

AVENT ENGINEERING LIMITED

REGISTERED NUMBER : 1895378

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2000

Pages	Contents
2	Directors and Advisors
3 - 4	Report of the Directors
5	Report of the Auditors
6	Profit and Loss Account
7	Balance Sheet
8	Cash Flow Statement
9	Notes to the Cash Flow Statement
10 - 16	Notes to the Financial Statements



AVENT ENGINEERING LIMITED

DIRECTORS AND ADVISORS

DIRECTORS

M F Avent
D Brown
B Cooper

COMPANY SECRETARY

G Matthews

REGISTERED OFFICE

Manor Farmhouse
Biddestone
Chippenham
Wiltshire
SN14 7DH

AUDITORS

Menzies
Ashby House
64 High Street
Walton on Thames
Surrey
KT12 1BW

SOLICITORS

Courts & Co
15 Wimpole Street
London
W1M 8AP

AVENT ENGINEERING LIMITED

REPORT OF THE DIRECTORS

FINANCIAL STATEMENTS

The directors submit their report and the audited financial statements for the year ended 5 April 2000.

DIVIDENDS

The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY

The company's principal activity during the year comprised that of civil engineering.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Turnover remained steady and the company reported a profit of £38,917 (1999 - £245,745) before taxation. No tax arises owing to the utilisation of group relief (1999 tax charge - £15,333) and with no dividend recommended (1999 - £12,000), the retained profit of £38,917 is taken to reserves.

Business in the utilities sector remains very busy, however our fear that Transco would single out larger groups for partnership opportunities materialised in December 1999 when our major contract, representing 70% of our turnover, was terminated. We were better value for these works than the appointed contractors. The ensuing overall results were disappointing since excessive overheads and depreciation remained while additional work was sought.

The company has obtained diverse alternative works, turnover will be down in the year to 5 April 2001 but future prospects are good.

FIXED ASSETS

Movements in fixed assets are as shown in the notes to the financial statements. The directors do not consider that there is any significant difference between the market value and net book value of the company's tangible fixed assets.

DIRECTORS

The directors in office at 5 April 2000 are listed on page 2. T N Bowditch resigned from the Board on 18 June 1999.

DIRECTORS' INTERESTS

The directors' interests in the share capital of the company at 6 April 1999 and at 5 April 2000 as recorded in the register maintained by the company in accordance with the provisions of the Companies Act 1985, were as follows:

	5 April 2000	6 April 1999
Ordinary shares of £1 each		
M F Avent	-	-
D Brown	-	-
B Cooper	-	-
	<hr/>	<hr/>

The company is a wholly owned subsidiary of Avent Holdings Limited. The interests of the directors who are the directors of the parent undertaking are disclosed in the financial statements of that company.

AVENT ENGINEERING LIMITED

REPORT OF THE DIRECTORS

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 the affairs of the company and of the profit of the company for that year. In preparing those financial statements the directors are required to:


- a) Select suitable accounting policies and then apply them consistently.
- b) Make judgements and estimates that are reasonable and prudent.
- c) Follow applicable Accounting Standards, subject to any material departures disclosed and explained in the financial statements.
- d) 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 also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

AUDITORS

Menzies have expressed their willingness to continue in office as auditors and in accordance with Section 385(2) of the Companies Act 1985 a resolution proposing their re-appointment will be submitted to the forthcoming Annual General Meeting.

On behalf of the board



M F Avent
Director

Date: 10th August 2000

REPORT OF THE AUDITORS TO THE MEMBERS OF

AVENT ENGINEERING LIMITED

We have audited the financial statements on pages 6 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 12 and 13.

Respective responsibilities of directors and auditors

As described on page 4, the company's directors are responsible for the preparation of the company's financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial 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.

