



**ALPHA CONSTRUCTION (GROUP) LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

Company Registration Number 06288859

RSM Tenon Limited

The Poynt
45 Wollaton Street
Nottingham
NG1 5FW

ALPHA CONSTRUCTION (GROUP) LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

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ALPHA CONSTRUCTION (GROUP) LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 DECEMBER 2010

The board of directors	RC Smith K Durham A Bamford J Cassidy M Clarke
Company secretary	RC Smith
Business address	Alpha House Hilton Derbyshire DE65 5GE
Registered office	Alpha House Hilton Derbyshire DE65 5GE
Auditor	RSM Tenon Audit Limited The Poynt 45 Wollaton Street Nottingham NG1 5FW
Accountants	RSM Tenon Limited The Poynt 45 Wollaton Street Nottingham NG1 5FW

ALPHA CONSTRUCTION (GROUP) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2010

The directors present their report and the consolidated financial statements of the group for the year ended 31 December 2010

Principal activities and business review

The company's principal activity is that of a holding company

The group continues to be engaged in civil engineering, building and allied activities

2010 showed a resilient performance, with a small decrease in both turnover and profit levels on the previous year despite this enquiry levels were well up on last year. All of this was again achieved with a good health and safety performance, with one reportable accident occurring in the year. The economic climate continues to impact on the results with the group producing a good performance in maintaining workload and staffing levels. The group has again managed to maintain a high level of workload carried forward into the new year.

Future developments

It is intended to continue the controlled growth in turnover and profit that has been recorded in previous years, with a high level of workload carried forward into 2011 the group seeks to increase turnover and profitability in the year. The workload levels are in line with our budget projections as detailed in our 5 year plan. Despite the continued economic uncertainty the group will continue to obtain workload in the electricity distribution sector together with an increased contribution of orders from renewable energy and food sector companies. The Directors are confident that profitable trading will progress into 2011 and subsequent years.

Key performance indicators

Financial

		2010	2009	Change in year
Turnover	(£'000)	10,058	11,008	-8.6%
Gross profit	(£'000)	1,291	1,899	-32.0%
Profit after tax	(£'000)	332	412	-19.4%
Work in hand	(£'000)	6,853	6,320	+8.4%

Employees

Number	(average in year)	71	70	+1%
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Health & safety

Reportable accidents	1	1	0%
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Results and dividends

The profit for the year, after taxation, amounted to £331,541. Particulars of dividends paid are detailed in note 10 to the consolidated financial statements.

Financial risk management objectives and policies

The group currently makes use of an operational bank account and a mortgage facility. As part of the normal management of day to day issues, regular reviews of our allowances for the inflationary effects on fixed price contracts are carried out, credit checks on new and existing Clients are undertaken, and an updated cash flow forecast produced. With healthy credit balances predominating the returns on the bank account have decreased due to the low interest rates, however the rates are having a beneficial effect on the cost of the mortgage. Accordingly, exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position, and profit or loss of the group.

ALPHA CONSTRUCTION (GROUP) LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2010

Directors

The directors who served the company during the year were as follows

RC Smith
K Durham
A Bamford
J Cassidy
M Clarke

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law the directors have elected to prepare the consolidated financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year. In preparing those consolidated 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, and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the consolidated financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are, individually, aware

- there is no relevant audit information of which the group's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

ALPHA CONSTRUCTION (GROUP) LIMITED

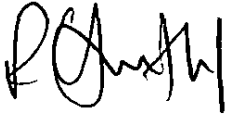
THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2010

Auditor

A resolution to reappoint RSM Tenon Audit Limited as auditor for the ensuing year will be proposed at the forthcoming annual general meeting

Signed on behalf of the directors



RC Smith
Company Secretary

Approved by the directors on 18 May 2011

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ALPHA CONSTRUCTION (GROUP) LIMITED****YEAR ENDED 31 DECEMBER 2010**

We have audited the group and parent company consolidated financial statements ("the consolidated financial statements") of Alpha Construction (Group) Limited for the year ended 31 December 2010 on pages 7 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the consolidated financial statements

An audit involves obtaining evidence about the amounts and disclosures in the consolidated financial statements sufficient to give reasonable assurance that the consolidated financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the consolidated financial statements.

