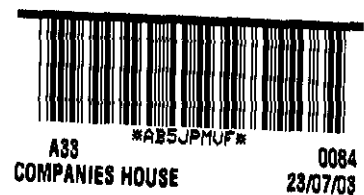


L HEALY LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002

Weatherer Bailey Bragg
Chartered Certified Accountants
Registered Auditors
100 Boldmere Road
Sutton Coldfield
West Midlands
B73 5UB



L HEALY LIMITED

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for the year ended 31 December 2002

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L HEALY LIMITED

COMPANY INFORMATION
for the year ended 31 December 2002

DIRECTORS: L Healy
Mrs P Healy

SECRETARY: L Healy

REGISTERED OFFICE: 46 Broad Road
Acocks Green
Birmingham
B27 7XB

REGISTERED NUMBER: 1719445 (England and Wales)

AUDITORS: Weatherer Bailey Bragg
Chartered Certified Accountants
Registered Auditors
100 Boldmere Road
Sutton Coldfield
West Midlands
B73 5UB

L HEALY LIMITED

REPORT OF THE DIRECTORS for the year ended 31 December 2002

The directors present their report with the financial statements of the company for the year ended 31 December 2002.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of civil engineering.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

Ordinary dividends amounting to £138,720 were paid during the year, (2001: £126,821).

DIRECTORS

The directors during the year under review were:

L Healy
Mrs P Healy

The beneficial interests of the directors holding office on 31 December 2002 in the issued share capital of the company were as follows:

	31/12/02	1/1/02
Ordinary shares £1 shares		
L Healy	60	60
Mrs P Healy	40	40

DONATIONS

During the year the company made charitable donations totalling £2,654.

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 of the company for that period. 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 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

The auditors, Weatherer Bailey Bragg, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



L Healy - SECRETARY

Dated: 7 July 2003

L HEALY LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
L HEALY LIMITED

We have audited the financial statements of L Healy Limited for the year ended 31 December 2002 on pages four to sixteen. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 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 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 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Weatherer Bailey Bragg

Weatherer Bailey Bragg
Chartered Certified Accountants
Registered Auditors
100 Boldmere Road
Sutton Coldfield
West Midlands
B73 5UB

Dated: 7 July 2003

L HEALY LIMITED**PROFIT AND LOSS ACCOUNT**
for the year ended 31 December 2002

	Notes	31/12/02		31/12/01	
		£	£	£	£
TURNOVER			5,336,033		5,148,255
Cost of sales			3,683,004		3,884,803
GROSS PROFIT			1,653,029		1,263,452
Administrative expenses			1,594,667		1,360,960
			58,362		(97,508)
Other operating income			73,064		71,332
OPERATING PROFIT/(LOSS)	3		131,426		(26,176)
Income from investments		26		-	
Interest receivable and similar income		(574)		1,281	
			(548)		1,281
			130,878		(24,895)
Interest payable and similar charges	4		36,645		7,874
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION			94,233		(32,769)
Tax on profit/(loss) on ordinary activities	5		24,298		6,197
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION			69,935		(38,966)
Dividends	6		138,720		126,821
			(68,785)		(165,787)
Retained profit brought forward			578,996		744,783
RETAINED PROFIT CARRIED FORWARD			£510,211		£578,996

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

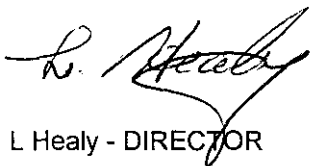
TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the current year and the loss for the previous year.

The notes form part of these financial statements

L HEALY LIMITED**BALANCE SHEET**
31 December 2002

		<u>31/12/02</u>		<u>31/12/01</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	7		270,339		304,714
CURRENT ASSETS:					
Stocks	8	897,052		704,209	
Debtors	9	559,540		645,756	
Investments	10	206		206	
Cash at bank and in hand		6,973		6,899	
		1,463,771		1,357,070	
CREDITORS: Amounts falling due within one year	11	1,220,073		1,064,097	
NET CURRENT ASSETS:			243,698		292,973
TOTAL ASSETS LESS CURRENT LIABILITIES:			514,037		597,687
CREDITORS: Amounts falling due after more than one year	12		-		(11,516)
PROVISIONS FOR LIABILITIES AND CHARGES:	16		(3,726)		(7,075)
			<u>£510,311</u>		<u>£579,096</u>
CAPITAL AND RESERVES:					
Called up share capital	17		100		100
Profit and loss account			510,211		578,996
SHAREHOLDERS' FUNDS:	20		<u>£510,311</u>		<u>£579,096</u>

