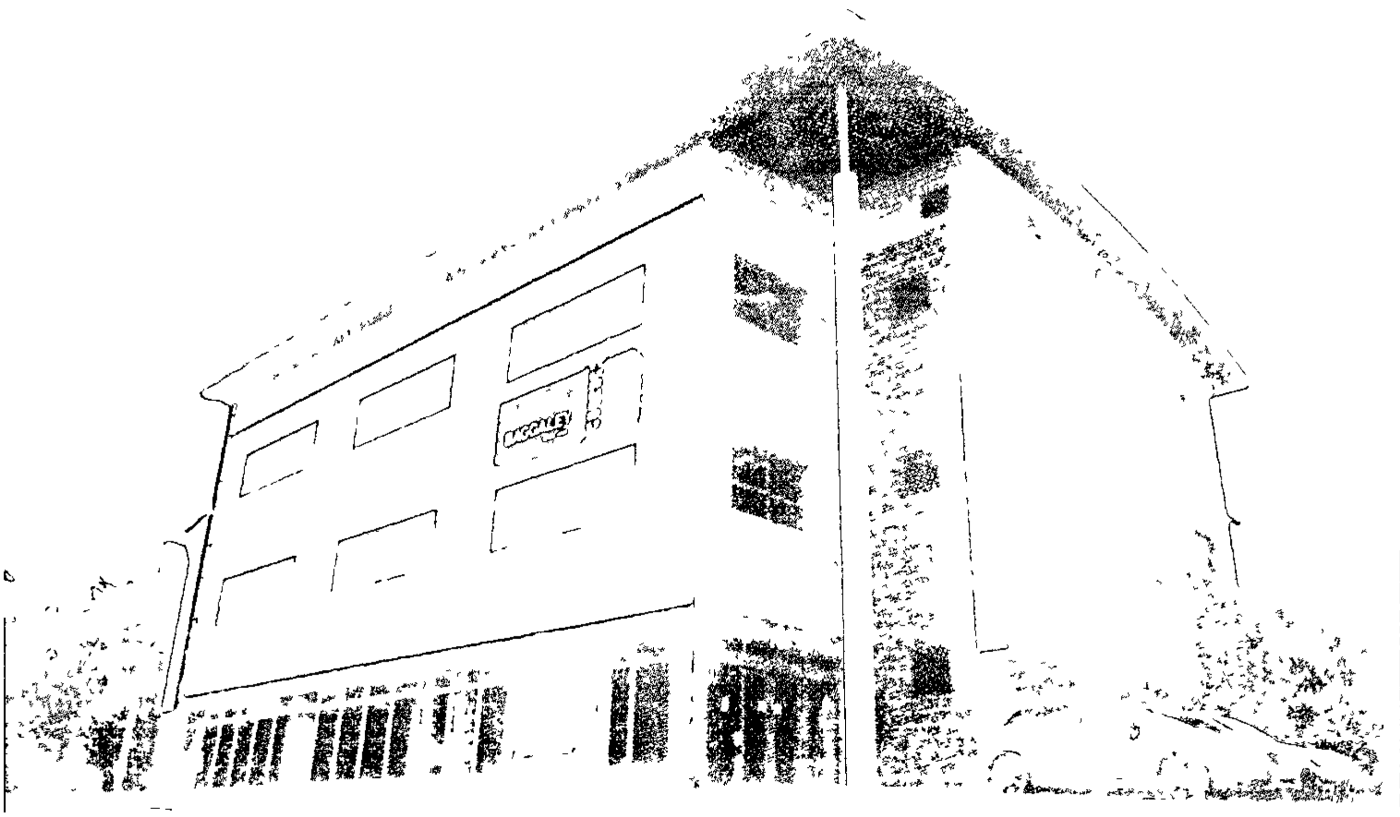
BAGGALEY GROUP LIMITED
and subsidiary companies

Report and Financial Statements

Period ended 31 December 2010



Company Registration No 1422311

EFFECTIVELY WORKING TOGETHER

BAGGALEY GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS

CONTENTS

BAGGALEY GROUP LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the six month period ended 31 December 2010

