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Report and Accounts

Higgs & Hill Overseas Limited

31 December 2004



Higgs & Hill Overseas Limited

Registered No. 785092

DIRECTORS

D Langbroek
N Dirkswager
J Brouwer
P T McNicholas

SECRETARY

P T McNicholas

AUDITORS

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

REGISTERED OFFICE

Merit House
Edgware Road
Colindale
London NW9 5AF

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 2004

RESULTS AND DIVIDENDS

The profit for the year is set out in the profit and loss account on page 5.
The directors do not recommend the payment of a dividend (2003 £nil).

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company is engaged in building construction operations worldwide.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year ended 31 December 2004 were as follows:

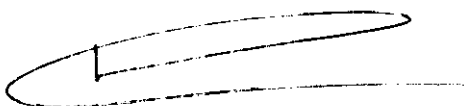
D Langbroek
N Dirkzwager
J Brouwer
P T McNicholas

The directors at the year end held no interest in the share capital of any group undertaking.

AUDITORS

PricewaterhouseCoopers LLP will be re-appointed as the Company's auditor in accordance with the elective resolution passed by the Company under section 386 Companies Act 1985.

By order of the board



Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 accounts; and
- prepare the accounts 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 accounts 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HIGGS AND HILL
OVERSEAS LIMITED**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statements of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 United Kingdom 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 is not disclosed.

Basis of audit 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 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Registered Auditor
London

31 October 2005

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2004

	Notes	2004 £	2003 £
Turnover	2	2,197,789	-
Cost of sales		<u>(2,118,882)</u>	<u>(14,041)</u>
Gross profit		78,907	(14,041)
Administration expenses		<u>(106,514)</u>	<u>(61,054)</u>
Operating Profit/(Loss)		(27,607)	(75,095)
Interest receivable	6	-	-
Exceptional item	7	-	-
Profit on ordinary activities before taxation	3	(27,607)	(75,095)
Tax on profit on ordinary activities	8	8,000	34,890
Retained profit for the year		<u>(19,607)</u>	<u>(40,205)</u>

Statement of Total Recognised Gains and Losses

Profit for the financial year	(19,607)	(40,205)
Foreign currency translation	(26,335)	(24,233)
Total recognised gains and losses for the year	<u>(45,942)</u>	<u>(64,438)</u>

Higgs & Hill Overseas Limited

BALANCE SHEET
at 31 December 2004

	Notes	2004 £	2003 £
Fixed Assets			
Investments	9	<u>102,418</u>	<u>102,267</u>
Current Assets			
Debtors	10	75,374	170,137
Cash at bank and in hand		<u>-</u>	<u>2,671</u>
		75,374	172,808
Creditors: amounts falling due within one year	11	<u>(757,808)</u>	<u>(809,149)</u>
Net Current Liabilities		<u>(682,434)</u>	<u>(636,341)</u>
Net Liabilities		<u>(580,016)</u>	<u>(534,074)</u>
Capital and Reserves			
Share capital	12	1,000	1,000
Profit and loss account	13	<u>(581,016)</u>	<u>(535,074)</u>
Equity shareholder's funds	13	<u>(580,016)</u>	<u>(534,074)</u>


 Director

28 October 2005

NOTES TO THE ACCOUNTS
at 31 December 2004

1 ACCOUNTING POLICIES

Basis of preparation

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

The accounts indicate that the company has a deficiency of net assets and is dependent upon financial support for the continuation of its operations. The parent undertaking has confirmed its intention to provide financial support to enable the company to continue its operations for the foreseeable future and accordingly the accounts have been drawn up on the going concern basis.

Group accounts

Group accounts are not produced as the company is a wholly owned subsidiary of Koninklijke Bam Groep n.v., a company incorporated in The Netherlands, which prepares and files group accounts which incorporate the activities of Higgs & Hill Overseas Limited and its subsidiaries.

Investments

Fixed asset investments are stated at historic cost.

Long-term contracts

Contract work in progress is valued at total costs incurred, plus attributable profits less foreseeable losses and applicable payments on account. Profit on long term contracts is taken as the work is carried out once the final outcome of the project can be assessed with reasonable certainty. Provision is made for losses on contracts in the year in which they are foreseen. No credit is taken in respect of contract claims until legal entitlement has been established and agreed. Total cost includes direct cost and allocated overhead. The resultant balance is included either under debtors as 'amounts recoverable on contracts' or under creditors as 'payments on account'.

Related parties

Advantage has been taken of the exemption in FRS 8, not to disclose details of transactions between wholly owned group undertakings.

Foreign Currency Translation

Assets and liabilities of overseas branches are translated into sterling at rates of exchange ruling at the balance sheet date. Trading income and expenditure are converted at average rates prevailing during the accounting period. Any differences on exchange arising are dealt with through reserves.