ON BEHALF OF THE BOARD:


L Healy - DIRECTOR

Approved by the Board on 7 July 2003

The notes form part of these financial statements

L HEALY LIMITED

CASH FLOW STATEMENT
for the year ended 31 December 2002

		<u>31/12/02</u>		<u>31/12/01</u>	
	Notes	£	£	£	£
Net cash inflow/(outflow) from operating activities	1		117,089		(46,348)
Returns on investments and servicing of finance	2		(37,193)		(6,593)
Taxation			879		(37,767)
Capital expenditure	2		(48,540)		(17,220)
Equity dividends paid			(138,720)		(126,821)
			(106,485)		(234,749)
Financing	2		(58,050)		(40,734)
Decrease in cash in the period			£(164,535)		£(275,483)
<hr/>					
Reconciliation of net cash flow to movement in net debt	3				
Decrease in cash in the period		(164,535)		(275,483)	
Cash outflow from decrease in debt and lease financing		30,350		37,845	
Change in net debt resulting from cash flows			(134,185)		(237,638)
Movement in net debt in the period			(134,185)		(237,638)
Net debt at 1 January			(569,758)		(332,120)
Net debt at 31 December			£(703,943)		£(569,758)

The notes form part of these financial statements

L HEALY LIMITED

NOTES TO THE CASH FLOW STATEMENT
for the year ended 31 December 2002

1. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	31/12/02	31/12/01
	£	£
Operating profit/(loss)	131,426	(26,176)
Depreciation charges	71,384	48,282
Loss on sale of fixed assets	11,531	-
Profit on sale of fixed assets	-	(3,447)
Increase in stocks	(192,843)	(58,059)
Decrease in debtors	113,037	64,044
Decrease in creditors	(17,446)	(70,992)
Net cash inflow/(outflow) from operating activities	<u>117,089</u>	<u>(46,348)</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31/12/02	31/12/01
	£	£
Returns on investments and servicing of finance		
Interest received	(574)	1,281
Interest paid	(31,513)	(1,765)
Interest element of hire purchase payments	(5,132)	(6,109)
Dividends received	26	-
Net cash outflow for returns on investments and servicing of finance	<u>(37,193)</u>	<u>(6,593)</u>
Capital expenditure		
Purchase of tangible fixed assets	(93,090)	(27,680)
Sale of tangible fixed assets	44,550	10,460
Net cash outflow for capital expenditure	<u>(48,540)</u>	<u>(17,220)</u>
Financing		
Loan repayments in year	(30,350)	(37,845)
Amount withdrawn by directors	(27,700)	(2,889)
Net cash outflow from financing	<u>(58,050)</u>	<u>(40,734)</u>

The notes form part of these financial statements

L HEALY LIMITED

NOTES TO THE CASH FLOW STATEMENT
for the year ended 31 December 2002

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/1/02 £	Cash flow £	At 31/12/02 £
Net cash:			
Cash at bank and in hand	6,899	74	6,973
Bank overdraft	<u>(534,997)</u>	<u>(164,609)</u>	<u>(699,606)</u>
	<u>(528,098)</u>	<u>(164,535)</u>	<u>(692,633)</u>
 Liquid resources:			
Current asset investments	<u>206</u>	<u>-</u>	<u>206</u>
	<u>206</u>	<u>-</u>	<u>206</u>
 Debt:			
Hire purchase	<u>(41,866)</u>	<u>30,350</u>	<u>(11,516)</u>
	<u>(41,866)</u>	<u>30,350</u>	<u>(11,516)</u>
 Total	<u><u>(569,758)</u></u>	<u><u>(134,185)</u></u>	<u><u>(703,943)</u></u>
 Analysed in Balance Sheet			
Cash at bank and in hand	6,899		6,973
Current asset investments	206		206
Bank overdraft	(534,997)		(699,606)
Hire purchase			
within one year	(30,350)		(11,516)
after one year	<u>(11,516)</u>		<u>-</u>
	<u><u>(569,758)</u></u>		<u><u>(703,943)</u></u>

The notes form part of these financial statements

L HEALY LIMITED

NOTES TO THE FINANCIAL STATEMENTS **for the year ended 31 December 2002**

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold land and building	not depreciated
Plant and machinery	25% reducing balance
Fixtures and fittings	15% reducing balance
Motor Vehicles	25% reducing balance

As the property maintains a residual disposal value on prices prevailing at least equal to its book value, no depreciation has been provided on freehold buildings as the directors consider the charge to be immaterial.

Stocks

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

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet and depreciated using the above rates.

