



BLACK & VEATCH

Black & Veatch Refurbishments Limited

(formerly Paterson Candy (Refurbishments) Limited)

Directors' report and financial statements

31st December 2002

Registered number 3487831



Black & Veatch Refurbishments Limited
(formerly Paterson Candy (Refurbishments) Limited)

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Black & Veatch Refurbishments Limited
(formerly Paterson Candy (Refurbishments) Limited)

Directors' report

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

Principal activities

The principal activity of the company is the refurbishment of effluent water and wastewater plants.

Results for the year

In the year ended 31 December 2002 the company made a profit before taxation of £832,564 (2001: loss £33,828). The details are as set out on page 6.

Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend (2001: nil).

Change of Company Name

On 17 January 2003 the company changed its name from Paterson Candy (Refurbishments) Limited to Black & Veatch Refurbishments Limited.

Directors and directors' interests

The directors who held office during the year ended 31 December 2002 were as follows:

JL Aldridge	
RE Thomas	
AD Nickols	(Appointed 1 March 2004)
A Hoffman	(Appointed 25 February 2004)
MG Hinge	(Appointed 26 April 2002)
DG Smith	(Resigned 30 January 2004)
J Youings	(Resigned 2 July 2003)

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

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Black & Veatch Refurbishments Limited
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Directors' Report (continued)

Political and charitable donations

The company made no political or charitable donations during the year (2001: nil).

Auditors

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

By order of the board



A D Nickols
Director

650 London Road
Isleworth
TW7 4EZ

6 May 2004

Black & Veatch Refurbishments Limited
(formerly Paterson Candy (Refurbishments) Limited)

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;
- ◆ 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.



KPMG LLP

1 Forest Gate
Brighton Road
Crawley
West Sussex
RH11 9PT

Report of the Independent auditors report to the members of Black & Veatch Refurbishments Limited (formerly Paterson Candy Refurbishments Limited)

We have audited the financial statements on pages 6 to 16.

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 4, 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 affairs of the company as at 31 December 2002 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

*Chartered Accountants
Registered Auditor*

6 May 2004

Black & Veatch Refurbishments Limited
(formerly Paterson Candy (Refurbishments) Limited)

Profit and loss account
For the year ended 31 December 2002

	<i>Note</i>	2002 £	2001 £
Turnover	2	13,786,353	5,780,263
Cost of sales		<u>(12,330,986)</u>	<u>(5,375,271)</u>
Gross profit		1,455,367	404,992
Administrative expenses		<u>(630,204)</u>	<u>(448,099)</u>
Operating profit / (loss)		825,163	(43,107)
Interest receivable from group undertakings		<u>7,401</u>	<u>9,279</u>
Profit / (loss) on ordinary activities before taxation	3	832,564	(33,828)
Tax credit on profit/(loss) on ordinary activities	6	<u>111,181</u>	<u>9,974</u>
Profit / (loss) for the financial year	11	<u>943,745</u>	<u>(23,854)</u>

The above results are derived solely from continuing operations. There have been no recognised gains and losses in the period other than the profit/(loss) for the year.

A statement of movement on reserves is given in note 11.

The notes on pages 9 to 16 form part of these financial statements.

Black & Veatch Refurbishments Limited
(formerly Paterson Candy (Refurbishments) Limited)

Balance sheet

At 31 December 2002

	<i>Note</i>	2002 £	2001 £
Fixed assets			
Tangible assets	7	<u>43,435</u>	<u>26,863</u>
		<u>43,435</u>	<u>26,863</u>
Current assets			
Debtors	8	3,850,977	2,869,276
Cash at bank and in hand		<u>812,972</u>	<u>272,605</u>
		4,663,949	3,141,881
Creditors: amounts falling due within one year	9	<u>(3,460,487)</u>	<u>(2,865,592)</u>
Net current assets		<u>1,203,462</u>	<u>276,289</u>
Total assets less current liabilities		<u>1,246,897</u>	<u>303,152</u>
Capital and reserves			
Called up share capital	10	1,000	1,000
Profit and loss account	11	<u>1,245,897</u>	<u>302,152</u>
Equity shareholders' funds		<u>1,246,897</u>	<u>303,152</u>

The notes on pages 9 to 16 form part of these financial statements.

