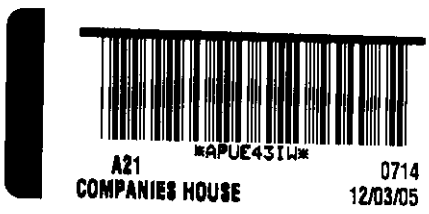
Company Number 1718621

QUALITY BUILDING SERVICES LIMITED

REPORTS AND FINANCIAL STATEMENTS

31ST AUGUST 2004



QUALITY BUILDING SERVICES LIMITED

REPORTS AND FINANCIAL STATEMENTS

YEAR ENDED 31ST AUGUST 2004

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QUALITY BUILDING SERVICES LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31ST AUGUST 2004

The directors present their report and the audited financial statements of the company for the year ended 31st August 2004.

Principal activities and business review

The main activity of the company is unchanged and is principally that of specialist works, refurbishment and fit out contractors.

Measures taken to correct the poor performance in 2002 continue to be largely successful and, although the refurbishment and fit out market in which the company operates continues to be difficult, the directors are confident that the improvement in the company's performance will continue in 2005.

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

Directors

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

R M Kirkland
M S Sheldon
D Scorer

None of the directors had an interest in the share capital of the company at the beginning or end of the year. R M Kirkland and M S Sheldon are directors of the parent company, Bowmer & Kirkland Limited, and their interests in shares are disclosed in the accounts of that company.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

- select suitable accounting policies, as described on page 6, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

QUALITY BUILDING SERVICES LIMITED

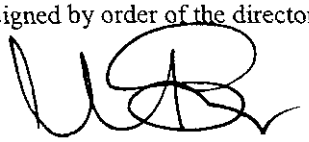
THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST AUGUST 2004

Auditors

A resolution to re-appoint Lings as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed by order of the directors



M S Sheldon
Company Secretary

Approved by the directors on 16th February 2005

QUALITY BUILDING SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF QUALITY BUILDING SERVICES LIMITED

YEAR ENDED 31ST AUGUST 2004

We have audited the financial statements of Quality Building Services Limited for the year ended 31st August 2004 on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st August 2004 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

LINGS
Chartered Accountants
& Registered Auditors

Provident House
51 Wardwick
Derby
DE1 1HN

16th February 2005

QUALITY BUILDING SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST AUGUST 2004

	Note	2004 £	2003 £
Turnover	2	15,347,791	14,083,037
Cost of sales		(14,474,099)	(13,440,782)
Gross profit		873,692	642,255
Administrative expenses		(729,086)	(750,285)
Operating profit/(loss)	3	144,606	(108,030)
Interest receivable and similar income	5	6,810	–
Interest payable	6	(136,319)	(154,246)
Profit/(loss) on ordinary activities before taxation		15,097	(262,276)
Tax on profit/(loss) on ordinary activities	7	(9,946)	–
Retained profit/(loss) for the financial year		5,151	(262,276)
Balance brought forward		43,233	305,509
Balance carried forward		48,384	43,233

All of the activities of the company are classed as continuing.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

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

QUALITY BUILDING SERVICES LIMITED

BALANCE SHEET

31ST AUGUST 2004

	Note	2004 £	2003 £
Fixed assets			
Tangible assets	8	21,784	45,905
Current assets			
Debtors	9	5,512,441	6,253,270
Cash in hand		500	500
		5,512,941	6,253,770
Creditors: Amounts falling due within one year	10	(5,476,341)	(6,246,442)
Net current assets		36,600	7,328
Total assets less current liabilities		58,384	53,233
Capital and reserves			
Called-up equity share capital	13	10,000	10,000
Profit and loss account		48,384	43,233
Shareholders' funds (equity interests)	14	58,384	53,233

These financial statements were approved by the directors on 16th February 2005 and are signed on their behalf by:

R M Kirkland

M S Sheldon

QUALITY BUILDING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST AUGUST 2004

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Related party transactions with group undertakings

The company has taken advantage of the exemption afforded by Financial Reporting Standard 8 not to disclose details of transactions or balances with other group undertakings.

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, which is net of value added tax, represents the value of work done in the year. Full provision is made for any losses which are foreseen.

Tangible fixed assets

Tangible fixed assets are stated at original cost less accumulated depreciation.

Depreciation is calculated to write down the cost or valuation, less estimated residual value, of all tangible fixed assets by equal annual instalments over their expected useful lives.

The period generally applicable is:

Office equipment	3-5	years

Operating leases

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

Pensions

The company contributes to the group defined benefit scheme. The regular pension cost is charged in the profit and loss account and is based on the expected pension costs over the service lives of the employees. Contributions to the pension plan are paid according to the advice of the scheme actuary.

Contributions payable for the year to the group defined contribution scheme are charged in the profit and loss account.