The interest element of these obligations is charged to the profit and loss account over the period of the contract or lease. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the profit and loss account.

Retentions

It is the company's policy to absorb the cost of remedial work arising on contracts in the year in which they are incurred.

L HEALY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2002

2. STAFF COSTS

	31/12/02	31/12/01
	£	£
Wages and salaries	1,845,340	1,890,206
National insurance	136,980	150,488
Other pension costs	53,957	54,731
	<u>2,036,277</u>	<u>2,095,425</u>

The average number of employees during the year as follows:

	31/12/02	31/12/01
Production staff	56	60
Office and management	7	6
	<u>63</u>	<u>66</u>

3. OPERATING PROFIT/(LOSS)

The operating profit (2001 - operating loss) is stated after charging/(crediting):

	31/12/02	31/12/01
	£	£
Hire of plant and machinery	5,261	4,580
Depreciation - owned assets	21,585	24,018
Depreciation - assets on hire purchase contracts	49,799	24,264
Loss/(Profit) on disposal of fixed assets	11,531	(3,447)
Auditors' remuneration	4,500	4,500
	<u>128,151</u>	<u>100,014</u>
Directors' emoluments	128,151	100,014
Directors' pension contributions to money purchase schemes	12,167	12,000
	<u>12,167</u>	<u>12,000</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	-----------------	-----------------

4. INTEREST PAYABLE AND SIMILAR CHARGES

	31/12/02	31/12/01
	£	£
Bank interest	31,419	1,589
Corporation tax interest	-	176
Vat interest charge	94	-
Hire purchase interest	5,132	6,109
	<u>36,645</u>	<u>7,874</u>

L HEALY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2002

5. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	31/12/02	31/12/01
	£	£
Current tax:		
UK corporation tax	27,647	-
Prior year over provision	-	(878)
Total current tax	27,647	(878)
Deferred tax:		
Deferred taxation	(3,349)	7,075
Tax on profit/(loss) on ordinary activities	24,298	6,197

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31/12/02	31/12/01
	£	£
Profit/(loss) on ordinary activities before tax	94,233	(32,769)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2001 - 0%)	18,847	-
Effects of:		
Expenses not deductible	6,533	-
Capital allowances in excess of depreciation	3,349	-
Effect as a result from a change in tax rate	(1,082)	-
Adjustments re previous years	-	(878)
Current tax charge	27,647	(878)

6. DIVIDENDS

	31/12/02	31/12/01
	£	£
Equity shares:		
Equity - interim dividend	138,720	126,821

L HEALY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2002**

7. TANGIBLE FIXED ASSETS

	Freehold land and building	Plant and machinery	Fixtures and fittings	Motor vehicles	Totals
	£	£	£	£	£
COST:					
At 1 January 2002	157,312	205,160	18,211	173,123	553,806
Additions	-	4,299	2,091	86,700	93,090
Disposals	-	(142,736)	(1,852)	-	(144,588)
At 31 December 2002	157,312	66,723	18,450	259,823	502,308
DEPRECIATION:					
At 1 January 2002	-	115,039	12,774	121,279	249,092
Charge for year	-	9,697	1,063	60,624	71,384
Eliminated on disposals	-	(87,095)	(1,412)	-	(88,507)
At 31 December 2002	-	37,641	12,425	181,903	231,969
NET BOOK VALUE:					
At 31 December 2002	157,312	29,082	6,025	77,920	270,339
At 31 December 2001	157,312	90,121	5,437	51,844	304,714

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery	Motor vehicles	Totals
	£	£	£
COST:			
At 1 January 2002	79,200	50,209	129,409
Additions	-	79,200	79,200
Disposals	(79,200)	-	(79,200)
Transferred to ownership	-	(21,685)	(21,685)
At 31 December 2002	-	107,724	107,724
DEPRECIATION:			
At 1 January 2002	34,650	21,967	56,617
Charge for year	-	49,799	49,799
Eliminated on disposals	(34,650)	-	(34,650)
Transferred to ownership	-	(9,487)	(9,487)
At 31 December 2002	-	62,279	62,279
NET BOOK VALUE:			
At 31 December 2002	-	45,445	45,445
At 31 December 2001	44,550	28,242	72,792

The disposal above represents a reclassification of an asset from plant and machinery to motor vehicles. The depreciation element is included within the charge for the year in motor vehicles and the cost within the additions.

L HEALY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2002

8. STOCKS

	31/12/02	31/12/01
	£	£
Land	350,000	350,000
Work in progress	547,052	354,209
	<u>897,052</u>	<u>704,209</u>

Land was valued at an open market value of £350,000 on 5 October 2001 by Stevens Scanlan, Chartered Surveyors. In the opinion of the directors the value of this land is not materially different from the valuation contained within these financial statements.

