

Company Registration No. 3637521 (England and Wales)

SITEC GROUP LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 JULY 2007

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SITEC GROUP LIMITED

DIRECTORS AND ADVISERS

Directors	D J Medlock P Phipps I Bascombe D J Harris S G Thomson
Secretary	P Phipps
Company number	3637521
Registered office	St George's Lodge 33 Oldfield Road Bath BA2 3NE
Registered auditors	Robson Taylor LLP Charter House, The Square Lower Bristol Road, Bath, BA2 3BH
Bankers	Lloyds TSB Bank Plc 47 Milsom Street Bath BA1 1DN

SITEC GROUP LIMITED

CONTENTS

	Page
Directors' report	1 - 3
Independent auditors' report	4 - 5
Consolidated profit and loss account	6
Statement of recognised gains and losses	7
Balance sheets	8
Consolidated cash flow statement	9
Notes to the consolidated cash flow statement	10
Notes to the financial statements	11 - 25

SITEC GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2007

The directors present their report and financial statements for the year ended 31 July 2007

Directors

The following directors have held office since 1 August 2006

D J Medlock

P Phipps

I Bascombe

D J Harris

S G Thomson

Principal activities and review of the business

The principal activity of the company continued to be that of the provision of design and manufacturing services to the engineering industry

The company acts as a holding company to its subsidiary undertakings, whose activities are described in note 10 to the financial statements

The Directors are pleased to present this years accounts which show a continued improved performance in overall profitability. Although our Overseas and United Kingdom temporary recruitment business has not grown significantly over this period we have grown our higher margin in-house consultancy services. Contracts with our aerospace clients have been healthy and we continue to provide a cost effective solution to clients engineering design requirements both in-house and on site.

There is still a shortage of skilled labour and we are endeavouring to source clients needs from all parts of the world especially India.

The industry requires tight management of margins and overheads and steps are being taken to reduce the debtor book to keep it within agreed contract terms.

Our biggest expenditure on computer hardware, software and its maintenance cannot be restricted as they are the tools to do the job but we have to be particularly vigilant not to be over providing in the wrong systems which incurs unnecessary cost.

The size of the group has required a more defined management structure with the introduction of a senior management team to compliment the activities of the frontline management, not replace them. This has been successful to date with all the senior team based at Bristol under the leadership of David Harris. Apart from providing commercial, contractual and marketing advice they also focus on strategic operations and consider future work opportunities as well as monitoring the ongoing work on existing contracts. Our dependence on the Aerospace sector although currently welcome, has been noted and we are seeking to grow in other related sectors.

Finally we acknowledge the contribution from all our staff. For a temporary contract business we have a surprising number of staff who have been with the group for over twenty years either continuously or on separate occasions. There are even some with over 40 years of service!

Results and dividends

The consolidated profit and loss account for the year is set out on page 6

SITEC GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2007

	2007	2006
	£	£
Donations		
During the year the group made the following payments		
Charitable donations	8,883	14,769

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the group's performance

Disabled persons

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Creditor payment policy

The company's current policy concerning the payment of trade creditors is to

- settle the terms of payment with suppliers when agreeing the terms of each transaction,
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts, and
- pay in accordance with the company's contractual and other legal obligations

On average, trade creditors at the year end represented 15 (2006- 11) days' purchases

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Robson Taylor LLP be reappointed as auditors of the company will be put to the Annual General Meeting

SITEC GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2007

Directors' responsibilities

The directors are responsible for preparing 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). The financial statements are required by law to 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 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 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 group will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board



P Phipps

Director

4 March 2008

SITEC GROUP LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SITEC GROUP LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Sitec Group Limited for the year ended 31 July 2007 set out on pages 6 to 25. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 group's and 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.