ACTIVITIES

The principal activity of the company is the provision of management services to its subsidiary company The principal activities of the trading subsidiary company are building construction, associated construction services and property development

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The directors have changed the Group's year end from 30 June to 31 December and are therefore reporting on a six month period to 31 December 2010 The directors consider that a December year end is more appropriate for the sectors in which the Group operates

In the six month period to 31 December 2010 the Group achieved a substantial increase in its level of activity and returned to an acceptable and profitable volume to sustain it through the continuing competitive state of the market and current economic climate

The increased level of activity was supported by success in securing more long term frameworks and was enhanced by success with traditional construction projects which were awarded as a result of innovative solutions engineered by the Group, in collaboration with customers and consultants

During the period overhead costs were reduced enabling the Group to report a pre-tax profit for the period and to build its cash balances to over one million pounds as at the end of the period The Group has continued to have success, particularly in securing more long term frameworks, since the start of 2011

PRINCIPAL RISKS AND UNCERTAINTIES

In general, competitive pressure in the construction market and the current uncertain economic outlook provide continuing risks to the Group However, the Group has been steadily increasing its portfolio of long term frameworks, giving a greater degree of certainty to its future workload

The Group has limited third party debt and the directors consider that the Group's banking facilities, arranged in October 2010, are adequate going forward

All the Group's sales are in Sterling

Credit risk arises on financial instruments such as trade receivables and short term bank deposits Policies and procedures exist to ensure that trade debtors have an appropriate credit history

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements

RESULTS AND DIVIDENDS

Details of the results for the period are set out in the Consolidated Profit and Loss Account on page 4

The directors do not recommend the payment of a dividend in respect of the period (year ended 30 June 2010 £Nil per share)

DIRECTORS

The directors who served throughout the period, and subsequently, were as follows

H H Baggaley, OBE (Chairman)

R I Baggaley

A V Dearden

DIRECTORS' REPORT (continued)

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing their report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial period Under that law the directors have elected to prepare the 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 financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

AUDITOR

In the case of each of the persons who are directors of the company at the date when this report is approved

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditor is unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them as the company's auditor will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors on 23 March 2011
and signed on its behalf by

M G Illingworth
Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAGGALEY GROUP LIMITED

We have audited the financial statements of Baggaley Group Limited for the period ended 31 December 2010 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and individual balance sheets, the consolidated cash flow statement, and the related notes 1 to 24 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, the directors are responsible for the preparation of the 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 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 financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the 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 the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2010 and of the group's profit for the period 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 matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the period for which the financial statements are prepared is consistent with the financial statements

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 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

Mark Doleman

Mark Doleman FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Nottingham, United Kingdom

23 March 2011

BAGGALEY GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the period ended 31 December 2010

	Note	6 months to 31 December 2010 £'000	Year to 30 June 2010 £'000
TURNOVER	1	16,852	21,680
Cost of sales		(15,373)	(19,734)
Gross profit		1,479	1,946
Administrative costs		(1,247)	(3,112)
OPERATING PROFIT (LOSS)	3	232	(1,166)
Net interest receivable (payable)	4	5	(19)
PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		237	(1,185)
Tax on profit (loss) on ordinary activities	5	(55)	(76)
PROFIT (LOSS) FOR THE FINANCIAL PERIOD	16,17	182	(1,261)

Turnover and operating profit derive from continuing operations

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Period ended 31 December 2010

	6 months to 31 December 2010 £'000	Year to 30 June 2010 £'000
Profit (loss) for the financial period	182	(1,261)
Actuarial profit (loss) on defined benefit pension scheme	267	(361)
Movement on deferred tax relating to pension scheme	(78)	101
Total recognised gains and losses relating to the period	371	(1,521)