Opinion on consolidated financial statements

In our opinion the consolidated financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2010 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ALPHA CONSTRUCTION (GROUP) LIMITED *(continued)***

YEAR ENDED 31 DECEMBER 2010

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company consolidated financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

David Hoose, Senior Statutory Auditor
For and on behalf of

RSM Tenon Audit Limited

RSM Tenon Audit Limited
Statutory Auditor
The Poynt
45 Wollaton Street
Nottingham
NG1 5FW

18 May 2011

ALPHA CONSTRUCTION (GROUP) LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2010

	Note	2010 £	2009 £
Group turnover	2	10,058,089	11,008,226
Cost of sales		(8,766,978)	(9,109,297)
Gross profit		<u>1,291,111</u>	<u>1,898,929</u>
Administrative expenses		(889,725)	(1,380,825)
Other operating income	3	37,183	36,350
Operating profit	4	<u>438,569</u>	<u>554,454</u>
Interest receivable		1,529	7,870
Interest payable and similar charges	7	(5,084)	(6,914)
Profit on ordinary activities before taxation		<u>435,014</u>	<u>555,410</u>
Tax on profit on ordinary activities	8	(103,473)	(143,876)
Profit for the financial year		<u><u>331,541</u></u>	<u><u>411,534</u></u>

All of the activities of the group are classed as continuing

The group has no recognised gains or losses other than the results for the year as set out above

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account

The notes on pages 11 to 22 form part of these consolidated financial statements

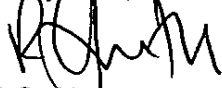
ALPHA CONSTRUCTION (GROUP) LIMITED

Registered Number 06288859

GROUP BALANCE SHEET**31 DECEMBER 2010**

	Note	2010 £	2009 £
Fixed assets			
Intangible assets	11	(61,420)	(65,142)
Tangible assets	12	934,783	913,680
		<u>873,363</u>	<u>848,538</u>
Current assets			
Debtors	14	1,872,003	1,992,810
Cash at bank		2,159,551	2,687,620
		<u>4,031,554</u>	<u>4,680,430</u>
Creditors: amounts falling due within one year	15	<u>(3,834,777)</u>	<u>(4,573,794)</u>
Net current assets		196,777	106,636
Total assets less current liabilities		<u>1,070,140</u>	<u>955,174</u>
Creditors: amounts falling due after more than one year	16	—	(126,575)
Provisions for liabilities			
Deferred taxation	19	(34,000)	(24,000)
		<u>1,036,140</u>	<u>804,599</u>
Capital and reserves			
Called-up share capital	24	50,000	50,000
Share premium account	25	98,032	98,032
Profit and loss account	25	888,108	656,567
Shareholders' funds	26	<u>1,036,140</u>	<u>804,599</u>

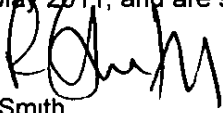
These consolidated financial statements were approved by the directors and authorised for issue on 18 May 2011, and are signed on their behalf by


RC Smith
Director

ALPHA CONSTRUCTION (GROUP) LIMITED*Registered Number 06288859***COMPANY BALANCE SHEET****31 DECEMBER 2010**

		2010	2009
	Note	£	£
Fixed assets			
Investments	13	1,105,183	1,105,183
Current assets			
Debtors	14	167,139	167,139
Net current assets		167,139	167,139
Total assets less current liabilities		1,272,322	1,272,322
Creditors: amounts falling due after more than one year	16	(1,045,736)	(1,045,736)
		<u>226,586</u>	<u>226,586</u>
Capital and reserves			
Called-up share capital	24	50,000	50,000
Share premium account	25	98,032	98,032
Profit and loss account	25	78,554	78,554
Shareholders' funds		<u>226,586</u>	<u>226,586</u>

These consolidated financial statements were approved by the directors and authorised for issue on 18 May 2011, and are signed on their behalf by