SITEC GROUP LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF SITEC GROUP LIMITED

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and parent company's affairs as at 31 July 2007 and of the group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

Robson Taylor LLP

Chartered Accountants

Registered Auditor

Robson Taylor LLP

Charter House, The Square
Lower Bristol Road,
Bath, BA2 3BH

31 March 2008

SITEC GROUP LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2007**

		2007	2006
	Notes	£	as restated £
Turnover	2	84,441,212	73,859,713
Cost of sales		(72,760,861)	(63,609,023)
Gross profit		11,680,351	10,250,690
Administrative expenses		(6,469,648)	(7,325,218)
Other operating income		165,117	233,506
Operating profit	3	5,375,820	3,158,978
Other interest receivable and similar income		177,032	56,650
Amounts written off investments	4	(32,250)	750
Interest payable and similar charges	5	(210,756)	(232,099)
Profit on ordinary activities before taxation		5,309,846	2,984,279
Tax on profit on ordinary activities	6	(1,884,162)	(760,030)
Profit on ordinary activities after taxation		3,425,684	2,224,249
Minority interests		-	(4,628)
Profit for the financial year	7	3,425,684	2,219,621

The profit and loss account has been prepared on the basis that all operations are continuing operations

SITEC GROUP LIMITED

STATEMENT OF RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 JULY 2007

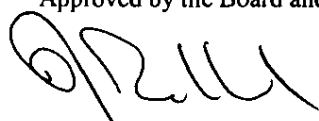
	2007	2006
		as restated
	£	£
Profit for the financial year	3,425,684	2,224,249
Prior year adjustment	610,374	547,033
Total gains and losses recognised since last financial statements	<u>4,036,058</u>	<u>2,771,282</u>

SITEC GROUP LIMITED

BALANCE SHEETS
AS AT 31 JULY 2007

		Group	2006	Company	2006
		2007	as restated	2007	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	8	1,962,676	2,089,556	-	-
Tangible assets	9	677,800	696,109	636,730	666,628
Investments	10	108,750	143,138	4,571,037	4,603,287
		<u>2,749,226</u>	<u>2,928,803</u>	<u>5,207,767</u>	<u>5,269,915</u>
Current assets					
Debtors	11	19,732,866	22,160,798	162,266	206,870
Cash at bank and in hand		8,765,050	4,454,663	2,503,770	1,481,035
		<u>28,497,916</u>	<u>26,615,461</u>	<u>2,666,036</u>	<u>1,687,905</u>
Creditors: amounts falling due within one year	12	(10,380,508)	(12,102,341)	(2,776,237)	(5,711,566)
Net current assets		<u>18,117,408</u>	<u>14,513,120</u>	<u>(110,201)</u>	<u>(4,023,661)</u>
Total assets less current liabilities		<u>20,866,634</u>	<u>17,441,923</u>	<u>5,097,566</u>	<u>1,246,254</u>
Creditors: amounts falling due after more than one year	13	-	(970)	-	-
		<u>20,866,634</u>	<u>17,440,953</u>	<u>5,097,566</u>	<u>1,246,254</u>
Capital and reserves					
Called up share capital	16	1,006,647	1,006,647	1,006,647	1,006,647
Share premium account	17	249,815	249,815	249,815	249,815
Other reserves	17	2,812,107	2,812,107	-	-
Profit and loss account	17	16,779,551	13,353,870	3,841,104	(10,208)
Shareholders' funds	19	<u>20,848,120</u>	<u>17,422,439</u>	<u>5,097,566</u>	<u>1,246,254</u>
Minority interests	18	<u>18,514</u>	<u>18,514</u>	<u>-</u>	<u>-</u>
		<u>20,866,634</u>	<u>17,440,953</u>	<u>5,097,566</u>	<u>1,246,254</u>

