COMPANY REGISTRATION NUMBER 01520021

R Borras Construction Limited

Financial Statements

31 December 2011



MHA MACINTYRE HUDSON
Chartered Accountants & Statutory Auditor
Euro House
1394 High Road
London
N20 9YZ

R Borras Construction Limited

Financial Statements

Year ended 31 December 2011

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R Borras Construction Limited

Officers and Professional Advisers

The Board of Directors	Mr R D Borras Mrs C A Borras Mr A B Bowden Mr C E Streeting Mr M Lennard Mr M G Howlett Mr P Pickering
Company Secretary	Mrs C A Borras
Registered Office	1 Salar House Campfield Road St Albans Hertfordshire England AL1 5HT
Auditor	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditor Euro House 1394 High Road London N20 9YZ
Bankers	Barclays Bank PLC 22/24 Upper Marlborough Road St Albans Herts AL1 3HJ

R Borras Construction Limited

The Directors' Report

Year ended 31 December 2011

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2011

Principal activities and business review
The principal activity of the company during the year was that of building contractors

The impact of the economic downturn continued to be felt in 2011 with government cutbacks in public spending starting to affect the core business of the company and the personnel with whom relationships had been built

The effects of the downturn have in the main been countered by securing long term Construction Framework Agreements such as Northamptonshire County Council, Milton Keynes Council, Smarte East and the London Borough of Barking & Dagenham, that will continue to provide excellent opportunities for the business

The reduction in workload and change in project type required a review of the workforce and overheads, which resulted in a small number of redundancies to ensure the business remained competitive

The turnover of the company was £37,018,880 (2010 £45,809,010), which was higher than the targeted sales of £36,000,000 Profit before tax was £722,065 (2010 £1,665,255) Gross profit margin was 8 4% compared to 9 2% in 2010 Net current assets were £9,518,571 (2010 £9,017,032)

The company has continued to maintain a high level of liquidity and it is due to the large cash reserves along with the positive influence of the Framework Agreements that are in place, that the company is less vulnerable to the effects of recession than many of its competitors At the end of 2011, the company had an order book for 2012 of £24 5m

We remain confident that sufficient opportunities will be available for the company to trade profitably in 2012 and further enhance its reputation

Results and dividends
The profit for the year, after taxation, amounted to £543,472 Particulars of dividends paid are detailed in note 10 to the financial statements

Financial risk management objectives and policies
Directors
The directors who served the company during the year were as follows

Mr R D Borras
Mrs C A Borras
Mr A B Bowden
Mr C Wright
Mr C E Streeting
Mr M Lennard
Mr M G Howlett
Mr P Pickering

Mr C Wright retired as a director on 31 March 2011

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

Company law requires the directors to prepare financial statements for each financial year 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 profit or loss of the company for that period In preparing those 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the directors are aware

- there is no relevant audit information of which the company'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

Donations
During the year the company made the following contributions

	2011 £	2010 £
Charitable (Religious societies)	**£9,445**	£24,221
Other	**£160**	£2,303

Auditor
On 21 November 2011, our auditor adopted the trading name MHA MacIntyre Hudson MHA MacIntyre Hudson is deemed to be re-appointed under section 487(2) of Companies Act 2006

Registered office
1 Salar House
Campfield Road
St Albans
Hertfordshire
England
AL1 5HT

Signed by order of the directors

Carol Borras

Mrs C A Borras
Company Secretary

Approved by the directors on 30/05/12

R Borras Construction Limited

Independent Auditor's Report to the Shareholders of R Borras Construction Limited

Year ended 31 December 2011

We have audited the financial statements of R Borras Construction Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, Balance Sheet and the related notes 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 shareholders, 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 shareholders 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 shareholders 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 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 (APB'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 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 financial statements In addition, we read all the financial and non-financial information in the annual 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 company's affairs as at 31 December 2011 and of its 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 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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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



BRENDAN SHARKEY FCA (Senior Statutory Auditor)
For and on behalf of
MHA MACINTYRE HUDSON
Chartered Accountants
& Statutory Auditor

Euro House
1394 High Road
London
N20 9YZ
1st June 2012

R Borras Construction Limited

Profit and Loss Account

Year ended 31 December 2011

	Note	2011 £	2010 £
Turnover	2	**37,018,880**	45,809,010
Cost of sales		**33,911,430**	41,587,705
Gross profit		**3,107,450**	4,221,305
Administrative expenses		**2,799,961**	2,906,162
Other operating income	3	**(401,406)**	(394,935)
Operating profit	4	**708,895**	1,710,078
Exercise of share options	7	**–**	(137,122)
		708,895	1,572,956
Interest receivable and similar income		**13,302**	93,714
Interest payable and similar charges	8	**(132)**	(1,415)
Profit on ordinary activities before taxation		**722,065**	1,665,255
Tax on profit on ordinary activities	9	**178,593**	491,300
Profit for the financial year		**£543,472**	£1,173,955

