

Registered no. 3361493

HENSTAFF CONSTRUCTION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2001



**JAMES & UZZELL LTD
42 ST JAMES CRESCENT
SWANSEA
SA1 6DR**

HENSTAFF CONSTRUCTION LIMITED

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HENSTAFF CONSTRUCTION LIMITED

MANAGING DIRECTOR'S STATEMENT FOR THE YEAR ENDED 30 APRIL 2001

Henstaff Construction has had a very good fourth year, and has made an excellent start to the fifth.

Turnover was £1.5m, and the company continues to make a healthy profit which will be used to finance future growth.

We now specialise in refurbishment with the Client in occupation. The company has secured its first two repeat Clients, good evidence that we are producing quality work.

Highlights of the year have included: -

- The successful completion of our second job for Hyder, the roofing and re-cladding of their St Mellons Headquarters. At £850k this is our largest contract to date.
- New clients include Johnson & Johnson plc, the Open University, and the charity Vision 21. The Lottery funded community facility for the latter is a £650k new build. A partnering form of contract was used.
- Hunters Leisure plc has provided our first contract outside Wales, the enabling works for a health and fitness club in Kettering.
- Construction line accreditation has been achieved at £810k for refurbishment and new build. This will enable us to build on the public sector work we have already carried out.
- Henstaff is the fastest growing company in Wales according to the Western Mail Fast Growth Fifty. Details can be found at www.fg50.com. We received good publicity as a result of this award.
- We have moved into our new offices in Cardiff Bay. This brings us nearer to the heart of the construction community and sets us up for future growth.
- We continue to make the best use of IT to enable us to keep costs down tight control over our contracts. Up to date budget reporting to our Clients remains an important service.
- Health and safety training for all our staff remains an important part of our business plans.

Contracts in the £100k - £1m range are actively sought to continue our growth. We will continue to carry out smaller contracts where these require our special skills or to serve existing clients. Henstaff continues to diversify in its selection of clients and the type of work it does. This should enable us to weather the economic slowdown with confidence.

HENSTAFF CONSTRUCTION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2001

The directors present their report and the financial statements of the company for the year ended 30 April 2001.

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 a 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.

Directors

Mr E Brooks - Dowsett
Mr E S Atkinson
Mr Akbar Ali

Secretary

Mr E S Atkinson

Registered Office

42 St James Crescent
Swansea
SA1 6DR

Principal Activity

The principal activity of the company throughout the year was that of building contractors.

Directors

The present directors are as shown above. All served on the board throughout the year.

The company's Articles of Association do not require directors to retire by rotation.

Share Capital

The company is a wholly owned subsidiary of Henstaff Holdings Limited. The interests of the directors in the share capital of the holding company are given in the directors report of that company's accounts.

HENSTAFF CONSTRUCTION LIMITED

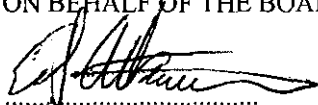
DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2001 (CONT)

Auditors

The auditors, James & Uzzell Ltd, have indicated their willingness to accept re-appointment under Section 385(2) of the Companies Act 1985.

The directors' report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD



MR E S ATKINSON - SECRETARY

Date: 19th November 2001

HENSTAFF CONSTRUCTION LIMITED

AUDITORS' REPORT TO THE MEMBERS OF HENSTAFF CONSTRUCTION LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described in the directors' report, 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.

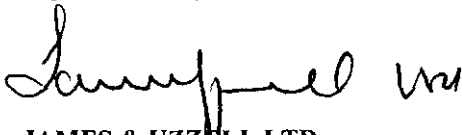
Basis of opinion

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 as at 30 April 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



JAMES & UZZELL LTD
Chartered Certified Accountants
and Registered Auditors

42 ST JAMES CRESCENT
SWANSEA
SA1 6DR

Date: 14th December 2001

HENSTAFF CONSTRUCTION LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 2001

	Note	2001 £	2000 £
TURNOVER	2	1,534,573	1,722,327
Cost of sales		1,216,182	1,417,446
GROSS PROFIT		318,391	304,881
Net operating expenses	3	240,668	216,503
OPERATING PROFIT	4	77,723	88,378
Other interest receivable and similar income		4,408	1,853
Interest payable and similar charges		(123)	(350)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		82,008	89,881
Tax on profit on ordinary activities	5	16,488	18,040
PROFIT FOR THE FINANCIAL YEAR		65,520	71,841
Dividends	6	19,500	18,750
RETAINED PROFIT FOR THE FINANCIAL YEAR		46,020	53,091
Retained profit brought forward		97,444	44,353
RETAINED PROFIT CARRIED FORWARD		143,464	97,444

The annexed notes form part of these financial statements.

