

**ALPHA CONSTRUCTION (GROUP) LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

Company Registration Number 06288859

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COMPANIES HOUSE

RSM Tenon Limited

The Poynt
45 Wollaton Street
Nottingham
NG1 5FW

ALPHA CONSTRUCTION (GROUP) LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

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ALPHA CONSTRUCTION (GROUP) LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 DECEMBER 2011

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 2011

The directors present their report and the consolidated financial statements of the group for the year ended 31 December 2011

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

2011 showed a good performance, with increases in both turnover and profit levels on the previous year. Enquiry levels showed a further increase on 2010, the highest number in the group's history. 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 company has again managed to maintain a high volume 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 2012. 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 company will continue to obtain workload in the electricity distribution sector together with an increased contribution of orders from renewable energy, waste and food sector companies. The Directors are confident that profitable trading will progress into 2012 and subsequent years.

Key performance indicators

Financial

		2011	2010	Change in year
Turnover	(£'000)	12,670	10,058	+26.0%
Gross profit	(£'000)	1,396	1,291	+8.1%
Profit after tax	(£'000)	363	332	+9.3%
Work in hand	(£'000)	7,937	6,853	+15.8%

Employees

Number	(average in year)	77	71	+8.5%
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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 £363,152. Particulars of dividends paid and proposed are detailed in note 10 to the consolidated financial statements.

ALPHA CONSTRUCTION (GROUP) LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2011

Financial risk management objectives and policies

The group currently makes use of an operational bank account and does not have any loans or overdraft facilities. 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 the returns on the bank account have remained low due to the poor interest rates on the deposit account. 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.

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

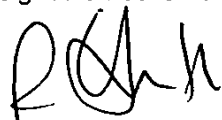
THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2011

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

A handwritten signature in black ink, appearing to be 'RC Smith', written over a horizontal line.

RC Smith
Company Secretary

Approved by the directors on 30 May 2012

ALPHA CONSTRUCTION (GROUP) LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALPHA
CONSTRUCTION (GROUP) LIMITED
YEAR ENDED 31 DECEMBER 2011

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 2011 on pages 7 to 21. 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 pages 3 to 4, 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited consolidated financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 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.

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

YEAR ENDED 31 DECEMBER 2011

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

30 May 2012

ALPHA CONSTRUCTION (GROUP) LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2011

	Note	2011 £	2010 £
Group turnover	2	12,669,908	10,058,089
Cost of sales		(11,274,296)	(8,766,978)
Gross profit		<u>1,395,612</u>	<u>1,291,111</u>
Administrative expenses		(966,125)	(889,725)
Other operating income	3	37,837	37,183
Operating profit	4	<u>467,324</u>	<u>438,569</u>
Interest receivable		5,296	1,529
Interest payable and similar charges	7	(5,052)	(5,084)
Profit on ordinary activities before taxation		<u>467,568</u>	<u>435,014</u>
Tax on profit on ordinary activities	8	(104,416)	(103,473)
Profit for the financial year	9	<u><u>363,152</u></u>	<u><u>331,541</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

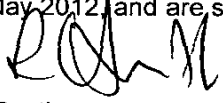
The company has taken advantage of section 408 of the Companies Act 2006
not to publish its own Profit and Loss Account

The notes on pages 11 to 21 form part of these consolidated financial statements

ALPHA CONSTRUCTION (GROUP) LIMITED
GROUP BALANCE SHEET
31 DECEMBER 2011

	Note	2011 £	£	2010 £	£
Fixed assets					
Intangible assets	11		(57,698)		(61,420)
Tangible assets	12		950,816		934,783
			<u>893,118</u>		<u>873,363</u>
Current assets					
Debtors	14	3,449,117		1,872,003	
Cash at bank		2,373,243		2,159,551	
		<u>5,822,360</u>		<u>4,031,554</u>	
Creditors: amounts falling due within one year	15	(5,576,186)		(3,834,777)	
Net current assets			246,174		196,777
Total assets less current liabilities			<u>1,139,292</u>		<u>1,070,140</u>
Provisions for liabilities					
Deferred taxation	19		(40,000)		(34,000)
			<u>1,099,292</u>		<u>1,036,140</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		951,260		888,108
Shareholders' funds	26		<u>1,099,292</u>		<u>1,036,140</u>

These consolidated financial statements were approved by the directors and authorised for issue on 30 May 2012, and are signed on their behalf by