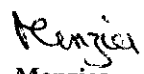
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 5 April 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ashby House
64 High Street
Walton on Thames
Surrey
KT12 1BW

Date: 10 August 2000


Menzies
Chartered Accountants
and Registered Auditors

AVENT ENGINEERING LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 5 APRIL 2000**

		2000	1999
	Note	£	£
TURNOVER	2	7,212,578	7,248,241
Cost of sales		6,571,494	6,499,990
GROSS PROFIT		641,084	748,251
Administrative and other operating costs		616,636	654,087
OPERATING PROFIT		24,448	94,164
Exceptional items	3	-	145,761
Interest receivable	4	15,564	8,824
		40,012	248,749
Interest payable	5	1,095	3,004
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	38,917	245,745
Tax on profit on ordinary activities	6	-	15,333
PROFIT FOR THE FINANCIAL YEAR	16	38,917	230,412

All amounts above are derived from continuing operations and the company has no recognised gains or losses other than the profit for the financial periods detailed above.

The notes on pages 10 to 16 form part of these financial statements.

AVENT ENGINEERING LIMITED

BALANCE SHEET

5 APRIL 2000

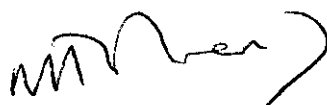
		2000		1999	
	Note	£	£	£	£
FIXED ASSETS					
Tangible fixed assets	8		124,341		252,827
CURRENT ASSETS					
Stock	9	30,618		46,347	
Debtors	10	921,288		1,312,943	
Cash at bank and in hand		169,444		177,146	
		1,121,350		1,536,436	
CREDITORS: amounts falling due within one year	11	403,964		1,038,160	
NET CURRENT ASSETS			717,386		498,276
TOTAL ASSETS LESS CURRENT LIABILITIES			841,727		751,103
CREDITORS: amounts falling due after more than one year	12		-		22,894
PROVISION FOR LIABILITIES AND CHARGES	14		159,608		85,004
			682,119		643,205
CAPITAL AND RESERVES					
Called up share capital	15		100,000		100,000
Profit and loss account	16		582,119		543,205
EQUITY SHAREHOLDERS' FUNDS			682,119		643,205

The financial statements were approved by the Board of Directors on

10th August 2000

DIRECTOR

M F Avent



The notes on pages 10 to 16 form part of these financial statements.

AVENT ENGINEERING LIMITED

NOTES TO THE CASH FLOW STATEMENT

YEAR ENDED 5 APRIL 2000

		2000	1999
	Note	£	£
CASH FLOW STATEMENT			
Net cash inflow/(outflow) from operating activities	a	(48,251)	246,614
Returns on investments and servicing of finance	b	14,469	5,820
Taxation		18,465	(80,100)
Capital (expenditure)/inflow	b	60,799	(112,014)
Equity dividends paid		-	-
Cash inflow/(outflow) before financing		45,482	60,320
Financing	b	(53,184)	(34,835)
(Decrease)/increase in cash in the period		(7,702)	25,485

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

(Decrease)/increase in cash in period		(7,702)	25,485
Cash outflow from decrease in lease financing		53,184	34,835
Change in net debt arising from cash flows	c	45,482	60,320
New finance leases		-	(38,610)
Movement in net debt in the period		45,482	21,710
Net funds at 6 April 1999		123,962	102,252
Net funds at 5 April 2000		169,444	123,962

AVENT ENGINEERING LIMITED

NOTES TO THE CASH FLOW STATEMENT

YEAR ENDED 5 APRIL 2000

a) Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2000	1999
	£	£
Operating profit	24,448	94,164
Depreciation charges	79,893	65,425
Decrease/(increase) in stock	15,729	33,810
Increase in debtors	341,898	(163,499)
(Decrease)/increase in creditors	(572,614)	(11,416)
Profit on sale of tangible fixed assets	(12,206)	(2,635)
Exceptional item – (bad debt)/recovered	-	145,761
Movement on maintenance provision	74,601	85,004
Net cash inflow/(outflow) from operating activities	(48,251)	246,614
b) GROSS CASH FLOWS	2000	1999
	£	£
Returns on investment and servicing of finance		
Interest received	15,564	8,824
Interest element of finance lease rentals	(1,095)	(3,004)
	14,469	5,820
Capital expenditure		
Payments to acquire tangible fixed assets	(32,922)	(115,221)
Receipts from sale of tangible fixed assets	93,721	3,207
	60,799	(112,014)
Financing		
Capital element of finance lease rental payments	53,184	(34,835)

c) ANALYSIS OF CHANGES IN NET DEBT

Year ended 5 April 2000

	At 6 April 1999	Cashflows	New Finance	At 5 April 2000
	£	£	£	£
Net cash	177,146	(7,702)	-	169,444
Debt				
Finance leases	(53,184)	53,184	-	-
TOTAL	123,962	45,482	-	169,444

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2000

1 ACCOUNTING POLICIES

The principal accounting policies of the company are set out below.