RC Smith
Director

ALPHA CONSTRUCTION (GROUP) LIMITED
GROUP CASH FLOW CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2010

		2010		2009	
	Note	£	£	£	£
Net cash (outflow)/inflow from operating activities	27		(135,193)		22,954
Returns on investments and Servicing of finance					
Interest received		1,529		7,870	
Interest paid		<u>(3,066)</u>		<u>(6,914)</u>	
Net cash (outflow)/inflow from returns on investments and servicing of finance			(1,537)		956
Taxation			(136,876)		(124,511)
Capital expenditure					
Payments to acquire tangible fixed assets		(99,971)		(61,991)	
Receipts from sale of fixed assets		<u>11,676</u>		<u>—</u>	
Net cash outflow from capital expenditure			(88,295)		(61,991)
Equity dividends paid			(100,000)		—
Cash outflow before financing			(461,901)		(162,592)
Financing					
Repayment of bank loans		(58,340)		(58,340)	
Capital element of hire purchase		<u>(7,828)</u>		<u>(8,112)</u>	
Net cash outflow from financing			(66,168)		(66,452)
Decrease in cash	27		<u>(528,069)</u>		<u>(229,044)</u>

The notes on pages 11 to 22 form part of these consolidated financial statements

ALPHA CONSTRUCTION (GROUP) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

1. Accounting policies

Basis of accounting

The consolidated financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards

Basis of consolidation

The consolidated financial statements include the results of the company and its subsidiary undertakings made up to 31 December 2010, using the acquisition method of accounting. The results of subsidiary undertakings are included from the date of acquisition. No profit and loss account is presented for the company as provided by S408 of the Companies Act 2006.

Turnover

Turnover, which excludes value added tax, represents the value of the work carried out during the year including amounts not invoiced.

Goodwill

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. It is capitalised and amortised through the profit and loss account over the director's estimate of its useful economic life. In addition to systematic amortisation, the book value is written down to the recoverable amount when any impairment is identified.

Purchased goodwill is capitalised, classified as an asset on the balance sheet and amortised over its estimated useful life.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the estimated useful economic life of that asset as follows:

Goodwill - 5% per annum straight line

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Freehold Property	- 2% straight line
Plant & Equipment	- 25% reducing balance
Office Equipment	- 20% to 30% reducing balance or straight line
Motor Vehicles	- 25% to 30% reducing balance

Freehold land is not depreciated.

Cost is based on purchase price together with any incidental costs of acquisition.

ALPHA CONSTRUCTION (GROUP) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

1. Accounting policies *(continued)*

Investment properties

The company's investment property is shown at market value in the financial statements with any surplus over the cost being transferred to a revaluation reserve, where revaluation is less than cost and is considered to be permanent in nature, the shortfall is charged to the profit and loss account. Where the fall in value is considered to be temporary, any adjustment is taken to the revaluation reserve. No depreciation is provided in respect of the company's investment property.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Investments

Investments are stated at cost less any provision for an impairment in value.

Long-term contract work in progress

Amounts recoverable on contracts are valued on a prudent basis at anticipated net sale value after provision for contingencies and anticipated future losses on contracts, less amounts invoiced. Progress payments in excess of the value of work done are included in current liabilities.

Amounts included in work in progress represents direct costs incurred plus a proportion of attributable overheads net of amounts transferred to the profit and loss account in respect of work carried out to date less foreseeable losses and applicable payments on account.

This approach enables profit on contracting activities to be recognised as work progresses.

ALPHA CONSTRUCTION (GROUP) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

1. Accounting policies (continued)

Employee benefit trusts

Trusts have been established for the benefit of company employees and certain of their dependants. Monies held in these trusts are held by independent trustees and managed at their discretion.

Where the company retains future economic benefit from, and has de facto control of the assets and liabilities of the trust, they are accounted for as assets and liabilities of the company until the earlier of the date that an allocation of trust funds to employees in respect of past services is declared and the date that assets of the trust vest in identified individuals.