BAGGALEY GROUP LIMITED

CONSOLIDATED BALANCE SHEET
As at 31 December 2010

	Note	6 months to 31 December 2010 £'000	Year to 30 June 2010 £'000
FIXED ASSETS			
Tangible assets	7	2,268	2,344
CURRENT ASSETS			
Stocks	9	172	184
Debtors	10	5,737	4,529
Cash at bank and in hand		1,207	-
		7,116	4,713
CREDITORS amounts falling due within one year	11	(8,424)	(6,244)
NET CURRENT LIABILITIES		(1,308)	(1,531)
TOTAL ASSETS LESS CURRENT LIABILITIES		960	813
CREDITORS amounts falling due after more than one year	12	(219)	(155)
PROVISIONS FOR LIABILITIES	14	(59)	(46)
NET ASSETS EXCLUDING PENSION DEFICIT		682	612
Pension deficit	20	(144)	(445)
NET ASSETS INCLUDING PENSION DEFICIT		538	167
CAPITAL AND RESERVES			
Called up share capital	15	70	70
Capital redemption reserve	16	80	80
Profit and loss account	16	388	17
TOTAL SHAREHOLDERS' FUNDS	17	538	167

These financial statements were approved by the Board of Directors on 23 March 2011 and were signed on its behalf by

H H BAGGALEY, OBE

Chairman

BAGGALEY GROUP LIMITED

COMPANY BALANCE SHEET
As at 31 December 2010

	Note	31 December 2010 £'000	30 June 2010 £'000
FIXED ASSETS			
Tangible assets	7	2,058	2,089
Investments	8	2,000	2,000
		4,058	4,089
CURRENT ASSETS			
Cash		600	-
		600	-
CREDITORS. amounts falling due within one year	11	(3,127)	(2,537)
NET CURRENT LIABILITIES		(2,527)	(2,537)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,531	1,552
PROVISIONS FOR LIABILITIES	14	(59)	(46)
		1,472	1,506
CAPITAL AND RESERVES			
Called up share capital	15	70	70
Capital redemption reserve	16	80	80
Profit and loss account	16	1,322	1,356
TOTAL SHAREHOLDERS' FUNDS		1,472	1,506

These financial statements were approved by the Board of Directors on 23 March 2011 and were signed on its behalf by

H H BAGGALEY, OBE

Chairman

BAGGALEY GROUP LIMITED

CONSOLIDATED CASH FLOW STATEMENT
For the period ended 31 December 2010

	Note		6 months to 31 December 2010		Year to 30 June 2010
		£'000	£'000	£'000	£'000
Net cash inflow (outflow) from operating activities	21		1,687		(2,993)
Returns on investments and servicing of finance					
Bank interest paid		-		(9)	
Interest element of finance lease rental payments		(6)		(8)	
Net cash outflow from returns on investments and servicing of finance			(6)		(17)
Taxation					
Corporation tax repaid			-		153
Capital expenditure					
Payments to acquire tangible fixed assets		(8)		(34)	
Proceeds from sale of tangible fixed assets		35		23	
Net cash inflow (outflow) from capital expenditure			27		(11)
Net cash inflow (outflow) before financing			1,708		(2,868)
Financing					
Capital element of finance lease rental payments	22	(16)		(47)	
Net cash outflow from financing			(16)		(47)
Increase (decrease) in cash	22,23		1,692		(2,915)

NOTES TO THE ACCOUNTS
For the period ended 31 December 2010

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards The principal accounting policies adopted are described below and have been applied consistently in both the current period and the prior year

a) Accounting convention

The financial statements are prepared under the historical cost convention and on a going concern basis after due consideration of the principal risks and uncertainties as disclosed in the directors' report, and in accordance with the Companies Act 2006

b) Basis of consolidation

The group accounts incorporate the accounts of the company and its subsidiary Intra group profits are excluded All companies within the group make up their accounts to the same date

c) Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the group's ordinary activities after deduction of trade discounts and value added tax All business is conducted within the United Kingdom

d) Tangible fixed assets and depreciation

Tangible fixed assets are held at cost less provision for impairment and depreciation

Depreciation is provided to write-off the cost less estimated residual value in equal instalments over the estimated useful economic lives of the assets The estimated useful economic lives are as follows

Freehold buildings	Between 10 and 50 years
Plant & machinery, and fixtures, fittings, tools & equipment	Between 3 and 10 years