Accounting convention

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost convention.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Depreciation

Depreciation is charged on the following bases to reduce the cost of the company's tangible fixed assets to their net realisable values over their estimated useful lives at the following rates:

Plant and equipment	25% of cost
Motor vehicles - new	25% of cost
Motor vehicles - second hand	33.33% of cost
Office equipment	25% of cost

Stock

Small tools and consumable equipment purchased for use in the business are written off over 2 years. The stock represents the balance of the cost of such items.

Deferred taxation

Provision is made for deferred taxation on the liability method for all short-term timing differences. Provision is also made for long-term timing differences, except to the extent that there is a reasonable probability of the tax not falling due for payment in the foreseeable future. Such tax not provided for is disclosed as a contingent liability.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. All exchange differences are dealt with through the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS**YEAR ENDED 5 APRIL 2000****1 ACCOUNTING POLICIES (continued)****Lease commitments and hire purchase contracts**

Payments under operating leases are charged to the profit and loss account as incurred.

Assets financed under hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful economic lives.

Assets financed under finance leases are capitalised in the balance sheet at their fair value and are depreciated over the shorter of the term of the lease and their estimated useful economic lives.

Finance charges and interest in connection with finance leases and hire purchase contracts are charged to the profit and loss account on the sum of the digits basis.

Maintenance provision

Provision is made for the anticipated cost of remedial work under the terms of the various contracts on work completed at the balance sheet date.

2 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit on ordinary activities before taxation is attributable to the principal activity of the company.

The profit is stated after charging:

	2000	1999
	£	£
Depreciation	79,893	65,425
(Profit) on disposal of tangible fixed assets	(12,206)	(2,635)
Auditors' remuneration	9,250	9,250
Aggregate directors' emoluments	120,543	162,057

The company's turnover and profit has not been analysed by class of business.

3 EXCEPTIONAL ITEM

	2000	1999
	£	£
Bad debt on termination of West African project	-	145,761
	-	145,761

AVENT ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2000

4 INTEREST RECEIVABLE

	2000	1999
	£	£
Deposit interest receivable	13,827	8,824
Other interest receivable	1,737	-
	<u>15,564</u>	<u>8,824</u>

5 INTEREST PAYABLE

	2000	1999
	£	£
Hire purchase and finance lease interest	1,095	3,004
	<u>1,095</u>	<u>3,004</u>

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000	1999
	£	£
U.K. corporation tax	-	31,292
Corporation tax recoverable by utilisation of group roll-over relief claim	-	(49,945)
Underprovision in previous years	-	33,986
	<u>-</u>	<u>15,333</u>

The adjustment in respect of previous year arises from utilisation of group relief. No inter group charge is made for such relief.

The roll-over relief arises from the roll-over of a group gain from the previous year into the group's new office building.

7 STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2000	1999
	£	£
Wages and salaries	2,990,165	3,100,719
Social security costs	275,394	289,884
	<u>3,265,559</u>	<u>3,390,603</u>

The average monthly number of employees during the year was 163 (1999 - 182).

AVENT ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2000

8 TANGIBLE FIXED ASSETS

	Plant and equipment	Motor vehicles	Office equipment	Total
	£	£	£	£
COST				
At 6 April 1999	284,760	189,443	33,593	507,796
Additions	1,125	22,197	9,600	32,922
Disposals	(110,563)	(78,945)	-	(189,508)
At 5 April 2000	<u>175,322</u>	<u>132,695</u>	<u>43,193</u>	<u>351,210</u>
DEPRECIATION				
At 6 April 1999	186,289	55,690	12,990	254,969
Charge for the year	28,422	42,609	8,862	79,893
Released on disposals	(59,444)	(48,549)	-	(107,993)
At 5 April 2000	<u>155,267</u>	<u>49,750</u>	<u>21,852</u>	<u>226,869</u>
NET BOOK VALUE				
At 5 April 1999	<u>98,471</u>	<u>133,753</u>	<u>20,603</u>	<u>252,827</u>
At 5 April 2000	<u>20,055</u>	<u>82,945</u>	<u>21,341</u>	<u>124,341</u>