These financial statements were approved by the board of directors on 6 May 2004 and were signed on its behalf by:



A D Nickols
Director

Black & Veatch Refurbishments Limited
(formerly Paterson Candy (Refurbishments) Limited)

Reconciliation of movements in shareholders' funds
For the year ended 31 December 2002

	2002 £	2001 £
Profit / (loss) for the financial year	943,745	(23,854)
Opening shareholders' funds	<u>303,152</u>	<u>327,006</u>
Closing shareholders' funds	<u>1,246,897</u>	<u>303,152</u>

Black & Veatch Refurbishments Limited
(formerly Paterson Candy (Refurbishments) Limited)

Notes

(forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements. The company has adopted FRS 18 'Accounting policies' and FRS 19 'Deferred tax' in these financial statements. There has been no effect on the financial statements following adoption of these financial reporting standards.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company is exempt from the requirement of Financial Reporting Standard No 1 (Revised) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Black & Veatch Limited and its cash flows are included within the consolidated cash flow statement of that company.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets on a straight line basis over the estimated useful economic lives of individual assets as follows:

Plant and machinery/furniture and fittings	-	10%
Office machinery	-	20%
Computer and data processing equipment	-	3 to 5 years

Long term contracts

Long-term contracts are included in the profit and loss account by recording turnover and related costs as contract activity progresses. Profit attributable to turnover to date is included where the outcome of the contract can be foreseen with reasonable certainty. Full provision is made for losses on unprofitable contracts.

Long-term contract work in progress is stated at net cost less foreseeable losses and progress payments received and receivable. The amount by which turnover is in excess of payments on account is separately disclosed within debtors as amounts recoverable on contracts. Progress payments received in excess of costs less foreseeable losses are disclosed in creditors.

Black & Veatch Refurbishments Limited
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Notes *(continued)*

1. Accounting policies *(continued)*

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element, which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight-line basis over the life of the lease.

Interest

Interest payable is written off to the profit and loss account as it is incurred.

Turnover

Turnover, which excludes value added tax or equivalent sales tax, represents the income receivable in the ordinary course of business for goods and services provided and, in respect of contract work in progress, the value of work carried out.

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. Deferred tax is recognised, without discounting, in respect of all 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 FRS 19.

Pension costs

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. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Black & Veatch Refurbishments Limited
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Notes (*continued*)

2. Turnover

Turnover, which relates to the company's principal activity, was earned within the United Kingdom.

The company operated in one class of business during both years.

3. Profit / (loss) on ordinary activities before taxation

	2002 £	2001 £
Profit / (loss) on ordinary activities before taxation is stated after charging:		
Auditors' remuneration:		
Audit	3,250	3,000
Depreciation and other amounts written off tangible fixed assets	14,791	8,508
Hire of plant and machinery	142,024	55,934
Hire of other assets – operating leases	<u>45,535</u>	<u>54,982</u>

4. Remuneration of directors

The company paid £48,929 (2001: nil) to a related company for the services of a director.

No contributions were paid by the company in respect of directors' pensions. Retirement benefits are provided by other group companies and the costs are disclosed in the financial statements of the companies concerned.

Black & Veatch Refurbishments Limited
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Notes (*continued*)

5. Staff numbers and costs

	2002	2001
Total average number of employees	<u>26</u>	<u>16</u>
The aggregate payroll costs in respect of these employees were:	£	£
Wages and salaries	642,978	294,808
State and social security costs	61,487	26,952
Other pension costs (see note 15)	<u>21,828</u>	<u>17,006</u>
	<u>726,293</u>	<u>338,766</u>

All employees' contracts were held by PCL Isleworth Limited, a fellow subsidiary undertaking of Black and Veatch Contracting Limited, until 5 April 2001. PCL Isleworth Limited made charges for the provision of services by these employees of £69,407 during that period. Employees' costs after this date are shown above.