No depreciation is charged on freehold land

e) Investments

Investments held as fixed assets are stated at cost less provision for any impairment

f) Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value

Cost is calculated as follows

Raw materials	Invoiced cost excluding value added tax
Work in progress	Direct cost of production plus attributable overheads
Land developments	Purchase price plus development costs and attributable overheads

g) Long-term contracts

Turnover and related costs on each long-term contract are recorded in the profit and loss account as contract activity progresses Turnover is calculated on the basis of the value of work done, and, when a profitable outcome to the contract can be assessed with reasonable certainty, includes attributable profit Attributable profit is calculated on a prudent basis for each contract by reference to the contract's cumulative turnover, total contract value and total profit estimated for the completed contract Full provision is made for losses on a contract immediately they can be foreseen

1 ACCOUNTING POLICIES (continued)

g) Long-term contracts (continued)

The balance sheet presentation of long term contracts follows the Statement of Standard Accounting Practice No 9 - "Stocks and long term contracts" as follows "Amounts recoverable on long term contracts" comprises any excess of cumulative turnover for a contract over cumulative payments on account for that contract "Long term contract balances" are stated, on a contract by contract basis, at net cost less foreseeable losses and applicable payments on account Any resulting excesses, for a particular contract, or foreseeable losses or payments on account are included under creditors

h) Taxation

The tax expense represents the sum of the corporation tax currently payable and the deferred tax

The tax currently payable is based on taxable profit for the period Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income and expense that are taxable or deductible in other periods and it further excludes items which are never taxable or deductible The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date

Deferred taxation is accounted for under Financial Reporting Standard 19 (FRS 19), 'Deferred tax' Full provision is made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation Deferred tax assets are only recognised to the extent that it is considered more likely than not that there will be taxable profits against which they will reverse in the reasonably foreseeable future Deferred tax is not discounted

i) Leases

Fixed assets leased under finance leases are capitalised and depreciated over their expected useful lives The finance charges are allocated over the primary period of the lease on a straight line basis The costs of operating leases are charged to the profit and loss account as they accrue

j) Pensions

The defined benefit scheme is accounted for in accordance with Financial Reporting Standard 17 (FRS17), 'Retirement Benefits' The pension scheme assets are measured using market values Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability Any increase in the present value of liabilities of the defined benefit pension scheme expected to arise from employee service in the period is charged to operating profit The expected return on the scheme's assets and the increase during the period in the present values of the scheme's liabilities arising from the passage of time are included in other finance income/cost Actuarial gains and losses are recognised in the statement of total recognised gains and losses Pension scheme surpluses, to the extent that they are recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of related deferred tax

Contributions to defined contribution schemes are accounted for on an accruals basis

k) Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

NOTES TO THE ACCOUNTS
For the period ended 31 December 2010

2 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	6 months to 31 December 2010 £'000	Year to 30 June 2010 £'000
Directors' remuneration		
Directors' emoluments	104	273
Defined contribution pension contributions	2	5
	106	278
Remuneration of highest paid director	51	137

1 director (30 June 2010 1) is a member of the defined contribution pension scheme

1 director (30 June 2010 1) is a deferred member of the group defined benefit pension scheme, the Baggaley Group Limited Retirement Benefits Scheme

The highest paid director is a member of the Baggaley Group Limited Retirement Benefits Scheme and had accrued entitlements as a deferred member of £12,168 under the scheme as at the end of the period (30 June 2010 £12,168)

	6 months to 31 December 2010 Number of Employees	Year to 30 June 2010 Number of Employees
Average number of persons employed		
Production and technical	44	56
Administration	87	94
	131	150
	£'000	**£'000**
Employee costs during the period (including directors)		
Wages and salaries	1,968	4,438
Social security costs	182	407
Pension costs	63	138
	2,213	4,983

Other than the directors the company has no employees

NOTES TO THE ACCOUNTS
For the period ended 31 December 2010

3 OPERATING PROFIT (LOSS)

	6 months to 31 December 2010 £'000	Year to 30 June 2010 £'000
Operating profit (loss) is after charging.		
Depreciation and amortisation		
Owned assets	66	161
Leased assets	18	48
Profit on sale of tangible fixed assets	(35)	(22)
Operating lease rentals		
Plant and machinery	70	171
Other	20	37
Hire of plant and machinery	426	657
Auditor's remuneration		
Fees for the audit of the company's statutory accounts	2	2
The audit of the company's subsidiaries	25	23
Non audit fees		
Tax services	7	11
Other services	2	2