All of the activities of the company are classed as continuing

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

The notes on pages 9 to 20 form part of these financial statements

R Borras Construction Limited

Balance Sheet

31 December 2011

	Note	2011 £	2011 £	2010 £
Fixed assets				
Tangible assets	11		208,850	206,917
Investments	12		1,250,000	1,250,000
			1,458,850	1,456,917
Current assets				
Debtors	13	11,435,664		12,160,053
Cash at bank and in hand		6,542,392		4,762,769
		17,978,056		16,922,822
Creditors: amounts falling due within one year	15	8,459,485		7,905,790
Net current assets			9,518,571	9,017,032
Total assets less current liabilities			10,977,421	10,473,949
Capital and reserves				
Called-up equity share capital	19		1,000	1,000
Revaluation reserve			592,980	592,980
Share options reserve	20		137,122	137,122
Profit and loss account	21		10,246,319	9,742,847
Shareholders' funds	22		£10,977,421	£10,473,949

These financial statements were approved by the directors and authorised for issue on 30/9/12, and are signed on their behalf by

Carol Borras

Mr R D Borras
Director

Mrs C A Borras
Director

Company Registration Number 01520021

The notes on pages 9 to 20 form part of these financial statements

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets and in accordance with applicable accounting standards

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

Turnover

Turnover represents amounts receivable for goods and services net of VAT and a valuation of amounts recoverable on contracts at the year end net of VAT

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Fixtures & Fittings	-	15% reducing balance
Motor Vehicles	-	33% reducing balance
Computer Equipment	-	33% reducing balance

Investment properties

Investment properties are included in the balance sheet at their open market value Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years

Although this accounting policy is in accordance with the applicable accounting standard, Statements of Standard Accounting Practice 19, Accounting for Investment Properties, it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated In the opinion of the directors, compliance with the standard is necessary for the financial statements to give a true and fair view Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified

1. **Accounting policies** *(continued)*

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Pension costs

The company operates a defined contribution pension scheme for employees The assets of the scheme are held separately from those of the company The annual contributions payable are charged to the profit and loss account

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

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

1. Accounting policies *(continued)*

Share-based payments

The company issues equity-settled and share-based payments to certain employees (including directors) Equity-settled share-based payments are measured at fair value at the date of grant The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the company's estimate of the shares that will eventually vest

Fair value is measured using the dividend yield based pricing model The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations

Where the terms of an equity-settled transaction are modified, as a minimum an expense is recognised as if the terms had not been modified In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the transaction is recognised immediately However, if a new transaction is substituted for the cancelled transaction, and designated as a replacement transaction on the date that it is granted, the cancelled and new transactions are treated as if they were a modification of the original transaction, as described in the previous paragraph

Where the equity-settled share based payment is issued to an employee of a subsidiary, as the share-based arrangement is accounted for as an equity-settled share-based payment in the consolidated accounts of the ultimate parent company, the fair value of the payment is expensed in the subsidiary's accounts

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

Amounts recoverable on contracts

Amounts recoverable on contracts which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account All costs to accrue are included within trade creditors Unbilled retentions have been treated as realised and recognised in turnover in he profit and loss account

Materials held at the year end for specific contracts are included at cost within amounts recoverable on contracts These are released at net realisable value once the work is invoiced

2. Turnover

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

An analysis of turnover is given below

	2011 £	2010 £
United Kingdom	**37,018,880**	45,809,010

3. Other operating income

	2011 £	2010 £
Rent receivable	**88,388**	86,779
Management charges receivable	**308,761**	297,744
Other operating income	**4,257**	10,412
	401,406	394,935

4. Operating profit

Operating profit is stated after charging/(crediting)

	2011 £	2010 £
Depreciation of owned fixed assets	**98,019**	96,739
(Profit)/Loss on disposal of fixed assets	**(3,757)**	998
Auditor's remuneration		
- as auditor	**12,000**	12,000
- for other services	**18,620**	1,000
Operating lease costs		
- Other	**76,046**	67,495

Auditor's fees

The fees charged by the auditor can be further analysed under the following headings for services rendered

	2011 £	2010 £
Audit	**12,000**	12,000
Taxation	**1,000**	1,000
Business consultancy	**17,620**	–
	30,620	13,000