Financing

Details of tangible fixed assets held under finance leases, which are included above, are as follows:

	2000	1999
	£	£
Net book value at 5 April 2000	<u>-</u>	<u>64,711</u>
Depreciation charge for the year	<u>-</u>	<u>9,066</u>

9 STOCK

	2000	1999
	£	£
Raw materials and consumables	<u>30,618</u>	<u>46,347</u>

There were no significant differences between the replacement cost and the values disclosed for all categories of stock.

AVENT ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2000

10 DEBTORS

	2000	1999
	£	£
Trade debtors	539,614	1,058,887
Amounts due from group undertakings	376,858	201,400
Corporation tax recoverable	188	49,945
Other debtors	2,216	2,711
Prepayments and accrued income	2,412	-
	<u>921,288</u>	<u>1,312,943</u>

All amounts included above are considered receivable within one year of the balance sheet date.

11 CREDITORS: amounts falling due within one year

	2000	1999
	£	£
Net obligations under finance leases	-	30,290
Trade creditors	258,011	654,663
Current corporation tax	-	31,292
Social security and other taxes	89,803	120,198
Accruals and deferred income	56,150	201,717
	<u>403,964</u>	<u>1,038,160</u>

12 CREDITORS: amounts falling due after more than one year

	2000	1999
	£	£
Net obligations under finance leases	-	22,894

13 LEASE COMMITMENTS

Net obligations under finance leases and hire purchase contracts:

	2000	1999
	£	£
Within one year	-	30,290
Between two to five years	-	22,894
	<u>-</u>	<u>53,184</u>

The obligations under finance leases and hire purchase contracts are repayable by instalments.

AVENT ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2000

14 PROVISION FOR LIABILITIES AND CHARGES

	2000	1999
	£	£
Maintenance provision	159,608	85,004

Movements during the year were as follows:

	2000	1999
	£	£
At 6 April 1999	85,004	-
Provided in the year	74,604	90,378
Released in the year	-	(5,374)
At 5 April 2000	159,608	85,004

15 CALLED UP SHARE CAPITAL

	2000	1999
	£	£
Authorised		
100,000 ordinary shares of £1 each	100,000	100,000
Allotted, called up and fully paid		
100,000 ordinary shares of £1 each	100,000	100,000

16 PROFIT AND LOSS ACCOUNT

	2000	1999
	£	£
At 6 April 1999	543,202	312,793
Profit for the financial year	38,917	230,412
At 5 April 2000	582,119	543,205

17 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2000	1999
	£	£
Profit for the financial year	38,917	230,412
Opening shareholders' funds	643,202	412,793
Closing shareholders' funds	682,119	643,205

AVENT ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2000

18 CAPITAL COMMITMENTS

The company had no capital commitments at 5 April 2000 (1999 - £nil).

19 CONTINGENT LIABILITIES

The company had outstanding Performance Bonds at 5 April 2000 to the value of £20,000 (1999 - £67,371).

20 RELATED PARTY TRANSACTIONS

Costs relating to Avent Holdings Limited, the company's parent undertaking, which were subsequently recharged amounted to £56,140 (1999 - £57,596). Avent Holdings Limited charged a fee of £279,769 (1999 - £237,178) to Avent Engineering Limited in respect of hire of plant and machinery. These charges were considered to be at market value. As at 30 April 2000 Avent Engineering Limited was owed £190,750 (1999 - £201,400) by Avent Holdings Limited.

Costs relating to No Dig Pipelines 1999 Limited, a fellow subsidiary company of Avent Holdings Limited, which were subsequently recharged amounted to £186,108. At 5 April 2000 Avent Engineering Limited was owed £186,108 by No Dig Pipelines 1999 Limited.

21 ULTIMATE HOLDING COMPANY AND CONTROLLING PARTY

The directors consider the ultimate parent undertaking to be Avent Holdings Limited, a company which is registered in England and Wales. The company's ultimate controlling party is M F Avent, the director and shareholder of Avent Holdings Limited.