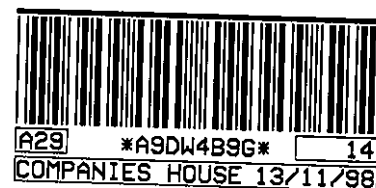


Co N°:- 3329981

**FOSTER YEOMAN CONTRACTING LIMITED**

**ANNUAL REPORT**

**FOR THE PERIOD ENDED 29 MAY 1998**



## **FOSTER YEOMAN CONTRACTING LIMITED**

### **REPORT OF THE DIRECTORS**

The directors present their report and the financial statements for the period from 7 March 1997 to 29 May 1998.

The company was incorporated on 7 March 1997, as Quayshelf 606 Limited, and the directors resolved to change its name to Foster Yeoman Contracting Limited on 8 May 1997. The company commenced trading on 27 May 1997.

### **PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND DEVELOPMENTS**

The principal activity of the company is the construction and repair of roads and highway related, medium sized, civil engineering projects.

During the past year the Company has achieved Approved Contractor status with both the Highways Agency, who control Government spending on the country's main roads and motorways; and with the Department of Environment, Transport and the Regions, who control spending on many other projects such as airfields, hospitals, prisons etc.

The Company also gained 3rd Party Quality Assurance Accreditation with the British Standards Institution, to the requirement of BS EN ISO 9002 :1994 for road surfacing and civil engineering activities. A significant landmark in the year.

It is the Company's intention in the coming year to use these hard won qualifications to further develop the contracting business as a main contractor on larger schemes. In the current difficult trading conditions this will enable the Company to broaden its horizons, to increase turnover and to maximise margins.

Prospects for the Company's contracting arm in the South-East heartland in Kent, are buoyed by the decision to proceed with the Channel Tunnel Rail Link project as contracts linked to the CTRL will ensure the area remains busy.

The current base of operations will be widened by the imminent opening of a new area office base in Theale, Reading, from where the business will be broadened to the West. This will not only offer increased opportunities for Foster Yeoman Contracting Limited but will form a better fit with the coating plant facilities at Foster Yeoman Limited to the obvious benefit of both companies, not only in sales volumes but also in acting as a conduit for new product development.

### **RESULTS AND DIVIDENDS**

The directors do not propose a dividend for the period and the retained loss for the period was £16,000.

## REPORT OF THE DIRECTORS Cont'd

### DIRECTORS AND DIRECTORS' INTERESTS

The directors who held office during the year were as follows:-

R E Hall	Appointed 27 May 1997
J G W Smart	Appointed 23 April 1997
D P Smith	Appointed 23 April 1997
J F Yeoman	Appointed 23 April 1997

None of the directors held any shares in the company during the year.

The holdings of the directors in shares of the parent company are disclosed in the financial statements of that company.

### REGISTERED OFFICE

The Company's registered office is as follows:

Marston House  
Marston Bigot  
Frome  
Somerset  
BA11 5DU

REGISTERED NUMBER  
03329981

YEAR 2000

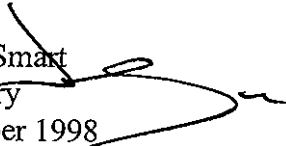
The company has undertaken audits of the management systems in place and the products which are sold to ascertain the potential impact of the date change at the end of the century. These audits are being used to identify the extent to which changes must be made to enable management systems and products to become compliant with date controls for the 21<sup>st</sup> century. It is not currently envisaged that compliance costs will be material.

### AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD

J G W Smart  
Secretary  
7 October 1998



## **FOSTER YEOMAN CONTRACTING LIMITED**

### **DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that 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 that are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**FOSTER YEOMAN CONTRACTING LIMITED**

**REPORT OF THE AUDITORS TO THE MEMBERS OF  
FOSTER YEOMAN CONTRACTING LIMITED**

We have audited the financial statements on pages 5 to 11.

Respective responsibilities of directors and auditors

As described on page 3 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 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 at 29 May 1998 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG  
Chartered Accountants and Registered Auditors

Bristol  
7 October 1998

# FOSTER YEOMAN CONTRACTING LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 29 MAY 1998

	Notes	Continuing Operations 1998 £'000
REVENUE		
Turnover		4,218
		<hr/> 4,218
TRADING EXPENDITURE		
Operating charges		3,585
Staff costs	2	472
Depreciation		62
Administration charges		115
		<hr/> 4,234
OPERATING LOSS		<hr/> (16)
INTEREST RECEIVABLE		-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<hr/> (16)
TAX ON LOSS ON ORDINARY ACTIVITIES		-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		<hr/> (16)
RETAINED LOSS FOR THE PERIOD	10	<hr/> <hr/> (16)

The company had no recognised gains and losses other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the period stated above, and their historical cost equivalent.