Approved by the Board and authorised for issue on 4 March 2008



D J Medlock
Director

SITEC GROUP LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2007**

	2007	2006
	£	£
Net cash inflow from operating activities	8,009,370	4,418,695
Returns on investments and servicing of finance		
Interest received	177,032	56,650
Interest paid	(79,433)	(192,502)
Non equity dividends paid	-	(80,000)
Net cash inflow/(outflow) for returns on investments and servicing of finance	97,599	(215,852)
Taxation	(1,166,576)	(613,121)
Capital expenditure and financial investment		
Payments to acquire tangible assets	(329,622)	(295,021)
Payments to acquire investments	-	(18,236)
Receipts from sales of tangible assets	98,777	37,600
Net cash outflow for capital expenditure	(230,845)	(275,657)
Acquisitions and disposals		
Purchase of subsidiary undertakings (net of cash acquired)	(1)	(534,264)
Net cash outflow for acquisitions and disposals	(1)	(534,264)
Net cash inflow before management of liquid resources and financing	6,709,547	2,779,801
Financing		
Capital element of hire purchase contracts	(2,100)	(1,050)
Net cash outflow from financing	(2,100)	(1,050)
Increase in cash in the year	6,707,447	2,778,751

SITEC GROUP LIMITED

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2007**

1	Reconciliation of operating profit to net cash inflow from operating activities	2007		2006	
		£		£	
	Operating profit	5,375,820		3,158,978	
	Depreciation of tangible assets	264,124		263,730	
	Amortisation of intangible assets	131,973		130,874	
	Profit/(loss) on disposal of tangible assets	(1,963)		7,403	
	Decrease in stocks	-		1,426,629	
	Decrease/(increase) in debtors	2,420,131		(2,642,359)	
	(Decrease)/Increase in creditors within one year	(180,715)		2,073,440	
	Net cash inflow from operating activities	8,009,370		4,418,695	
2	Analysis of net funds	1 August 2006	Cash flow	Other non-cash changes	31 July 2007
		£	£	£	£
	Net cash				
	Cash at bank and in hand	4,454,651	4,310,387	-	8,765,038
	Bank overdrafts	(2,402,488)	2,397,060	-	(5,428)
		<u>2,052,163</u>	<u>6,707,447</u>	<u>-</u>	<u>8,759,610</u>
	Liquid resources				
	Bank deposits	12	-	-	12
		<u>(3,070)</u>	<u>2,100</u>	<u>-</u>	<u>(970)</u>
	Finance leases				
	Debts falling due within one year	-	(13,712)	-	(13,712)
		<u>(3,070)</u>	<u>(11,612)</u>	<u>-</u>	<u>(14,682)</u>
	Net funds	2,049,105	6,695,835	-	8,744,940
3	Reconciliation of net cash flow to movement in net debt	2007		2006	
		£		£	
	Increase in cash in the year	6,707,447		3,309,067	
	Cash inflow from increase in debt	(11,612)		(3,070)	
	Movement in net funds in the year	6,695,835		3,305,997	
	Opening net funds/(debt)	2,049,105		(1,256,892)	
	Closing net funds	8,744,940		2,049,105	

SITEC GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2007

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 July 2007. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract.

1.5 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	15% and 25% straight line
Fixtures, fittings & equipment	20% and 33% straight line
Motor vehicles	25% reducing balance

1.7 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.8 Investments

Fixed asset investments are stated at the quoted mid-market price.

1.9 Long term contracts

Amounts recoverable on long term 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. Excess progress payments are included in creditors as payments on account.

SITEC GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2007

1 Accounting policies

(continued)

1.10 Pensions

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.11 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.12 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity.

Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below.

	2007 £	2006 £
Geographical segment		
United Kingdom	60,856,581	51,527,952
European Union	22,362,212	21,164,316
United States of America	1,222,419	1,167,445
	<u>84,441,212</u>	<u>73,859,713</u>