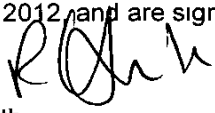

RC Smith
Director

The notes on pages 11 to 21 form part of these consolidated financial statements

ALPHA CONSTRUCTION (GROUP) LIMITED*Registered Number 06288859***COMPANY BALANCE SHEET****31 DECEMBER 2011**

	Note	2011 £	2010 £
Fixed assets			
Investments	13	1,105,183	1,105,183
Current assets			
Debtors	14	367,139	167,139
Creditors: amounts falling due within one year	15	(200,000)	—
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 30 May 2012, and are signed on their behalf by



RC Smith
Director

The notes on pages 11 to 21 form part of these consolidated financial statements

ALPHA CONSTRUCTION (GROUP) LIMITED
GROUP CASH FLOW CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2011

	Note	2011 £	£	2010 £	£
Net cash inflow/(outflow) from operating activities	27		616,478		(135,193)
Returns on investments and Servicing of finance					
Interest received		5,296		1,529	
Interest paid		<u>(596)</u>		<u>(3,066)</u>	
Net cash inflow/(outflow) from returns on investments and servicing of finance			4,700		(1,537)
Taxation			(93,473)		(136,876)
Capital expenditure					
Payments to acquire tangible fixed assets		(113,340)		(99,971)	
Receipts from sale of fixed assets		<u>29,370</u>		<u>11,676</u>	
Net cash outflow from capital expenditure			(83,970)		(88,295)
Equity dividends paid			(100,000)		(100,000)
Cash inflow/(outflow) before financing			<u>343,735</u>		<u>(461,901)</u>
Financing					
Repayment of bank loans		(129,150)		(58,340)	
Capital element of hire purchase		<u>(893)</u>		<u>(7,828)</u>	
Net cash outflow from financing			(130,043)		(66,168)
Increase/(decrease) in cash	27		<u>213,692</u>		<u>(528,069)</u>

The notes on pages 11 to 21 form part of these consolidated financial statements

ALPHA CONSTRUCTION (GROUP) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

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 2011, 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.

Where the fair value of the separable net assets exceeds the fair value of the consideration for a subsidiary undertaking, the difference is treated as negative goodwill and is capitalised and amortised through the profit and loss account in the period in which the non-monetary assets acquired are recovered.

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 2011

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 2011

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:

	2011 £	2010 £
United Kingdom	<u>12,669,908</u>	<u>10,058,089</u>

3. Other operating income

	2011 £	2010 £
Rent received	<u>37,837</u>	<u>37,183</u>

4. Operating profit

Operating profit is stated after charging/(crediting)

	2011 £	2010 £
Amortisation of intangible assets	(3,722)	(3,722)
Depreciation of owned fixed assets	64,480	60,541
Depreciation of assets held under hire purchase agreements	3,502	3,606
(Profit)/loss on disposal of fixed assets	(45)	3,045
Auditors remuneration	<u>5,850</u>	<u>5,815</u>

ALPHA CONSTRUCTION (GROUP) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

5. Particulars of employees

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

	2011	2010
	No	No
Number of staff	<u>77</u>	<u>71</u>

The aggregate payroll costs of the above were

	2011	2010
	£	£
Wages and salaries	2,877,881	2,748,230
Social security costs	292,698	274,136
Other pension costs	64,718	64,061
	<u>3,235,297</u>	<u>3,086,427</u>

6. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	2011	2010
	£	£
Aggregate remuneration	401,450	367,605
Value of company pension contributions to money purchase schemes	<u>38,181</u>	<u>39,280</u>
	<u>439,631</u>	<u>406,885</u>

Remuneration of highest paid director:

	2011	2010
	£	£
Total remuneration (excluding pension contributions)	110,703	100,115
Value of company pension contributions to money purchase schemes	<u>3,638</u>	<u>3,385</u>
	<u>114,341</u>	<u>103,500</u>

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

	2011	2010
	No	No
Money purchase schemes	<u>5</u>	<u>5</u>

7. Interest payable and similar charges

	2011	2010
	£	£
Other similar charges payable	<u>5,052</u>	<u>5,084</u>

ALPHA CONSTRUCTION (GROUP) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

8. Taxation on ordinary activities

(a) Analysis of charge in the year

	2011 £	2010 £
In respect of the year		
UK Corporation tax	98,416	93,473
Deferred tax		
Origination and reversal of timing differences	6,000	10,000
Tax on profit on ordinary activities	<u>104,416</u>	<u>103,473</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 26% (2010 - 28%)