Where monies held in a trust are determined by the company on the basis of employees' past services to the business and the company can obtain no future economic benefit from those monies, such monies, whether in the trust or accrued for by the company are charged to the profit and loss account in the period to which they relate.

Rental income

Rent receivable from the lease of the investment property is credited to the profit and loss account on a receivables basis over the term of the lease.

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below:

	2010 £	2009 £
United Kingdom	10,058,089	11,008,226

3. Other operating income

	2010 £	2009 £
Rent received	37,183	36,350

4. Operating profit

Operating profit is stated after charging:

	2010 £	2009 £
Amortisation of intangible assets	(3,722)	(3,722)
Depreciation of owned fixed assets	60,541	54,675
Depreciation of assets held under hire purchase agreements	3,606	5,152
Loss on disposal of fixed assets	3,045	561
Auditors remuneration	5,815	5,565

ALPHA CONSTRUCTION (GROUP) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

5. Particulars of employees

The average number of staff employed by the group during the financial year amounted to

	2010	2009
	No	No
Number of staff	<u>71</u>	<u>70</u>

The aggregate payroll costs of the above were

	2010	2009
	£	£
Wages and salaries	2,748,230	3,167,672
Social security costs	274,136	276,276
Other pension costs	64,061	55,250
	<u>3,086,427</u>	<u>3,499,198</u>

6. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	2010	2009
	£	£
Aggregate remuneration	367,605	801,384
Value of company pension contributions to money purchase schemes	<u>39,280</u>	<u>13,379</u>
	<u>406,885</u>	<u>814,763</u>

Remuneration of highest paid director:

	2010	2009
	£	£
Total remuneration (excluding pension contributions)	100,115	248,571
Value of company pension contributions to money purchase schemes	<u>3,385</u>	<u>3,349</u>
	<u>103,500</u>	<u>251,920</u>

The number of directors on whose behalf the company made pension contributions was as follows

	2010	2009
	No	No
Money purchase schemes	<u>5</u>	<u>5</u>

7 Interest payable and similar charges

	2010	2009
	£	£
Other similar charges payable	<u>5,084</u>	<u>6,914</u>

ALPHA CONSTRUCTION (GROUP) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

8. Taxation on ordinary activities

(a) Analysis of charge in the year

	2010 £	2009 £
In respect of the year		
UK Corporation tax	93,473	136,876
Deferred tax		
Origination and reversal of timing differences	10,000	7,000
Tax on profit on ordinary activities	<u>103,473</u>	<u>143,876</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2009 - 28%)

	2010 £	2009 £
Profit on ordinary activities before taxation	<u>435,014</u>	<u>555,410</u>
Profit on ordinary activities by rate of tax	121,804	155,515
Effects of		
Expenses not deductible for tax purposes	3,324	5,073
Capital allowances for period in excess of depreciation	(12,258)	(7,256)
Non qualifying depreciation	-	1,083
Non qualifying loss/(profit) on disposal of fixed assets	852	157
Goodwill amortisation	(1,042)	(1,042)
Marginal relief	(19,207)	(16,654)
Total current tax (note 8(a))	<u>93,473</u>	<u>136,876</u>

9. Profit attributable to members of the parent company

The profit dealt with in the consolidated financial statements of the parent company was £100,000 (2009 - £Nil)

10. Dividends

Equity dividends

	2010 £	2009 £
Paid during the year		
Equity dividends on ordinary shares	<u>100,000</u>	<u>-</u>

ALPHA CONSTRUCTION (GROUP) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

11. Intangible fixed assets

Group	Goodwill £
Cost	
At 1 January 2010 and 31 December 2010	(74,447)
Amortisation	
At 1 January 2010	(9,305)
Charge for the year	(3,722)
At 31 December 2010	(13,027)
Net book value	
At 31 December 2010	(61,420)
At 31 December 2009	(65,142)