5 Particulars of employees

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

	2011 No	2010 No
Number of construction staff	**96**	93
Number of administrative staff	**30**	30
	126	123

The aggregate payroll costs of the above were

	2011 £	2010 £
Wages and salaries	**5,130,729**	5,379,781
Social security costs	**587,406**	467,422
Other pension costs	**154,876**	182,668
	5,873,011	6,029,871

6 Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	2011 £	2010 £
Remuneration receivable	**639,481**	756,339
Value of company pension contributions to money purchase schemes	**29,593**	101,540
	669,074	857,879

Remuneration of highest paid director:

	2011 £	2010 £
Total remuneration (excluding pension contributions)	**141,634**	112,997
Value of company pension contributions to money purchase schemes	**4,764**	4,638
	146,398	117,635

6. Directors' remuneration *(continued)*

The number of directors who accrued benefits under company pension schemes was as follows

	2011 No	2010 No
Money purchase schemes	7	8

	2011 No	2010 No
Directors who exercised share options	-	3

7 Exercise of share options

Three directors were granted options to subscribe for ordinary shares of 0 1p each in Borras Group Holdings Limited, the parent company, in 2004 The number of shares under option was 11,112 with an exercise price of £12 35 each The directors exercised their options on 19 January 2010 amounting to £137,122

8. Interest payable and similar charges

	2011 £	2010 £
Finance charges	–	1,123
Other similar charges payable	132	292
	132	1,415

9 Taxation on ordinary activities

(a) Analysis of charge in the year

	2011 £	2010 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 26 49% (2010 - 28%)	182,764	479,973
Total current tax	182,764	479,973
Deferred tax		
Origination and reversal of timing differences	(4,171)	11,327
Tax on profit on ordinary activities	178,593	491,300

9. Taxation on ordinary activities *(continued)*

(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 49% (2010 - 28%)

	2011 £	2010 £
Profit on ordinary activities before taxation	**722,065**	1,665,255
Profit on ordinary activities by rate of tax	**191,275**	466,271
Expenses not deductible for tax purposes	**4,964**	4,882
Capital allowances for period in excess of depreciation	**(13,475)**	8,820
Total current tax (note 9(a))	**182,764**	479,973

10. Dividends

Equity dividends

	2011 £	2010 £
Paid		
Equity dividends on ordinary shares	**40,000**	10,000

On 21 December 2011, a dividend was paid to Borras Group Holdings Limited, the parent company of R Borras Construction Limited

11. Tangible fixed assets

	Fixtures & Fittings £	Motor Vehicles £	Computer Equipment £	Total £
Cost or valuation				
At 1 January 2011	**63,237**	**450,122**	**177,163**	**690,522**
Additions	**36,976**	**51,300**	**28,402**	**116,678**
Disposals	**–**	**(97,903)**	**–**	**(97,903)**
At 31 December 2011	**100,213**	**403,519**	**205,565**	**709,297**
Depreciation				
At 1 January 2011	**46,859**	**304,518**	**132,228**	**483,605**
Charge for the year	**14,358**	**59,459**	**24,202**	**98,019**
On disposals	**–**	**(81,177)**	**–**	**(81,177)**
At 31 December 2011	**61,217**	**282,800**	**156,430**	**500,447**
Net book value				
At 31 December 2011	**38,996**	**120,719**	**49,135**	**208,850**
At 31 December 2010	16,378	145,604	44,935	206,917

12. Investments

	Investment Property £
Cost	
At 1 January 2011 and 31 December 2011	**1,250,000**
Net book value	
At 31 December 2011 and 31 December 2010	**1,250,000**

Fixed asset investments represent investment properties which are held for their investment potential The directors are of the opinion that the properties fall within the definition of investment properties One investment property was professionally valued during the year ended 31 December 2009 and other was last revalued during the year ended 31 December 2008 The directors are of the opinion that the market value of the properties at 31 December 2011 would not have been materially different from the value included in these accounts No depreciation has been provided in accordance with Statement of Standard Accounting Practices 19

The bank has a charge over Salar House, one of the investment properties held by the company as disclosed in Note 15

13. Debtors

	2011	2010
	£	£
Trade debtors	**3,618,859**	3,410,427
Amounts owed by group undertakings	**201,506**	191,462
Amounts recoverable on contracts	**2,209,537**	4,073,237
Other debtors	**5,262,059**	4,353,458
Prepayments and accrued income	**135,702**	127,639
Deferred taxation (note 14)	**8,001**	3,830
	11,435,664	12,160,053