4. NET INTEREST RECEIVABLE (PAYABLE)

	6 months to 31 December 2010 £'000	Year to 30 June 2010 £'000
Interest receivable and similar income		
Net finance income from pension scheme	11	-
	11	-
Interest payable and similar charges		
Finance leases and hire purchase contracts	(6)	(8)
Bank interest payable	-	(9)
Net finance cost from pension scheme	-	(2)
	(6)	(19)
Net interest receivable (payable)	5	(19)

BAGGALEY GROUP LIMITED

NOTES TO THE ACCOUNTS
For the period ended 31 December 2010

5 TAX ON PROFIT (LOSS) ON ORDINARY ACTIVITIES

a) Analysis of charge in the period

	6 months to 31 December 2010 £'000	Year to 30 June 2010 £'000
Current tax		
United Kingdom corporation tax at 28% (year ended 30 June 2010 – 28%) based on the profit for the period	-	-
Adjustment in respect of prior periods	-	-
Total current tax (note 5b)	-	-
Deferred tax		
Origination and reversal of timing differences	13	10
Pension deficit timing differences	42	66
Total deferred tax	55	76
Tax on profit (loss) on ordinary activities	55	76

b) Factors affecting the tax charge for the period

The standard rate of current tax for the period, based on the UK standard rate of corporation tax is 28% (year ended 30 June 2010 28%)

The current tax charge for the period is different to 28% (year ended 30 June 2010 28%) for the following reasons

	6 months to 31 December 2010 £'000	Year to 30 June 2010 £'000
Profit (loss) on ordinary activities before tax	237	(1,185)
Tax on profit (loss) on ordinary activities at standard rate	66	(332)
Factors affecting charge		
Disallowable expenses	2	4
Difference between depreciation and capital allowances	2	(4)
Other timing differences	(1)	(3)
Utilisation of tax losses brought forward	(27)	-
Losses carried forward not recognised	-	401
Pension deficit timing differences	(42)	(66)
Current tax charge for the period (note 5a)	-	-

Factors that may affect the future tax charge

The standard rate of corporation tax in the United Kingdom is 28% In June 2010, the UK Government announced that they would introduce legislation that would reduce the corporation tax rate to 27% with effect from 1 April 2011 Further reductions are proposed to reduce the rate by 1% per annum to 24% by 1 April 2014 but are not yet substantively enacted

NOTES TO THE ACCOUNTS
For the period ended 31 December 2010

6. PROFIT AND LOSS OF THE PARENT COMPANY

The company has taken advantage of s408 of the Companies Act 2006 and consequently a profit and loss account for the parent company is not presented as part of these accounts

The parent company's loss for the financial period amounted to £34,000 (year ended 30 June 2010 profit £2,000)

7. TANGIBLE FIXED ASSETS

		Freehold land and buildings	Plant & Machinery	Total
a)	**The Group**	**£'000**	**£'000**	**£'000**
	Cost			
	At 1 July 2010	2,339	921	3,260
	Additions	-	8	8
	Disposals	-	(123)	(123)
	At 31 December 2010	2,339	806	3,145
	Accumulated depreciation			
	At 1 July 2010	250	666	916
	Charge for the period	31	53	84
	Disposals	-	(123)	(123)
	At 31 December 2010	281	596	877
	Net book value			
	At 31 December 2010	2,058	210	2,268
	At 30 June 2010	2,089	255	2,344

Included within fixed assets are assets with a net book value of £52,000 (30 June 2010 £70,000) held under finance leases

		Freehold land and buildings	Plant & Machinery	Total
b)	**The Company**	**£'000**	**£'000**	**£'000**
	Cost			
	At 1 July 2010 and 31 December 2010	2,339	-	2,339
	Accumulated depreciation			
	At 1 July 2010	250	-	250
	Charge for the period	31	-	31
	At 31 December 2010	281	-	281
	Net book value			
	At 31 December 2010	2,058	-	2,058
	At 30 June 2010	2,089	-	2,089