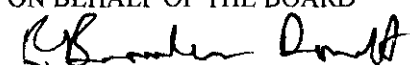
HENSTAFF CONSTRUCTION LIMITED

BALANCE SHEET AT 30 APRIL 2001

	Note	2001 £	2000 £
FIXED ASSETS			
Tangible assets	7	1,066	1,835
CURRENT ASSETS			
Stocks		102,639	11,649
Debtors	8	156,133	175,458
Cash at bank and in hand		28,897	86,238
		<u>287,669</u>	<u>273,345</u>
CREDITORS			
Amounts falling due within one year	9	145,269	177,734
		<u>145,269</u>	<u>177,734</u>
NET CURRENT ASSETS		142,400	95,611
NET ASSETS		<u>143,466</u>	<u>97,446</u>
CAPITAL AND RESERVES			
Called up share capital	10	2	2
Profit and loss account		143,464	97,444
		<u>143,466</u>	<u>97,446</u>
SHAREHOLDERS' FUNDS		<u>143,466</u>	<u>97,446</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

These financial statements were approved by the board on 23/11/01...
ON BEHALF OF THE BOARD



MR E BROOKS - DOWSETT - DIRECTOR

Date: 23/11/2001

The annexed notes form part of these financial statements.

HENSTAFF CONSTRUCTION LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 APRIL 2001

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same accounts.

Basis of Preparation of Financial Statements

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

The effect of events in relation to the year ended 30 April 2001 which occurred before the date of approval of the financial statements by the Board of Directors, have been included in the statements to the extent required to show a true and fair view of the state of affairs at 30 April 2001 and of the results for the year ended on that date.

Depreciation

Depreciation has been computed to write off the cost of tangible fixed assets over their expected useful lives using the following rates:

Fixtures and fittings	- 25% per annum of cost
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Stocks

Stocks and work in progress have been valued at the lower of cost and net realisable value with the exception of long term contracts where the turnover and related costs are recorded according to the stage of completion of the contract.

Deferred Taxation

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may crystallise.

Leasing

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension Costs

The company operates a pension scheme. The scheme is a defined contribution scheme, and the contributions are charged against profits as they are paid.

2. TURNOVER

The company's turnover represents the value, excluding Value Added Tax, of goods and services supplied to customers during the year.

HENSTAFF CONSTRUCTION LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 APRIL 2001 (CONT)

3. NET OPERATING EXPENSES

	2001 £	2000 £
Administrative expenses	240,668	217,976
Other operating income	-	(1,473)
	<u>240,668</u>	<u>216,503</u>

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2001 £	2000 £
Directors' emoluments	76,645	73,678
Depreciation and amortisation of owned assets	769	768
Auditors' remuneration	1,500	1,850
	<u>78,914</u>	<u>76,296</u>

5. TAXATION ON ORDINARY ACTIVITIES

	2001 £	2000 £
Current year		
Corporation tax at 20% (2000 20%)	16,488	18,171
Prior year		
Corporation tax under(over) provided	-	(131)
	<u>16,488</u>	<u>18,040</u>

6. DIVIDENDS

	2001 £	2000 £
On ordinary shares		
Final dividend paid at - pence per share	-	18,750
Final dividend proposed at 975,000 pence per share	19,500	-

HENSTAFF CONSTRUCTION LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 APRIL 2001 (CONT)

7. TANGIBLE FIXED ASSETS

	Fixtures and fittings £
Cost	
At 1 May 2000	3,075
Additions	-
Disposals	-
At 30 April 2001	<u>3,075</u>
Depreciation	
At 1 May 2000	1,240
Charge for the year	769
Elimination on disposals	-
At 30 April 2001	<u>2,009</u>
Net book value	
At 30 April 2001	<u>1,066</u>
At 30 April 2000	<u>1,835</u>

8. DEBTORS

	2001 £	2000 £
Trade debtors	88,413	169,553
Other debtors	67,720	5,905
	<u>156,133</u>	<u>175,458</u>

HENSTAFF CONSTRUCTION LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 APRIL 2001 (CONT)

9. CREDITORS - AMOUNTS DUE WITHIN ONE YEAR

	2001 £	2000 £
Trade creditors	44,298	32,392
Amounts owed to group undertakings & participating interests	38,529	26,029
Corporation tax payable	16,487	18,040
Social security and other taxes	11,817	8,088
Other creditors	34,138	93,185
	<u>145,269</u>	<u>177,734</u>

10. SHARE CAPITAL

	2001 £	2000 £
Authorised 5,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>
Allotted, called up and fully paid 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

11. PENSION COSTS

The company operates a contributory pension scheme. It is a defined contribution scheme and contributions are charged in the profit and loss account as they accrue. The charge for the year was £10,852 (2000 - £7,218).

12. RELATED PARTIES

Consultancy costs of £ 21,844 (2000 : £20,891) relate to the provision of services by a consultancy operated by E S Atkinson, a director of the company.

As noted last year the company has been undertaking a contract for its holding company ; Henstaff Holdings Limited which was completed during 2000. During this year remedial costs have been incurred by the company in relation to this contract amounting to £4,470.

During this period the holding company acquired a plot of land.

The company has incurred costs ; which are included in work in progress amounting to £12,316 at the year end on this land.

The amount owed to Henstaff Holdings at the year end was £38,529. (2000 : £26,029).

The company did work during this period for Cross Street Properties Limited ; a company in which E S Atkinson is a director and share holder.

£105,336 is included in sales in relation to this contract, and £58,062 has been carried forward in work in progress.

No monies were owed in relation to this contract at the year end.

• HENSTAFF CONSTRUCTION LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 APRIL 2001 (CONT)

13. CONTROLLING PARTY

There is no ultimate controlling party.

14. PARENT UNDERTAKINGS

The ultimate parent company is Henstaff Holdings Limited, a company registered in Great Britain.