The debtors above include the following amounts falling due after more than one year

	2011	2010
	£	£
Amounts owed by group undertakings	**–**	70,000

14. Deferred taxation

The deferred tax included in the Balance sheet is as follows

	2011	2010
	£	£
Included in debtors (note 13)	**8,001**	3,830

The movement in the deferred taxation account during the year was

	2011	2010
	£	£
Balance brought forward	**3,830**	15,157
Profit and loss account movement arising during the year	**4,171**	(11,327)
Balance carried forward	**8,001**	3,830

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2011	2010
	£	£
Excess of depreciation over taxation allowances	**8,001**	3,830
	8,001	3,830

15 Creditors: amounts falling due within one year

	2011	2010
	£	£
Overdrafts	**46,346**	111,498
Trade creditors	**7,899,424**	6,920,901
Other creditors including taxation and social security		
Corporation tax	**57,764**	254,973
Other taxation and social security	**224,469**	259,876
Other creditors	**44,502**	132,005
Directors current accounts	**-**	77,668
	8,272,505	7,756,921
Accruals and deferred income	**186,980**	148,869
	8,459,485	7,905,790

The bank has a charge over Salar House, one of the investment properties, securing all monies due or to become due from the company A cross guarantee was provided to the bank securing all monies due from the company and its fellow group companies

The following liabilities disclosed under creditors falling due within one year are secured by the company

	2011	2010
	£	£
Overdrafts	**46,346**	111,498

16. Share-based payments

In the year ended 31 December 2010, a charge was recognised in the profit and loss amounting to £137,122 being the intrinsic value of shares exercised These share options were granted on 1 December 2004 and were not previously recognised in the profit and loss account The share options were exercised on 19 January 2010, with shares being issued in Borras Group Holdings Limited, the parent company The estimated fair value of the options at the date of grant were £12 35, with the fair value being agreed with the authorities based on market valuation at that date

17. Commitments under operating leases

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as set out below

	2011		2010	
	Land and buildings	**Other Items**	Land and buildings	Other Items
	£	**£**	£	£
Operating leases which expire				
Within 1 year	**-**	**25,165**	-	1,284
Within 2 to 5 years	**95,925**	**49,152**	95,925	90,400
	95,925	**74,317**	95,925	91,684

18. Related party transactions

During the year, the company paid rent totalling £95,925 (2010 £95,925) to R Borras Construction Limited Pension Scheme in respect of the property at Salar House, Campfield Road, St Albans, Herts Mr R D Borras and Mrs C A Borras are Trustees and Members of the Pension Scheme

Included in other debtors are the following
£4,370,327 (2010 £3,543,872) due from RBC Property Investments Limited a company in which Mr R D Borras and Mrs C A Borras are directors and shareholders

£880,070 (2010 £770,040) due from World Channel Network Limited, a company in which Mr R D Borras is a director and shareholder This loan is guaranteed personally by Mr R D Borras

During the year, the company invoiced £537,737 (2010 £480,401) to T&B (Contractors) Limited, a fellow group company At 31 December 2011, the company was owed by T&B (Contractors) Limited £42,163 (2010 £43,829) and £70,000 (2010 £190,000) in respect of recharged costs and a loan respectively

19. Share capital

Allotted, called up and fully paid:

	2011		2010	
	No	**£**	No	£
1,000 Ordinary shares of £1 each	**1,000**	**1,000**	1,000	1,000

20. Share options reserve

	2011	2010
	£	£
Balance brought forward	**137,122**	–
Exercise of options during the year	**–**	137,122
Balance carried forward	**137,122**	137,122

21 Profit and loss account

	2011	2010
	£	£
Balance brought forward	**9,742,847**	8,578,892
Profit for the financial year	**543,472**	1,173,955
Equity dividends	**(40,000)**	(10,000)
Balance carried forward	**10,246,319**	9,742,847

22. Reconciliation of movements in shareholders' funds

	2011	2010
	£	£
Profit for the financial year	**543,472**	1,173,955
Equity dividends	**(40,000)**	(10,000)
Exercise of options during the year	**–**	137,122
Net addition to shareholders' funds	**503,472**	1,301,077
Opening shareholders' funds	**10,473,949**	9,172,872
Closing shareholders' funds	**10,977,421**	10,473,949

23. Ultimate parent company

The immediate and ultimate parent company was Borras Group Holdings Limited, a company incorporated in England and Wales, which holds 100% of the issued share capital

24. Ultimate controlling party

The ultimate controlling party is Mr R D Borras, a director in the company, who owns 89% of the share capital of the parent company