NOTES TO THE ACCOUNTS
For the period ended 31 December 2010

8 FIXED ASSET INVESTMENTS

	Cost and Net book value £'000
At 1 July 2010 and 31 December 2010	2,000

Subsidiary companies

The company had the following 100% owned subsidiary company at 31 December 2010

	Activity	Country of incorporation
Herbert Baggaley Construction Limited	Construction	Great Britain

9 STOCKS

	The Group		The Company	
	31 December 2010 £'000	30 June 2010 £'000	31 December 2010 £'000	30 June 2010 £'000
Stock of materials	20	32	-	-
Development land	152	152	-	-
	172	184	-	-

10. DEBTORS

	The Group		The Company	
	31 December 2010 £'000	30 June 2010 £'000	31 December 2010 £'000	30 June 2010 £'000
Trade debtors	3,871	1,618	-	-
Amounts recoverable on long term contracts	1,699	2,648	-	-
Other debtors	1	21	-	-
Prepayments and accrued income	166	242	-	-
	5,737	4,529	-	-

All debtors are due within one year other than contractual retentions included within trade debtors of approximately £253,000 (30 June 2010 £83,000)

NOTES TO THE ACCOUNTS
For the period ended 31 December 2010

11. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Company	
	31 December 2010 £'000	30 June 2010 £'000	31 December 2010 £'000	30 June 2010 £'000
Bank overdraft	-	485	-	693
Obligations under hire purchase and finance leases	34	36	-	-
Trade creditors	2,028	2,461	-	-
Amounts owed to subsidiary	-	-	3,127	1,844
Other taxes and social security	775	598	-	-
Other creditors	8	68	-	-
Accruals	5,579	2,596	-	-
	8,424	6,244	3,127	2,537

12. CREDITORS. AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	The Group		The Company	
	31 December 2010 £'000	30 June 2010 £'000	31 December 2010 £'000	30 June 2010 £'000
Obligations under hire purchase and finance leases	7	21	-	-
Trade creditors	151	40	-	-
Accruals	61	94	-	-
	219	155	-	-

13 BORROWINGS

	The Group		The Company	
	31 December 2010 £'000	30 June 2010 £'000	31 December 2010 £'000	30June 2010 £'000
Obligations under hire purchase and finance lease obligations				
In one year or less or on demand	34	36	-	-
More than one year but not more than two years	7	19	-	-
More than two years but not more than five years	-	2	-	-
	41	57	-	-

NOTES TO THE ACCOUNTS
For the period ended 31 December 2010

14 PROVISIONS FOR LIABILITIES

Deferred Taxation

	The Group £'000	The Company £'000
Balance at 1 July 2010	46	46
Charge to the profit and loss account	13	13
At 31 December 2010	59	59

	Provided		Unprovided	
The Group	31 December 2010 £'000	30 June 2010 £'000	31 December 2010 £'000	30 June 2010 £'000
Accelerated capital allowances	60	53	-	-
Losses	(1)	(7)	(490)	(536)
	59	46	(490)	(536)
The Company				
Accelerated capital allowances	60	52	-	-
Losses	(1)	(6)	-	-
	59	46	-	-

The directors consider it prudent not to recognise a deferred tax asset in respect of revenue losses The amount of the asset will be recovered against future taxable profits

15 CALLED UP SHARE CAPITAL

	Group and Company	
	31 December 2010 £'000	30 June 2010 £'000
Allotted and fully paid		
280,000 ordinary shares of 25p each	70	70

NOTES TO THE ACCOUNTS
For the period ended 31 December 2010

16. RESERVES

	The Group £'000	The Company £'000
Capital redemption reserve		
At 31 December 2010 and 30 June 2010	80	80
Profit and loss account		
At 1 July 2010	17	1,356
Profit (loss) for the financial period	182	(34)
Actuarial gain relating to pension scheme	189	-
At 31 December 2010	388	1,322

The capital redemption reserve is not available for distribution

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	6 months to 31 December 2010 £'000	Year to 30 June 2010 £'000
Profit (loss) for the financial period	182	(1,261)
Other recognised gains or losses	189	(260)
Net increase (decrease) in shareholders' funds	371	(1,521)
Opening shareholders' funds	167	1,688
Closing shareholders' funds	538	167