6. Taxation

	2002	2001
	£	£
<i>Current tax (credit):</i>		
Adjustment in respect of prior years	<u>(111,181)</u>	<u>(9,974)</u>
The tax assessed for the period is lower (2001: higher) than the standard rate of corporation tax in the UK. The differences are explained below:		
	2002	2001
	£	£
Profit / (loss) on ordinary activities before tax	<u>832,564</u>	<u>(33,828)</u>
Result multiplied by standard rate in the UK (30%, 2001:30%)	249,769	(10,148)
Effects of:		
Group relief	(249,769)	10,148
Adjustments in respect of prior years	<u>(111,181)</u>	<u>(9,974)</u>
Current tax credit for the year	<u>(111,181)</u>	<u>(9,974)</u>

Black & Veatch Refurbishments Limited
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Notes (*continued*)

7. Tangible fixed assets

	Fixtures, fittings, tools and equipment £
<i>Cost</i>	
At start of year	38,670
Additions	<u>31,363</u>
At end of year	<u>70,033</u>
 <i>Depreciation</i>	
At start of year	11,807
Charge for year	<u>14,791</u>
At end of year	<u>26,598</u>
 <i>Net book value</i>	
At 31 December 2002	<u>43,435</u>
 <i>Net book value</i>	
At 31 December 2001	<u>26,863</u>

8. Debtors

	2002 £	2001 £
Trade debtors	764,739	1,156,983
Amounts recoverable on contracts	1,832,159	1,400,441
Amounts due from group undertakings	1,241,674	204,511
Other taxation and social security	1,150	12,481
Other debtors	5,275	93,680
Prepayments and accrued income	<u>5,980</u>	<u>1,180</u>
	<u>3,850,977</u>	<u>2,869,276</u>

Black & Veatch Refurbishments Limited
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Notes (*continued*)

9. Creditors: amounts falling due within one year

	2002 £	2001 £
Trade creditors	2,032,661	1,745,336
Payments received on account	552,649	437,417
Amounts due to group undertakings	530,911	255,576
Corporation tax	-	111,181
Other taxation and social security	46,466	-
Accruals and deferred income	225,260	273,542
Warranty provision	<u>72,540</u>	<u>42,540</u>
	<u>3,460,487</u>	<u>2,865,592</u>

10. Called up share capital

	2002 £	2001 £
<i>Authorised, allotted, called up fully paid:</i>		
Class 'A'		
Ordinary shares of £1 each	750	750
Class 'B'		
Ordinary shares of £1 each	<u>250</u>	<u>250</u>
	<u>1,000</u>	<u>1,000</u>

The 'A' shareholders may appoint up to 3 directors and the 'B' shareholders up to 2 directors to the Board. Provided profits in a financial year exceed £5,000 the 'A' and 'B' shareholders are each entitled to participate in one-half of the profits up to a maximum of £50,000 for each class of shares; any remaining profits to be split one-third to the 'A' shareholders and two-thirds to the 'B' shareholders. In other respects the shares rank *pari passu*.

11. Reserves

	2002 £	2001 £
<i>Profit and loss account:</i>		
Retained profit brought forward	302,152	326,006
Profit / (loss) for the financial year	<u>943,745</u>	<u>(23,854)</u>
Retained profit carried forward	<u>1,245,897</u>	<u>302,152</u>

Black & Veatch Refurbishments Limited
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Notes (*continued*)

12. Contingent liabilities

There are claims arising in the normal course of trading which are in the process of negotiation and which, in some cases, are likely to be protracted over several years. Provision has been made for all amounts which the directors consider will become payable on account of claims.

13. Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2002 £	2001 £
<i>Land and buildings:</i>		
Leases expiring within one year	-	26,450
Leases expiring in two to five years	50,885	43,475
<i>Other leases:</i>		
Leases expiring within one year	-	34,542
Leases expiring in two to five years	78,744	62,694

14. Related party transactions

The company has taken advantage of the exemption provided by Financial Reporting Standard 8 not to disclose transactions with group undertakings.

15. Pensions

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £21,828 (2001: £17,006).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Black & Veatch Refurbishments Limited
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Notes (*continued*)

16. Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Black & Veatch Contracting Limited, (formerly Paterson Candy Limited) registered in the UK.

The largest group in which the results of the company are consolidated is that headed by Black & Veatch Holding Company, a company registered in the USA.

The smallest group in which the results of the company are consolidated is that headed by Black & Veatch Limited (formerly Black & Veatch Contracting Limited). The consolidated accounts of this company are available at Companies House.