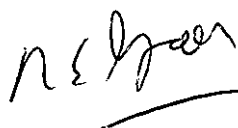
# FOSTER YEOMAN CONTRACTING LIMITED

## BALANCE SHEET AT 29 MAY 1998

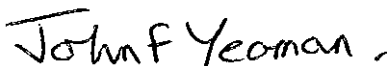
	Notes	1998 £'000
FIXED ASSETS		
Tangible assets	4	149
CURRENT ASSETS		
Stocks	5	16
Debtors	6	810
Cash at Bank		215
		<hr/> 1,041
CREDITORS: amounts falling due within one year	7	1,206
		<hr/>
NET CURRENT LIABILITIES		(165)
		<hr/>
NET LIABILITIES		(16)
		<hr/> <hr/>
CAPITAL AND RESERVES		
Share capital	9	-
Profit and loss account	10	(16)
		<hr/>
EQUITY SHAREHOLDER FUNDS	11	(16)
		<hr/> <hr/>

The financial statements were approved by the board on 7 October 1998  
and are signed on its behalf by:-

R E HALL Director



J F YEOMAN Director



## **FOSTER YEOMAN CONTRACTING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 29 MAY 1998**

#### **1 (a) STATEMENT OF ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

##### **(b) BASIS OF ACCOUNTING**

The financial statements are prepared on the historical cost basis of accounting, and on the going concern basis, as it is the intention of its shareholder, Foster Yeoman Limited, to provide any necessary funding to the company in the foreseeable future.

##### **(c) TURNOVER**

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services.

##### **(d) STOCKS**

Stocks are valued at the lower of cost and net realisable value. Contract work in progress is stated at costs incurred less those transferred to the profit and loss account after deducting foreseeable losses and payments on account not included with turnover.

##### **(e) DEPRECIATION**

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

Vehicles	3 years
Plant & Equipment	3 - 5 years

##### **(f) CASH FLOW STATEMENT**

Under FRS1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary.



## FOSTER YEOMAN CONTRACTING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 MAY 1998

2.	DIRECTORS AND EMPLOYEES	1998
	STAFF COSTS	£'000
	Wages and salaries	407
	Social security costs	36
	Other pension costs	29
		—
		472
		=====

The average number of persons employed was 16

All members of staff are on secondment from Foster Yeoman Limited.

DIRECTORS REMUNERATION	1998
	£'000
Emoluments (including benefits in kind)	54
	=====
Pension Contributions	6
	=====

Retirement benefits are accruing to 1 director under a defined benefit scheme

The directors of the Company are employed and remunerated directly by Foster Yeoman Limited.

### 3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after charging:

	1998
	£'000
Depreciation charge for the year	62
Auditors remuneration	5
Hire of plant and machinery	221
Rents payable	13
Health and safety	13
	=====

# FOSTER YEOMAN CONTRACTING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 MAY 1998

### 4. TANGIBLE FIXED ASSETS

	<u>Vehicles</u>	<u>Plant And Equip.</u>	<u>Total</u>
COST	£'000	£'000	£'000
Additions	85	126	211
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 29 May 1998	85	126	211
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
DEPRECIATION			
Charge for period	(22)	(40)	(62)
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 29 May 1998	(22)	(40)	(62)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
NET BOOK VALUE			
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 29 May 1998	63	86	149
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

### 5. STOCKS

	<u>1998</u> <u>£'000</u>
Workshop spares	16
	<hr/> <hr/>

# FOSTER YEOMAN CONTRACTING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 MAY 1998

6.	DEBTORS	<u>1998</u> <u>£'000</u>
	Trade Debtors	4
	Amounts recoverable on contracts	712
	Other debtors	81
	Inter company debtors	13
		<u>810</u>

7.	CREDITORS: amounts falling due within one year	<u>1998</u> <u>£'000</u>
	Trade creditors	68
	Accruals	217
	Amounts due to shareholding companies	921
		<u>1,206</u>

### 8. PROVISIONS FOR LIABILITIES AND CHARGES

The company has no potential liability for deferred taxation, either provided or unprovided in either the current or the corresponding period. In addition the company has losses of £1K to carry forward against future profits.

9.	SHARE CAPITAL	<u>1998</u> <u>£</u>
	Authorised Ordinary Shares of £1 each	100
		<u>100</u>
	Issued and fully paid Ordinary Shares of £1 each	1
		<u>1</u>

## FOSTER YEOMAN CONTRACTING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 MAY 1998

10.	PROFIT AND LOSS ACCOUNT	1998 £'000
	Retained loss for the period	(16)
	At 29 May 1998	<u>(16)</u> <u>=====</u>
11.	RECONCILIATION OF MOVEMENT IN SHAREHOLDER FUNDS	1998 £'000
	Loss for the period	(16)
	New Share capital subscribed	0.001
	Closing Shareholder funds	<u>(16)</u> <u>=====</u>

#### 12. ULTIMATE PARENT COMPANY

The ultimate parent company is Foster Yeoman Limited, which is registered in England, and which owns 100% of the share capital of Foster Yeoman Contracting Limited. The consolidated financial statements of the group are available to the public and may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff CF4 3UZ.

#### 13. RELATED PARTIES TRANSACTIONS

As described in note 14 the company is a wholly owned subsidiary of Foster Yeoman Limited. FRS 8 gives exemption from the disclosure of related party transactions for transactions between group entities. The directors have taken advantage of this exemption.