18. FINANCIAL COMMITMENTS

Operating lease commitments

At 31 December 2010, the group was committed to making the following payments during the next year in respect of operating leases for items other than land and buildings

	31 December 2010 £'000	30 June 2010 £'000
Leases which expire		
Within one year	22	11
Within 2 to 5 years	138	147
	160	158

19 CONTINGENT LIABILITIES

i) The company, Baggaley Group Limited, has given unlimited guarantees in respect of the bank overdrafts and loans to the subsidiary company as part of normal cross guarantee arrangements The amount of the bank overdrafts and loans at 31 December 2010 was £Nil (30 June 2010 £Nil)

ii) The group has contingent liabilities in respect of performance bonds and other guarantees entered into in the normal course of business

20 PENSIONS

Defined benefit scheme

The Group operates a funded defined benefit pension scheme, the Baggaley Group Limited Retirement Benefits Scheme The scheme assets are held in a separate trustee administered fund independent of the Company's finances Contributions are paid to the Scheme in accordance with the recommendations of an independent actuarial adviser The Scheme is closed both to new entrants and to future benefit accrual

The results of the formal actuarial valuation as at 6 April 2009 were updated to the accounting date by an independent qualified actuary in accordance with FRS17 As required by FRS17, the value of the defined benefit liabilities has been measured using the projected unit method and both the assets and the liabilities include the value of those pensions in payment which are secured with insured annuities

The expected rate of return on assets for the financial period ending 31 December 2010 was 6 2% pa (year ended 30 June 2010 6 4% pa) This rate is derived by taking the weighted average of the long term expected rate of return on each of the asset classes that the scheme was invested in at 30 June 2010

The estimated amount of total employer contributions expected to be paid to the scheme during the 2011 financial year is £300,000 (six months to 31 December 2010 actual £150,000) There were no outstanding or prepaid contributions at the year end

The following table sets out the key FRS17 assumptions used for the Scheme

Assumptions	31 December 2010	30 June 2010
Price inflation	3 4%	3 2%
Discount rate	5 5%	5 6%
Pension increases in payment	3 3%	3 1%
Life expectancy of a man aged 65 in 2010	22 3 years	22 3 years
Life expectancy of a man aged 65 in 2030	24 2 years	24 2 years

20 PENSIONS (continued)

The amount included in the balance sheet arising from the Group's obligations in respect of the scheme is as follows

	31 December 2010 £'000	30 June 2010 £'000
Fair value of plan assets	9,697	8,882
Present value of scheme liabilities	(9,894)	(9,500)
Gross pension liability	(197)	(618)
Related deferred tax asset	53	173
Net pension liability	(144)	(445)

The following amounts have been included in profit and loss

	6 months to 31 December 2010 £'000	Year to 30 June 2009 £'000
Service cost	(7)	(14)
Interest cost	(259)	(518)
Expected return on scheme assets	270	516
Total pension income (cost) included in profit and loss	4	(16)

The service cost is recognised in operating profit, and the interest cost and expected return on scheme assets are recognised as financial items adjacent to interest

The current allocation of the scheme's assets is as follows

	31 December 2010	30 June 2010
With-profits policy	42%	45%
Equity fund	44%	40%
Insured pensioner policies	11%	12%
Cash	3%	3%
	100%	100%

None of the assets of the scheme are invested in the Group's own financial instruments or in any property occupied by the Group

20. PENSIONS (continued)

Changes in the present value of the scheme liabilities are as follows

	6 months to 31 December 2010 £'000	Year to 30 June 2010 £'000
Opening present value of scheme liabilities	9,500	8,694
Employer's part of current service cost	7	14
Interest cost	259	518
Actuarial loss	381	710
Benefits paid	(253)	(436)
Closing present value of scheme liabilities	9,894	9,500

Changes in the fair value of the scheme assets are as follows

	6 months to 31 December 2010 £'000	Year to 30 June 2010 £'000
Opening present value of scheme assets	8,882	8,202
Expected return on plan assets	270	516
Actuarial gain	648	349
Contributions by the employer	150	251
Benefits paid	(253)	(436)
Closing fair value of scheme assets	9,697	8,882