	2011 £	2010 £
Profit on ordinary activities before taxation	<u>467,568</u>	<u>435,014</u>
Profit on ordinary activities by rate of tax	121,568	121,804
Effects of		
Expenses not deductible for tax purposes	1,172	3,324
Capital allowances for period in excess of depreciation	(8,843)	(12,258)
Non qualifying (profit)/loss on disposal of fixed assets	(12)	852
Goodwill amortisation	(968)	(1,042)
Marginal relief	<u>(14,501)</u>	<u>(19,207)</u>
Total current tax (note 8(a))	<u>98,416</u>	<u>93,473</u>

9 Profit attributable to members of the parent company

The profit dealt with in the consolidated financial statements of the parent company was £300,000 (2010 - £100,000)

10. Dividends

Equity dividends

	2011 £	2010 £
Paid during the year		
Equity dividends on ordinary shares	<u>100,000</u>	<u>100,000</u>
Proposed at the year-end (recognised as a liability)		
Equity dividends on ordinary shares	<u>200,000</u>	<u>—</u>

ALPHA CONSTRUCTION (GROUP) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

11. Intangible fixed assets

Group	Goodwill £
Cost	
At 1 January 2011 and 31 December 2011	(74,447)
Amortisation	
At 1 January 2011	(13,027)
Charge for the year	(3,722)
At 31 December 2011	(16,749)
Net book value	
At 31 December 2011	(57,698)
At 31 December 2010	(61,420)

12. Tangible fixed assets

Group	Freehold Property £	Plant & Equipment £	Office Equipment £	Motor Vehicles £	Investment Property £	Total £
Cost						
At 1 Jan 2011	368,400	56,620	107,719	226,163	409,724	1,168,626
Additions	–	4,650	5,943	102,747	–	113,340
Disposals	–	(4,250)	(7,737)	(87,630)	–	(99,617)
At 31 Dec 2011	<u>368,400</u>	<u>57,020</u>	<u>105,925</u>	<u>241,280</u>	<u>409,724</u>	<u>1,182,349</u>
Depreciation						
At 1 Jan 2011	21,375	35,629	71,777	105,062	–	233,843
Charge for the year	3,840	5,475	11,475	47,192	–	67,982
On disposals	–	(2,632)	(6,379)	(61,281)	–	(70,292)
At 31 Dec 2011	<u>25,215</u>	<u>38,472</u>	<u>76,873</u>	<u>90,973</u>	<u>–</u>	<u>231,533</u>
Net book value						
At 31 Dec 2011	<u>343,185</u>	<u>18,548</u>	<u>29,052</u>	<u>150,307</u>	<u>409,724</u>	<u>950,816</u>
At 31 Dec 2010	<u>347,025</u>	<u>20,991</u>	<u>35,942</u>	<u>121,101</u>	<u>409,724</u>	<u>934,783</u>

The investment property has been capitalised at cost. The directors consider this to be the market value of the property at 31 December 2011.

ALPHA CONSTRUCTION (GROUP) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

12. Tangible fixed assets (continued)

Hire purchase agreements

Included within the net book value of £950,816 is £Nil (2010 - £8,414) 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 £3,502 (2010 - £3,606).

13. Investments

Company	Group companies £
Cost	
At 1 January 2011 and 31 December 2011	<u>1,105,183</u>
Net book value	
At 31 December 2011 and 31 December 2010	<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	
	2011 £	2010 £	2011 £	2010 £
Trade debtors	3,286,515	1,744,694	-	-
Amounts owed by group undertakings	-	-	367,139	167,139
Amounts recoverable on contracts	136,088	103,718	-	-
Prepayments and accrued income	26,514	23,591	-	-
	<u>3,449,117</u>	<u>1,872,003</u>	<u>367,139</u>	<u>167,139</u>

Included in trade debtors are retentions which are due for payment after more than one year amounting to £27,533 (2010 £111,688)

ALPHA CONSTRUCTION (GROUP) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

15. Creditors: amounts falling due within one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans	–	124,694	–	–
Payments received on account	988,428	892,958	–	–
Trade creditors	3,502,077	2,305,056	–	–
Hire purchase agreements	–	893	–	–
Dividends payable	200,000	–	200,000	–
Corporation tax	98,416	93,473	–	–
Other taxation and social security	537,247	203,019	–	–
Accruals and deferred income	250,018	214,684	–	–
	<u>5,576,186</u>	<u>3,834,777</u>	<u>200,000</u>	<u>–</u>