SITEC GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2007

3	Operating profit	2007	2006
		£	£
	Operating profit is stated after charging		
	Depreciation of intangible assets	131,973	130,874
	Depreciation of tangible assets	264,124	263,730
	Loss on disposal of tangible assets	-	7,403
	Loss on disposal of intangible assets	-	21,355
	Loss on foreign exchange transactions	103,121	75,915
	Operating lease rentals		
	- Plant and machinery	764	1,660
	- Other assets	865,774	688,172
	Auditors' remuneration	52,450	49,600
	and after crediting		
	Rents receivable	165,117	233,506
	Profit on disposal of tangible assets	(1,963)	-
	Profit on disposal of intangible assets	-	(21,355)
	Profit on foreign exchange transactions	-	(219)
		<u> </u>	<u> </u>
4	Amounts written off investments	2007	2006
		£	£
	Amounts written off fixed asset investments		
	- temporary diminution in value	32,250	(750)
		<u> </u>	<u> </u>
5	Interest payable	2007	2006
		£	£
	On bank loans and overdrafts	78,950	191,858
	Hire purchase interest	483	241
	On overdue tax	71,323	-
	Other interest	60,000	40,000
		<u> </u>	<u> </u>
		210,756	232,099
		<u> </u>	<u> </u>

Other interest is the payments made on the Preference Shares, see Note 17

SITEC GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2007

6	Taxation	2007	2006
		£	£
	Domestic current year tax		
	U K corporation tax	1,674,284	802,359
	Adjustment for prior years	171,510	(58,102)
		<u>1,845,794</u>	<u>744,257</u>
	Foreign corporation tax		
	Foreign corporation tax	37,670	29,048
		<u>37,670</u>	<u>29,048</u>
	Current tax charge	1,883,464	773,305
	Deferred tax		
	Deferred tax charge/credit current year	698	(13,275)
		<u>698</u>	<u>(13,275)</u>
		<u>1,884,162</u>	<u>760,030</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	5,309,846	2,984,279
		<u>5,309,846</u>	<u>2,984,279</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2006 - 30.00%)	1,592,954	895,284
		<u>1,592,954</u>	<u>895,284</u>
	Effects of		
	Non deductible expenses	64,350	53,662
	Depreciation add back	78,006	86,471
	Capital allowances	(81,448)	(73,630)
	Tax losses utilised	(8,243)	(13,360)
	Foreign tax adjustments	37,670	29,048
	Adjustments to previous periods	171,510	(58,102)
	Dividends and distributions received	(6,000)	-
	Other tax adjustments	34,665	(146,068)
		<u>290,510</u>	<u>(121,979)</u>
	Current tax charge	1,883,464	773,305
		<u>1,883,464</u>	<u>773,305</u>

7 Profit for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:

	2007	2006
	£	£
Holding company's profit for the financial year	<u>3,911,312</u>	<u>52,877</u>

SITEC GROUP LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 JULY 2007**8 Intangible fixed assets**
Group

	Goodwill £
Cost	
At 1 August 2006 & at 31 July 2007	2,809,501
Amortisation	
At 1 August 2006	714,852
Charge for the year	131,973
At 31 July 2007	846,825
Net book value	
At 31 July 2007	1,962,676
At 31 July 2006	2,089,556

SITEC GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2007

9 Tangible fixed assets
Group

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 August 2006	911,039	515,672	540,652	1,967,363
Additions	159,860	37,464	141,129	338,453
Disposals	-	-	(196,512)	(196,512)
At 31 July 2007	1,070,899	553,136	485,269	2,109,304
Depreciation				
At 1 August 2006	786,567	230,706	253,981	1,271,254
On disposals	-	-	(99,698)	(99,698)
Charge for the year	136,409	41,946	81,593	259,948
At 31 July 2007	922,976	272,652	235,876	1,431,504
Net book value				
At 31 July 2007	147,923	280,484	249,393	677,800
At 31 July 2006	124,472	284,966	286,671	696,109

Included above are assets held under finance leases or hire purchase contracts as follows

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Net book values				
At 31 July 2007	-	1,399	-	1,399
At 31 July 2006	-	3,499	-	3,499
Depreciation charge for the year				
31 July 2007	-	2,100	-	2,100
31 July 2006	-	2,801	-	2,801

SITEC GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2007

Tangible fixed assets (continued)