The actual return on the scheme's assets over the period was a gain of £918,000 (year ended 30 June 2010 a gain of £865,000)

The amount recognised outside profit and loss in the statement of total recognised gains and losses for the six month period to 31 December 2010 is a gain of £267,000 (year ended 30 June 2010 a loss of £361,000) The cumulative amount recognised in the statement of total recognised gains and losses as at 31 December 2010 is a loss of £2,437,000 (year ended 30 June 2010 a loss of £2,704,000)

NOTES TO THE ACCOUNTS
For the period ended 31 December 2010

20. PENSIONS (continued)

The history of the scheme is

	31 December 2010 £'000	30 June 2010 £'000	30 June 2009 £'000	30 June 2008 £'000	30 June 2007 £'000
Fair value of scheme assets	9,697	8,882	8,202	8,516	8,752
Present value of scheme liabilities	(9,894)	(9,500)	(8,694)	(8,358)	(8,962)
(Deficit) surplus	(197)	(618)	(492)	158	(210)
Balance sheet limitation	-	-	-	(158)	-
Gross pension liability	(197)	(618)	(492)	-	(210)

	6 months to 31 December 2010 £'000	Year to 30 June 2010 £'000	Year to 30 June 2009 £'000	Year to 30 June 2008 £'000	Year to 30 June 2007 £'000
Experience adjustments on scheme assets					
Amount of gain (loss)	648	349	(807)	(984)	651
Percentage of plan assets	7%	4%	(10%)	(12%)	7%
Experience adjustments on scheme liabilities					
Amount of (loss) gain	Nil	(243)	47	Nil	104
Percentage of the present value of the scheme liabilities	0%	4%	1%	0%	1%

Defined contribution schemes

The group also makes contributions to certain defined contribution schemes Contributions to these schemes are accounted for as incurred and amounted to £63,000 in the period (year to 30 June 2010 £138,000)

21 RECONCILIATION OF OPERATING PROFIT (LOSS) TO NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES

	6 months to 31 December 2010 £'000	Year to 30 June 2010 £'000
Operating profit (loss)	232	(1,166)
Depreciation	84	209
Profit on sale of tangible fixed assets	(35)	(22)
Decrease (increase) in stocks	12	(16)
(Increase) decrease in debtors	(1,208)	1,983
Increase (decrease) in creditors	2,745	(3,744)
Excess of pension contributions over service cost	(143)	(237)
Net cash inflow (outflow) from operating activities	1,687	(2,993)

NOTES TO THE ACCOUNTS
For the period ended 31 December 2010

22 ANALYSIS OF NET FUNDS (BORROWINGS)

	At 1 July 2010 £'000	Cash flow £'000	Other non-cash changes £'000	At 31 December 2010 £'000
Cash at bank and in hand	-	1,207	-	1,207
Bank overdraft	(485)	485	-	-
		1,692		
Finance leases	(57)	16	-	(41)
Total	(542)	1,708	-	1,166

23 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS (BORROWINGS)

	31 December 2010 £'000	31 December 2010 £'000	30 June 2010 £'000	30 June 2010 £'000
Increase (decrease) in cash in the period	1,692		(2,915)	
Cash outflow from decrease in debt and lease financing	16		47	
Change in net funds resulting from cash flows		1,708		(2,868)
New finance leases		-		(21)
Movement in net funds in the period		1,708		(2,889)
Net (borrowings) funds at start of period		(542)		2,347
Net funds (borrowings) at end of period		1,166		(542)

24 ULTIMATE CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS

Related parties are defined in the context of control and influence and include group companies, directors and key management

The company has not disclosed transactions with other group companies as permitted by FRS8 - Related Party Transactions

During the period, H H Baggaley paid £77 (year ended 30 June 2010 £12,000), and R I Baggaley £38 (year ended 30 June 2010 £Nil) plus value added tax in respect of work completed and invoiced in the period

H H Baggaley also paid £35,000 during the period (year ended 30 June 2010 £Nil) to acquire an asset at market value from the company

There were no amounts outstanding from related parties as at 31 December 2010 (30 June 2010 £Nil)

H H Baggaley and members of his close family control the company as a result of controlling, directly or indirectly, 100% of the issued share capital of the company