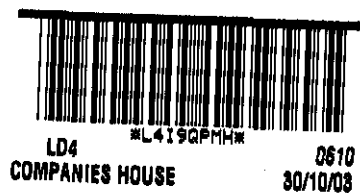


B & V INDUSTRIAL SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2002

Registered No. 2648532



B & V INDUSTRIAL SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2002

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B & V INDUSTRIAL SERVICES LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company has continued to carry on business as specialists in providing high quality services in environmental management. The company traded in a satisfactory way during the year and is expected to continue for the foreseeable future.

RESULTS FOR THE YEAR

The company made a profit of £2,180 (2001 loss of £37,552). The directors do not recommend the payment of a dividend (2001 £ Nil), and propose that the profit for the year be transferred to reserves.

DIRECTORS FOR THE YEAR

Mr P W Lankford	(Resigned: 01.11.2002)
A D Nickols	(Appointed: 01.03.2002)
D G Smith	(Appointed 02.01.2002)
Mr G W Pulliam	
Mr L C Rodman	
Mrs RE Thomas	

None of the directors who held office at the end of the financial year had any discloseable interest in the shares of the company.

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the re-appointment of KPMG LLP as auditors to the company will be put to the annual general meeting.

BY ORDER OF THE BOARD



CGS Robey
Secretary
Redhill

B & V INDUSTRIAL SERVICES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF B & V INDUSTRIAL SERVICES LIM

We have audited the financial statements on pages 5 to 9.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 directors' report 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.

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 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.

KPMG LLP

28 October 2003

KPMG LLP
Chartered Accountants
Registered Auditor

1 Forest Gate
Brighton Road
Crawley
RH11 9PT
United Kingdom

B & V INDUSTRIAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2002

	Notes	31.12.02 £	31.12.01 £
TURNOVER	2	5,314	22,127
Cost of Sales		<u>(5,028)</u>	<u>(55,129)</u>
GROSS PROFIT / (LOSS)		286	(33,002)
Administrative income / (expense)		-	(4,583)
Other operating income		1,975	-
		<u>2,261</u>	<u>(37,585)</u>
OPERATING PROFIT / (LOSS)		2,261	(37,585)
Interest receivable and similar income	4	14	163
Interest payable and similar charges	5	(95)	(30)
Amounts written off investments		-	(100)
		<u>2,180</u>	<u>(37,552)</u>
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	2,180	(37,552)
Taxation	7	-	-
		<u>2,180</u>	<u>(37,552)</u>
RETAINED PROFIT / (LOSS) FOR THE YEAR	11	<u>2,180</u>	<u>(37,552)</u>

The company has no recognised gains or losses other than the results shown above, the whole of which have been derived from continuing operations, and hence a separate statement of total recognised gains and losses has not been presented.

B & V INDUSTRIAL SERVICES LIMITED

BALANCE SHEET AT 31 DECEMBER 2002

	Notes	31.12.02 £	31.12.01 £
CURRENT ASSETS			
Debtors	8	1,902,220	1,947,074
Cash at bank and in hand		<u>2,273</u>	<u>3,019</u>
		1,904,493	1,950,093
CREDITORS			
AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>(2,252,173)</u>	<u>(2,299,953)</u>
NET CURRENT LIABILITIES		<u>(347,680)</u>	<u>(349,860)</u>
NET LIABILITIES		<u>(347,680)</u>	<u>(349,860)</u>
CAPITAL AND RESERVES			
Called-up share capital	10	500,001	500,001
Share premium account	11	19,441	19,441
Profit and loss account	11	<u>(867,122)</u>	<u>(869,302)</u>
EQUITY SHAREHOLDERS' DEFICIT	11	<u>(347,680)</u>	<u>(349,860)</u>

The financial statements on pages 5 to 9 were approved by the board of Directors on 20 October 2003 and were signed on its behalf by:



A D Nickols

Director

B & V INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards. The company has adopted Financial Reporting Standards 19 'Deferred Tax' in these financial statements.

BASIS OF ACCOUNTING

The financial statements have been drawn up on the historical cost basis of accounting.

BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis as the parent undertaking, Binnie Black & Veatch Services Limited, has indicated that it intends to provide such funds as are necessary for the company to continue to operate for the foreseeable future.

FOREIGN CURRENCY TRANSACTIONS

Transactions occurring during the year are translated into sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Profits or losses arising are transferred to the profit and loss account.

TURNOVER

Turnover, which is exclusive of VAT, represents the value of work done, being bills rendered as adjusted for amounts recoverable on contracts and excess payments on account. Amounts recoverable on contracts represent the unbilled element of costs incurred plus any attributable profit. Payments on account in excess of turnover are disclosed as excess payments on account.

FIXED ASSETS

Tangible fixed assets are stated in the financial statements at cost less depreciation.