12. Tangible fixed assets

Group	Freehold Property £	Plant & Equipment £	Office Equipment £	Motor Vehicles £	Investment Property £	Total £
Cost						
At 1 Jan 2010	368,400	55,420	99,134	223,597	409,724	1,156,275
Additions	–	1,200	22,775	75,996	–	99,971
Disposals	–	–	(14,190)	(73,430)	–	(87,620)
At 31 Dec 2010	368,400	56,620	107,719	226,163	409,724	1,168,626
Depreciation						
At 1 Jan 2010	17,535	28,548	72,541	123,971	–	242,595
Charge for the year	3,840	7,081	11,784	41,442	–	64,147
On disposals	–	–	(12,548)	(60,351)	–	(72,899)
At 31 Dec 2010	21,375	35,629	71,777	105,062	–	233,843
Net book value						
At 31 Dec 2010	347,025	20,991	35,942	121,101	409,724	934,783
At 31 Dec 2009	350,865	26,872	26,593	99,626	409,724	913,680

The investment property has been capitalised at cost. The directors consider this to be the market value of the property at 31 December 2010.

ALPHA CONSTRUCTION (GROUP) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

12. Tangible fixed assets (continued)

Hire purchase agreements

Included within the net book value of £934,783 is £8,414 (2009 - £12,020) relating to assets held under hire purchase agreements. The depreciation charged to the consolidated financial statements in the year in respect of such assets amounted to £3,606 (2009 - £5,152).

13. Investments

Company	Group companies £
Cost	
At 1 January 2010 and 31 December 2010	<u>1,105,183</u>
Net book value	
At 31 December 2010 and 31 December 2009	<u>1,105,183</u>

The following were subsidiary undertakings during the period and have been included in the consolidated financial statements

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Alpha Construction (Holdings) Limited	England	Ordinary shares	100%	Holding company
Alpha Construction Limited	England	Ordinary shares	100%	Civil engineering, building and allied activities

14. Debtors

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Trade debtors	1,744,694	1,942,048	-	-
Amounts owed by group undertakings	-	-	167,139	167,139
Amounts recoverable on contracts	103,718	25,456	-	-
Prepayments and accrued income	23,591	25,306	-	-
	<u>1,872,003</u>	<u>1,992,810</u>	<u>167,139</u>	<u>167,139</u>

Included in trade debtors are retentions which are due for payment after more than one year amounting to £111,688 (2009 £133,140)

ALPHA CONSTRUCTION (GROUP) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

15. Creditors: amounts falling due within one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Bank loans	124,694	56,348	-	-
Payments received on account	892,958	1,610,074	-	-
Trade creditors	2,305,056	1,948,201	-	-
Hire purchase agreements	893	6,814	-	-
Corporation tax	93,473	136,876	-	-
Other taxation and social security	203,019	274,811	-	-
Accruals and deferred income	214,684	540,670	-	-
	<u>3,834,777</u>	<u>4,573,794</u>	<u>-</u>	<u>-</u>

16. Creditors: amounts falling due after more than one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Bank loans	-	124,668	-	-
Amounts owed to group undertakings	-	-	1,045,736	1,045,736
Hire purchase agreements	-	1,907	-	-
	<u>-</u>	<u>126,575</u>	<u>1,045,736</u>	<u>1,045,736</u>

The bank loan is secured by way of a fixed charge on the freehold property. The bank loan is repayable by instalments ending on 30 June 2017. Interest is payable at the bank's base rate plus 1.35%.

17. Creditors - loan

Creditors include bank loans which are due for repayment as follows

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Amounts repayable				
In one year or less or on demand	129,150	58,340	129,150	58,340
In more than one year but not more than two years	-	58,340	-	58,340
In more than two years but not more than five years	-	70,810	-	70,810
	<u>129,150</u>	<u>187,490</u>	<u>129,150</u>	<u>187,490</u>
Less unamortised loan issue expenses	4,456	6,474	4,456	6,474
	<u>124,694</u>	<u>181,016</u>	<u>124,694</u>	<u>181,016</u>

18. Pensions

The group operates defined contribution pension schemes. The assets of the scheme are held separately from those of the group in independently administered funds. The pension cost charge of £64,061 (2009: £55,430) represents contributions payable by the group to the funds.

