-----	-----
		£976,538	£982,454
		=====	=====

Approved by the Board on 23<sup>rd</sup> NOVEMBER 2001 and signed on its behalf

\_\_\_\_\_) )  
 \_\_\_\_\_) ) DIRECTORS  
 \_\_\_\_\_) )  
 \_\_\_\_\_)

RELIABLE CONSTRUCTION LIMITEDNOTES TO THE ACCOUNTS**1. ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the company's accounts:-

**Basis of accounting**

The accounts have been prepared under the historical cost convention.

**Depreciation**

Depreciation of tangible fixed assets is calculated to write off the cost of the assets over their estimated useful lives as follows:-

Plant & transport	-	25% - 33%	reducing balance & straight line basis
Fixtures & fittings	-	15% - 25%	" " "

**Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost and net realisable value.

**Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

**Cash flow statement**

The company has taken advantage of the exemption in FRS 1 from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary and its results and cash flows are included in the publicly available consolidated financial statements.

**Accounting standards**

The accounts comply with all Statements of Standard Accounting Practice (SSAPs) and Financial Reporting Standards (FRSs) in so far as they are material to these accounts.

**2. TURNOVER**

Turnover represents construction work executed during the year, excluding value added tax.

Turnover is attributable to one activity, the "principal activity".  
All turnover was achieved wholly within the United Kingdom.

RELIABLE CONSTRUCTION LIMITEDNOTES TO THE ACCOUNTS

	<u>2001</u>	<u>2000</u>
<b>3. <u>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u></b>		
(Loss)/profit on ordinary activities before taxation is stated after charging:-		
Depreciation	26,972	28,300
Auditors' remuneration	2,500	2,500
Hire of plant & transport	43,966	61,861
	=====	=====
<b>4. <u>EMPLOYEES</u></b>		
The average number of employees during the year was 51 (2000 - 55) made up as follows:-		
Management	4	4
Production	45	49
Administration	2	2
	--	--
	51	55
	==	==
Staff costs are analysed as follows:-		
Wages & salaries	888,292	881,984
Social security costs	74,822	77,605
Pension contributions	5,234	2,925
	-----	-----
	£968,348	£962,514
	=====	=====
<b>5. <u>TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES</u></b>		
U.K. Corporation tax at a rate of 10% (2000 - 30%)	112	99,298
Deferred taxation	(1,281)	1,534
	-----	-----
	£(1,169)	£100,832
	=====	=====



RELIABLE CONSTRUCTION LIMITEDNOTES TO THE ACCOUNTS6. TANGIBLE FIXED ASSETS

<u>COST OR VALUATION</u>	<u>2000</u>	<u>Additions</u>	<u>Disposals</u>	<u>2001</u>
Plant & transport	216,998	3,508	-	220,506
Fixtures & fittings	8,494	400	-	8,894
	-----	-----	-----	-----
	£225,492	£3,908	-	£229,400
	=====	=====	=====	=====

<u>ACCUMULATED DEPRECIATION</u>	<u>2000</u>	<u>Charge for year</u>	<u>Disposals</u>	<u>2001</u>
Plant & transport	121,936	26,215	-	148,151
Fixtures & fittings	6,985	757	-	7,742
	-----	-----	-----	-----
	£128,921	£26,972	-	£155,893
	=====	=====	=====	=====

<u>NET BOOK VALUE</u>	<u>2000</u>		<u>2001</u>
Plant & transport	95,062		72,355
Fixtures & fittings	1,509		1,152
	-----		-----
	£96,571		£73,507
	=====		=====

200120007. STOCKS AND WORK IN PROGRESS

Raw materials & consumables	31,646	47,527
Work in progress	165,069	719,165
	-----	-----
	£196,715	£766,692
	=====	=====

8. DEBTORS

Trade debtors	1,137,316	1,213,954
Other debtors	49,152	12,947
	-----	-----
	£1,186,468	£1,226,901
	=====	=====

All debtors fall due within one year.

RELIABLE CONSTRUCTION LIMITEDNOTES TO THE ACCOUNTS

	<u>2001</u>	<u>2000</u>
<b>9. <u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u></b>		
Trade creditors	192,445	159,787
Taxation & social security	52,859	164,098
Other creditors	23,289	1,965
Accruals	19,951	12,038
Amounts owed to group companies	371,110	1,027,249
	-----	-----
	£659,654	£1,365,137
	=====	=====
<b>10. <u>PROVISIONS FOR LIABILITIES AND CHARGES</u></b>		
<u>Deferred taxation</u>		
Balance at 1st June, 2000	2,902	1,368
Profit and loss account	(1,281)	1,534
	-----	-----
<u>Balance at 31st May, 2001</u>	£1,621	£2,902
	=====	=====
<u>Provision is made for the full potential liability for deferred tax as follows:-</u>		
Accelerated capital allowances	£1,621	£2,902
	=====	=====
<b>11. <u>SHARE CAPITAL</u></b>		
<u>Authorised, issued and fully paid</u>		
50,000 Ordinary shares of £1 each	£50,000	£50,000
	=====	=====
<b>12. <u>PROFIT AND LOSS ACCOUNT</u></b>		
Balance at 1st June, 2000	932,454	869,313
(Loss)/profit retained for the year	(5,916)	63,141
	-----	-----
<u>Balance at 31st May, 2001</u>	£926,538	£932,454
	=====	=====

RELIABLE CONSTRUCTION LIMITEDNOTES TO THE ACCOUNTS

	<u>2001</u>	<u>2000</u>
<b>13. <u>RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS</u></b>		
(Loss)/profit for the financial year	(5,916)	233,141
<u>Less: Dividends</u>	-	170,000
	-----	-----
	(5,916)	63,141
Opening shareholders' funds	982,454	919,313
	-----	-----
<u>Closing shareholders' funds</u>	<u>£976,538</u>	<u>£982,454</u>
	=====	=====

**14. PENSION SCHEME**

The company contributes to a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounts to £5,234 (2000 - £2,925).

**15. ULTIMATE HOLDING COMPANY**

The directors regard Greenane Ltd., incorporated in the Isle of Man as the company's ultimate holding company. In the opinion of the directors, there is no controlling party of Greenane Ltd. The parent company of the largest group for which consolidated accounts are prepared is JMCC Holdings Ltd., a company registered in England.

**16. RELATED PARTY TRANSACTIONS**

The only transactions with related parties during the year are with companies who are fellow members of the JMCC Holdings Group of Companies.

The company has taken advantage of the exemption in Financial Reporting Standard No. 8 and has not disclosed details of transactions with these fellow group companies.

Balances with group companies at 1st June, 2000 and 31st May, 2001 are disclosed in notes 8 and 9 to the accounts.