DEPRECIATION

Depreciation is calculated on a straight line basis so that tangible fixed assets are written off over their estimated useful lives at the following annual rates:

Motor Vehicle	25%
Fixture & Fittings	10%

LONG TERM CONTRACTS

Once the outcome of a contract can be ascertained with a reasonable degree of certainty the proportion of profit applicable to costs to date is credited to the profit and loss account for contracts expected to show a profit on completion. Provision is made for the full amount of anticipated losses as soon as these are identified.

LEASES

Payments in respect of operating leases are charged to the profit and loss account as incurred.

CASH FLOW

The company is exempt from the requirement of Financial Reporting Standard No 1 (revised) to prepare a cashflow statement as the ultimate parent company, Black & Veatch Holding Company, a company registered in the United States of America, prepares consolidated financial statements which are publicly available.

TAXATION

The charge for taxation is based on the profit for the year and takes in to account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19.

INVESTMENTS

Investments in subsidiary companies and other investments are stated at cost less appropriate provisions. In assessing provisions the directors consider uncertainties over the long term profit earning potential of the company underlying the investment.

B & V INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 TURNOVER AND PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

In the directors' opinion the company's environmental management services constituted a single class of business. The majority of services were supplied to the United Kingdom market in 2002.

3 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	31.12.02 £	31.12.01 £
Profit/(Loss) on ordinary activities before taxation is stated after charging:		
Auditor's remuneration - Audit Service	-	3,300
Gain on foreign currency exchange	<u>(12)</u>	<u>(3)</u>

4 INTEREST RECEIVABLE AND SIMILAR INCOME

Other Interest	2	160
Gain on foreign currency exchange	<u>12</u>	<u>3</u>
	<u>14</u>	<u>163</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

Bank Charges	95	30
Loss on foreign currency exchange	<u>-</u>	<u>-</u>
	<u>95</u>	<u>30</u>

6 STAFF NUMBERS AND COSTS

The directors were the only employees of the company during the year and prior year and received no remuneration for their services (2001 £ Nil).

7 TAXATION

	31.12.02 £	31.12.01 £
UK corporation tax		
Current tax on income for the year	<u>-</u>	<u>-</u>
Current tax reconciliation		
Profit on ordinary activities before tax	<u>2,180</u>	<u>(37,552)</u>
Current tax at 30% (2001 - 30%)	654	(11,266)
Effects of		
Utilisation of tax losses	<u>(654)</u>	<u>11,266</u>
Total current tax charge	<u>-</u>	<u>-</u>

B & V Industrial Services Limited has not accrued for deferred tax benefit of losses brought and carried forward. Value of group trading losses as at 31 December 2002 and 31 December 2001 are £5,470,000 and £990,000 respectively.

8 DEBTORS

	31.12.02 £	31.12.01 £
Amounts falling due within one year:		
Trade debtors	337,089	348,605
Amounts owed by group companies	<u>1,565,131</u>	<u>1,598,469</u>
	<u>1,902,220</u>	<u>1,947,074</u>

B & V INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 CREDITORS

Amounts falling due within one year:

Amounts owed to undertakings in which the company has a participating interest
Other creditors and accruals

31.12.02
£

2001
£

2,252,173

2,294,777

-

5,176

2,252,173

2,299,953

10 CALLED - UP SHARE CAPITAL

Authorised

500,000 "A" ordinary shares of £1 each

500,000 "B" ordinary shares of £1 each

2002
£

2001
£

500,000

500,000

500,000

500,000

1,000,000

1,000,000

Allotted, called up and fully paid

250,001 "A" ordinary shares of £1 each

250,000 "B" ordinary shares of £1 each

250,001

250,001

250,000

250,000

500,001

500,001

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	Share Capital £	Share Premium Account £	Profit and Loss Account £	31.12.02 Total £	31.12.01 Total £
Opening Shareholders' deficit	500,001	19,441	(869,302)	(349,860)	(312,308)
Profit / (Loss) for the financial year	-	-	2,180	2,180	(37,552)
Closing shareholders' deficit	<u>500,001</u>	<u>19,441</u>	<u>(867,122)</u>	<u>(347,680)</u>	<u>(349,860)</u>

12 COMMITMENTS

At 31 December 2002, no capital commitments existed for the company for which a provision has not been made in these financial statements (2001-nil).

There were no amounts authorised but not committed as at that date (2001-nil).

13 RELATED PARTY TRANSACTIONS

The company, being a wholly owned subsidiary of Black & Veatch Holding Company, whose consolidated accounts are publicly available (see note 14), has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions with entities which form part of the group qualifying as related parties.

14 ULTIMATE PARENT UNDERTAKING

The largest and smallest group in which the results of the company are consolidated is that headed by Black & Veatch Holding Company, a partnership whose principal place of business is at 8400 Ward Parkway, Kansas City, Missouri 64114, United States of America. The consolidated accounts of Black & Veatch Holding Company may be obtained from the partnership's place of business.