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19. Deferred taxation

The movement in the deferred taxation provision during the year was

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Provision brought forward	24,000	17,000	-	-
Increase in provision	10,000	7,000	-	-
Provision carried forward	<u>34,000</u>	<u>24,000</u>	<u>-</u>	<u>-</u>

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of

Group	2010		2009	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>34,000</u>	<u>-</u>	<u>24,000</u>	<u>-</u>

20. Derivatives

The company has no financial instruments that fall to be classed as derivatives

21. Commitments under operating leases

At 31 December 2010 the group had annual commitments under non-cancellable operating leases as set out below

Group	Assets other than Land and buildings	
	2010	2009
	£	£
Operating leases which expire		
Within 1 year	12,792	15,814
Within 2 to 5 years	53,965	52,657
	<u>66,757</u>	<u>68,471</u>

22. Contingent liabilities

A contingent liability existed at the year end, in respect of the group's normal trading activities, under bonds given to secure the due performance of certain contracts undertaken by the company. Outstanding performance bonds at 31 December 2010 amounted to £46,252 (2009 £46,252)

23. Related party transactions

The company has taken advantage of the FRS 8 exemption not to disclose intra-group transactions as the subsidiary undertakings which are a party to the transactions are wholly owned group members

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24. Share capital

Allotted, called up and fully paid:

	2010		2009	
	No	£	No	£
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

25. Reserves

Group

	Share premium account	Profit and loss account
	£	£
Balance brought forward	98,032	656,567
Profit for the year	—	331,541
Equity dividends	—	(100,000)
Balance carried forward	<u>98,032</u>	<u>888,108</u>

Company

	Share premium account	Profit and loss account
	£	£
Balance brought forward	98,032	78,554
Profit for the year	—	100,000
Equity dividends	—	(100,000)
Balance carried forward	<u>98,032</u>	<u>78,554</u>

26. Reconciliation of movements in shareholders' funds

	2010	2009
	£	£
Profit for the financial year	331,541	411,534
Equity dividends	(100,000)	—
Net addition to shareholders' funds	<u>231,541</u>	<u>411,534</u>
Opening shareholders' funds	804,599	393,065
Closing shareholders' funds	<u>1,036,140</u>	<u>804,599</u>

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27. Notes to the cash flow statement

Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	2010 £	2009 £
Operating profit	438,569	554,454
Amortisation	(3,722)	(3,722)
Depreciation	64,147	59,827
Loss on disposal of fixed assets	3,045	561
Decrease/(increase) in debtors	120,807	(83,145)
Decrease in creditors	(758,039)	(505,021)
Net cash (outflow)/inflow from operating activities	<u>(135,193)</u>	<u>22,954</u>

Reconciliation of net cash flow to movement in net funds

	2010 £	£	2009 £	£
Decrease in cash in the period	(528,069)		(229,044)	
Net cash outflow from bank loans	58,340		58,340	
Cash outflow in respect of hire purchase	<u>7,828</u>		<u>8,112</u>	
Change in net funds resulting from cash flows		(461,901)		(162,592)
Amortisation of debt issue costs		(2,018)		(1,992)
Movement in net funds in the period		<u>(463,919)</u>		<u>(164,584)</u>
Net funds at 1 January 2010		2,497,883		2,662,467
Net funds at 31 December 2010		<u>2,033,964</u>		<u>2,497,883</u>

Analysis of changes in net funds

	At 1 January 2010 £	Cash flows £	Other changes £	At 31 December 2010 £
Net cash				
Cash in hand and at bank	2,687,620	(528,069)	—	2,159,551
Debt				
Debt due within 1 year	(56,348)	58,340	(126,686)	(124,694)
Debt due after 1 year	(124,668)	—	124,668	—
Hire purchase agreements	(8,721)	7,828	—	(893)
	<u>(189,737)</u>	<u>66,168</u>	<u>(2,018)</u>	<u>(125,587)</u>
Net funds	<u>2,497,883</u>	<u>(461,901)</u>	<u>(2,018)</u>	<u>2,033,964</u>

28. Ultimate controlling party

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The directors do not consider there to be an ultimate controlling party