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

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Amounts owed to group undertakings	<u>–</u>	<u>–</u>	<u>1,045,736</u>	<u>1,045,736</u>

17. Creditors - loan

Creditors include bank loans which are due for repayment as follows

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Amounts repayable				
In one year or less or on demand	–	129,150	–	129,150
Less unamortised loan issue expenses	<u>–</u>	<u>4,456</u>	<u>–</u>	<u>4,456</u>
	<u>–</u>	<u>124,694</u>	<u>–</u>	<u>124,694</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 £64,718 (2010: £64,061) represents contributions payable by the group to the funds.

19. Deferred taxation

The movement in the deferred taxation provision during the year was

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Provision brought forward	34,000	24,000	–	–
Increase in provision	<u>6,000</u>	<u>10,000</u>	<u>–</u>	<u>–</u>
Provision carried forward	<u>40,000</u>	<u>34,000</u>	<u>–</u>	<u>–</u>

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19 Deferred taxation (continued)

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

Group	2011		2010	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	<u>40,000</u>	<u>-</u>	<u>34,000</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 2011 the group had annual commitments under non-cancellable operating leases as set out below

Group	<i>Assets other than Land and buildings</i>	
	2011 £	2010 £
Operating leases which expire		
Within 1 year	18,493	12,792
Within 2 to 5 years	62,337	53,965
	<u>80,830</u>	<u>66,757</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 2011 amounted to £Nil (2010 £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

During the year dividends totalling £300,000 were declared to the directors, at 31 December 2011 £200,000 (2010 £nil) remained outstanding

24. Share capital

Allotted, called up and fully paid:

	2011		2010	
	No <u>50,000</u>	£ <u>50,000</u>	No <u>50,000</u>	£ <u>50,000</u>
50,000 Ordinary shares of £1 each				

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25. Reserves

Group	Share premium account £	Profit and loss account £
Balance brought forward	98,032	888,108
Profit for the year	—	363,152
Equity dividends	—	(300,000)
Balance carried forward	<u>98,032</u>	<u>951,260</u>
Company	Share premium account £	Profit and loss account £
Balance brought forward	98,032	78,554
Profit for the year	—	300,000
Equity dividends	—	(300,000)
Balance carried forward	<u>98,032</u>	<u>78,554</u>

26. Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the financial year	363,152	331,541
Equity dividends	(300,000)	(100,000)
Net addition to shareholders' funds	<u>63,152</u>	<u>231,541</u>
Opening shareholders' funds	1,036,140	804,599
Closing shareholders' funds	<u>1,099,292</u>	<u>1,036,140</u>

27. Notes to the cash flow statement

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

	2011 £	2010 £
Operating profit	467,324	438,569
Amortisation	(3,722)	(3,722)
Depreciation	67,982	64,147
(Profit)/loss on disposal of fixed assets	(45)	3,045
(Increase)/decrease in debtors	(1,577,114)	120,807
Increase/(decrease) in creditors	1,662,053	(758,039)
Net cash inflow/(outflow) from operating activities	<u>616,478</u>	<u>(135,193)</u>

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27. Notes to the cash flow statement (continued)

Reconciliation of net cash flow to movement in net funds

	2011		2010	
	£	£	£	£
Increase/(decrease) in cash in the period	213,692		(528,069)	
Net cash outflow from bank loans	129,150		58,340	
Cash outflow in respect of hire purchase	893		7,828	
Change in net funds resulting from cash flows		343,735		(461,901)
Amortisation of debt issue costs		(4,456)		(2,018)
Movement in net funds in the period		339,279		(463,919)
Net funds at 1 January 2011		2,033,964		2,497,883
Net funds at 31 December 2011		2,373,243		2,033,964

Analysis of changes in net funds

	At 1 January 2011 £	Cash flows £	Other 31 December changes £	At 31 December 2011 £
Net cash				
Cash in hand and at bank	2,159,551	213,692	—	2,373,243
Debt				
Debt due within 1 year	(124,694)	129,150	(4,456)	—
Hire purchase agreements	(893)	893	—	—
	(125,587)	130,043	(4,456)	—
Net funds	2,033,964	343,735	(4,456)	2,373,243

28. Ultimate controlling party

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