Contract work in progress

In accordance with the group accounting policy, amounts recoverable on contracts, which are included in debtors, are stated at cost less progress payments receivable plus an appropriate amount of profit in the case of long term contracts.

Provisions are made for contingencies and losses incurred or anticipated in bringing contracts to completion.

For contracts where progress payments exceed the book value of work done, the excess is included in creditors as payments on account.

2. Turnover

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

Turnover is confined to the United Kingdom.

3. Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	2004 £	2003 £
Directors' emoluments	–	–
Depreciation of owned fixed assets	31,278	37,989
Auditors' remuneration	10,811	10,296
Operating lease costs:		
Property	90,000	90,000
Plant	184,922	129,912

4. Particulars of employees

The average number of persons employed by the company during the financial year, including the directors, amounted to 36 (2003 - 35).

The aggregate payroll costs of the above were:

	2004 £	2003 £
Wages and salaries	1,204,001	1,166,423
Social security costs	115,613	99,122
Other pension costs	74,717	78,604
	1,394,331	1,344,149

5. Interest receivable and similar income

	2004 £	2003 £
Other interest	6,810	–

6. Interest payable

	2004 £	2003 £
Interest payable on bank borrowing	136,319	154,246

7. Tax on profit/(loss) on ordinary activities

(a) Analysis of charge in the year

	2004 £	2003 £
Current tax:		
UK Corporation tax based on the results for the year	9,946	–
Total current tax	9,946	–

7. Tax on profit/(loss) on ordinary activities *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 29.09% (2003 - 30%).

	2004 £	2003 £
Profit/(loss) on ordinary activities before taxation	15,097	(262,276)
Profit/(loss) on ordinary activities by rate of tax	4,392	(78,683)
Expenses not deductible for tax purposes	2,273	650
Capital allowances less than depreciation	3,281	4,112
Utilisation of tax losses by other group members	–	73,921
Total current tax (note 7(a))	9,946	–

8. Tangible fixed assets

	Office Equipment £
Cost	
At 1st September 2003	219,424
Additions	7,157
At 31st August 2004	226,581
Depreciation	
At 1st September 2003	173,519
Charge for the year	31,278
At 31st August 2004	204,797
Net book value	
At 31st August 2004	21,784
At 31st August 2003	45,905

9. Debtors

	2004 £	2003 £
Trade debtors	1,700,767	2,249,992
Amounts owed by group undertakings	3,111,605	3,402,728
Corporation tax repayable	–	80,266
Amounts recoverable on contracts	688,202	510,176
Other debtors	650	700
Prepayments and accrued income	11,217	9,408
	5,512,441	6,253,270

10. Creditors: Amounts falling due within one year

	2004 £	2003 £
Bank overdraft (secured)	2,607,479	2,452,457
Payments received on account	540,041	595,702
Trade creditors	2,104,835	2,782,249
Amounts owed to group undertakings	49,013	225,956
Corporation tax	9,946	–
Other taxes and social security	153,684	176,260
Accruals and deferred income	11,343	13,818
	5,476,341	6,246,442

11. Pensions

	2004 £	2003 £
Contributions to defined benefit pension scheme	65,130	73,364
Contributions to defined contribution pension scheme	9,587	5,240
	74,717	78,604

The company pays contributions to The Bowmer & Kirkland Group Pension and Life Assurance Scheme which is a funded defined benefit pension scheme. It is not possible to identify the company's share of the underlying assets and liabilities of the scheme and therefore disclosures required under Statement of Standard Accounting Practice 24 and Financial Reporting Standard 17 are given in the accounts of the parent company, Bowmer and Kirkland Limited.

The company also contributes to a group defined contribution pension scheme.

12. Contingencies

The group operates a pooled facility at its bank. Although overall there were no bank borrowings under the facility at 31st August 2004, certain subsidiaries had an overdraft.

Unlimited multilateral bank guarantees have been given by Bowmer & Kirkland Limited, the company and certain other subsidiary companies to secure these overdrafts.

At 31st August 2004 the company, together with its parent undertaking and other subsidiary undertakings, had given guarantees in respect of contract related performance bonds arising in the normal course of business of the company and the group.

13. Share capital

Authorised share capital:

	2004 £	2003 £
10,000 Ordinary shares of £1 each	10,000	10,000

Allotted, called up and fully paid:

	2004		2003	
	Number	£	Number	£
Ordinary shares of £1 each	10,000	10,000	10,000	10,000

14. Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Profit/(loss) for the financial year	5,151	(262,276)
Opening shareholders' equity funds	53,233	315,509
Closing shareholders' equity funds	58,384	53,233

15. Ultimate parent company

The company is a wholly owned subsidiary of Bowmer & Kirkland Limited. The directors regard Bowmer & Kirkland Limited as the ultimate parent company.