2 TURNOVER

The company's turnover and loss before taxation arises solely from its construction activities, and relate to continuing activities. Turnover, which is stated net of VAT, represents the value of work done in the year including estimates of amounts not invoiced and adjustments relating to prior years which have been agreed during the year.

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Auditors' remuneration is borne by another group undertaking and disclosed within that company's published accounts.

NOTES TO THE ACCOUNTS
at 31 December 2004

4 DIRECTORS' EMOLUMENTS

Total emoluments (including pension contributions) paid to the directors of Higgs & Hill Overseas Limited for their services as directors of the company were £nil (2003 £nil).

5 STAFF COSTS

a The aggregate payroll costs were as follows:

	2004 £	2003 £
Wages and salaries	5,805	7,493
Social security costs	<u>1,000</u>	<u>1,300</u>
	<u>6,805</u>	<u>8,793</u>

b The average number of persons employed by the company during the year, including directors, was as follows:

Office and management	1	1
	<u>1</u>	<u>1</u>

6 INTEREST RECEIVABLE

	2004 £	2003 £
Bank	<u>-</u>	<u>-</u>

7 EXCEPTIONAL ITEM

	2004 £	2003 £
Profit on disposal of investments	-	-
Release of provision in respect of a fundamental reorganisation of the group	<u>-</u>	<u>-</u>

8 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2004 £	2003 £
This Year Group Relief	8,000	22,000
Prior Year Group Relief	<u>-</u>	<u>12,890</u>
	<u>8,000</u>	<u>34,890</u>

NOTES TO THE ACCOUNTS
at 31 December 2004

9 INVESTMENTS

Subsidiary/Associate Undertakings

	2004 Sub £	2004 Assoc £	2004 Total £	2003 Total £
Net assets:				
At 1 January	102,267	-	102,267	102,186
Exchange differences	151	-	151	81
Liquidated companies	-	-	-	-
At 31 December	102,418	-	102,418	102,267

The following are wholly owned subsidiary undertakings of the company:

Incorporated in Bermuda

Higgs & Hill International Limited

Building and construction

Incorporated in Jamaica

Higgs & Hill Jamaica Limited

Dormant

Incorporated in St Kitts

Higgs & Hill St Kitts Limited

Dormant

Incorporated in Czech Republic

Higgs & Hill Czech Spol sro
(formerly Higgs & Hill Czechoslovakia Spol sro)

Building and construction

NOTES TO THE ACCOUNTS
at 31 December 2004

10 DEBTORS

	2004 £	2003 £
Prepayments and accrued income	30,691	119,035
Taxation - Corporate (Group Relief)	44,683	51,102
Other debtors	-	-
	<u>75,374</u>	<u>170,137</u>

11 CREDITORS: amounts falling due within one year

	2004 £	2003 £
Trade creditors	162,185	161,594
Amounts due to group companies	529,679	571,902
Taxation - Corporate (Group Relief)	-	-
Taxation and Social Security	-	-
Accruals	65,944	75,653
	<u>757,808</u>	<u>809,149</u>

12 SHARE CAPITAL

	2004 £	2003 £
Authorised, allotted, called up and fully paid 1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

NOTES TO THE ACCOUNTS at 31 December 2004

13 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS IN RESERVES

	Share capital 2004 £	Profit and loss account 2004 £	Total share- holders' funds 2004 £	Total share- holders' funds 2003 £
At 1 January	1,000	(535,074)	(534,074)	(469,636)
(Loss)/Profit for the financial year	-	(19,607)	(19,607)	(40,205)
Foreign currency translation	-	(26,335)	(26,335)	(24,233)
At 31 December	<u>1,000</u>	<u>(581,016)</u>	<u>(580,016)</u>	<u>(534,074)</u>

14 CONTINGENT LIABILITIES

There are contingent liabilities in respect of performance bonds and supplier guarantees given in the normal course of business.

15 CLAIM AND COUNTER CLAIM IN CZECH REPUBLIC.

The Company had an outstanding claim on a client in Czech Republic, which included a counter claim from a subcontractor. Last year the claim on the client was settled, but the counter claim not in full. During this year the Company has been informed by the receiver of the subcontractor that this company did still have a legal claim against the Company. Ultimately the Company has come to an agreement with the receiver for an amount of GBP 96,000, which amount has been paid early 2005.

16 CASH FLOW STATEMENT

As the company is a wholly owned subsidiary of Koninklijke BAM Groep n.v., a company registered in the EC, which prepares consolidated financial statements, the company has taken advantage of the exemption provided under FRS 1 (Revised) not to prepare a Cash Flow Statement.

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ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is BAM Group (UK) Limited. The ultimate parent undertaking and controlling party is Koninklijke BAM Groep n.v., a company incorporated in The Netherlands. The group accounts of the ultimate parent undertaking (the largest group of which the company is a member and for which group accounts are prepared) are available from this company's registered office.