**9. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31/12/02	31/12/01
	£	£
V.A.T.	149,006	110,644
Trade debtors	270,402	408,039
Prepayments & accrued income	46,894	47,926
Other debtors	-	14,480
Employees loans control	2,000	250
Tax on loan interest	-	879
Directors' current accounts	91,238	63,538
	<u>559,540</u>	<u>645,756</u>

10. CURRENT ASSET INVESTMENTS

	31/12/02	31/12/01
	£	£
Listed investments	<u>206</u>	<u>206</u>

Market value of listed investments at 31 December 2002 - £628 (2001 - £641).

The original cost in respect of the above investments amounted to £4,920.

**11. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31/12/02	31/12/01
	£	£
Bank loans and overdrafts (see note 13)	699,606	534,997
Hire purchase contracts (see note 14)	11,516	30,350
Trade creditors	198,181	332,306
Due to related undertakings	174,473	104,901
Wages control	33,188	-
Social security & other taxes	56,821	51,443
Corporation tax payable	27,647	-
Accrued expenses	18,641	10,100
	<u>1,220,073</u>	<u>1,064,097</u>

L HEALY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2002

**12. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	31/12/02	31/12/01
	£	£
Hire purchase contracts (see note 14)	-	11,516
	<u> </u>	<u> </u>

13. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	31/12/02	31/12/01
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>699,606</u>	<u>534,997</u>

14. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts	
	31/12/02	31/12/01
	£	£
Gross obligations repayable:		
Within one year	11,516	30,350
Between one and five years	-	11,516
	<u>11,516</u>	<u>41,866</u>
Net obligations repayable:		
Within one year	11,516	30,350
Between one and five years	-	11,516
	<u>11,516</u>	<u>41,866</u>

The following payments are committed to be paid within one year:

	Operating leases	
	31/12/02	31/12/01
	£	£
Expiring:		
Within one year	-	800
Between one and five years	3,753	2,560
In more than five years	755	-
	<u>4,508</u>	<u>3,360</u>

L HEALY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2002

15. SECURED DEBTS

The following secured debts are included within creditors:

	31/12/02	31/12/01
	£	£
Bank overdrafts	<u>699,606</u>	<u>534,997</u>

By way of a fixed charge over the freehold land along with a debenture over the assets of the company and a personal guarantee from the company directors.

16. PROVISIONS FOR LIABILITIES AND CHARGES

	31/12/02	31/12/01
	£	£
Deferred tax	<u>3,726</u>	<u>7,075</u>

	Deferred tax
	£
Balance at 1 January 2002	7,075
Profit and Loss account	(3,349)
Balance at 31 December 2002	<u>3,726</u>

Deferred tax provision	31/12/02	31/12/01
	£	£
Capital allowances in excess of depreciation	<u>3,726</u>	<u>7,075</u>
	<u>3,726</u>	<u>7,075</u>

17. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	31/12/02	31/12/01
			£	£
100	Ordinary shares	£1	<u>100</u>	<u>100</u>

18. TRANSACTIONS WITH DIRECTORS

The following loan to the directors subsisted during the year ended 31 December 2002:

L & P Healy

	£
Balance outstanding at start of year	67,379
Balance outstanding at end of year	91,238
Maximum balance outstanding during year	<u>120,046</u>

During the year the company carried out work on the director's private property amounting to £150,482 (2001: £83,700). These amounts have been charged at market rate.

The directors' have issued the company with a personal guarantee as security for the bank overdraft up to a limit of £200,000.

L HEALY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2002

19. RELATED PARTY DISCLOSURES

The directors and shareholders of L Healy Limited own 100% of the share capital of Waylaid Limited. During the year the company bought goods and services from Waylaid Limited amounting to £372,605 (2001: £416,242) and were charged £10,000 for management charges (2001: £9,500). During the year the company also made management charges to Waylaid Limited of £57,500 (2001: £55,000) and sold goods and services amounting to £18,087 (2001: £11,672). The balance outstanding as at the year end is shown at note 11 to these financial statements.

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31/12/02	31/12/01
	£	£
Profit/(Loss) for the financial year	69,935	(38,966)
Dividends	(138,720)	(126,821)
Net reduction of shareholders' funds	(68,785)	(165,787)
Opening shareholders' funds	579,096	744,883
Closing shareholders' funds	510,311	579,096
 Equity interests	 510,311	 579,096