Company

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 August 2006	485,817	337,981	512,499	1,336,297
Additions	149,302	24,945	141,129	315,376
Disposals	-	-	(196,512)	(196,512)
At 31 July 2007	635,119	362,926	457,116	1,455,161
Depreciation				
At 1 August 2006	319,825	119,392	230,452	669,669
On disposals	-	-	(99,698)	(99,698)
Charge for the year	130,337	36,530	81,593	248,460
At 31 July 2007	450,162	155,922	212,347	818,431
Net book value				
At 31 July 2007	184,957	207,004	244,769	636,730
At 31 July 2006	165,992	218,589	282,047	666,628

10 Fixed asset investments

Group

	Listed investments	Total
	£	£
Cost		
At 1 August 2006 & at 31 July 2007	112,500	112,500
Provisions for diminution in value		
At 1 August 2006	(28,500)	(28,500)
Charge for the year	32,250	32,250
At 31 July 2007	3,750	3,750
Net book value		
At 31 July 2007	108,750	108,750
At 31 July 2006	141,000	143,138

SITEC GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2007

10 Fixed asset investments

(continued)

Fixed asset investments

Company

	Listed investments	Shares in group undertakings	Total
	£	£	£
Cost			
At 1 August 2006 & at 31 July 2007	112,500	4,462,287	4,574,787
Provisions for diminution in value			
At 1 August 2006	(28,500)	-	(28,500)
Charge for the year	32,250	-	32,250
At 31 July 2007	3,750	-	3,750
Net book value			
At 31 July 2007	108,750	4,462,287	4,571,037
At 31 July 2006	141,000	4,462,287	4,603,287

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

SITEC GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2007

10 Fixed asset investments

(continued)

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
HM Sitec Limited	England & Wales	Ordinary	100
GED Sitec Limited	England & Wales	Ordinary	100
Graphic Engineering Design Limited	England & Wales	Ordinary	100
Sitec Trustees Limited	England & Wales	Ordinary	100
Graphic Engineering Design GmbH	Germany	Ordinary	100
GED Technology Inc	USA	Ordinary	85
Graphic Engineering Design SL	Spain	Ordinary	100
JRA Aerospace Limited	England & Wales	Ordinary	100
GED Technology Inc	Canada	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows

	Principal activity
HM Sitec Limited	Engineering design
GED Sitec Limited	Engineering design
Graphic Engineering Design Limited	Engineering design
Sitec Trustees Limited	Non trading
Graphic Engineering Design GmbH	Engineering design
GED Technology Inc	Engineering design
Graphic Engineering Design SL	Engineering design
JRA Aerospace Limited	Engineering design
GED Technology Inc	Dormant

11 Debtors

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Trade debtors	16,232,366	18,542,281	12,880	93,903
Amounts owed by group undertakings	-	-	20,000	-
Corporation tax	-	7,103	-	-
Other debtors	582,083	630,575	16,623	1,200
Prepayments and accrued income	2,885,993	2,947,717	80,339	78,645
Deferred tax asset (see note 14)	32,424	33,122	32,424	33,122
	<u>19,732,866</u>	<u>22,160,798</u>	<u>162,266</u>	<u>206,870</u>

SITEC GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2007

12 Creditors : amounts falling due within one year

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Bank loans and overdrafts	19,140	2,402,488	-	-
Net obligations under finance lease and hire purchase contracts	970	2,100	-	-
Trade creditors	2,916,134	1,914,921	35,578	26,496
Amounts owed to group undertakings	-	-	2,032,819	2,109,791
Corporation tax	1,529,879	820,094	(1,547)	87,021
Taxes and social security costs	2,140,931	1,680,234	21,507	465,468
Directors current accounts	899	824	-	-
Other creditors	2,108,943	2,850,228	17,850	1,501,250
Accruals and deferred income	1,603,612	2,431,452	610,030	1,521,540
Proposed dividend	60,000	-	60,000	-
	<u>10,380,508</u>	<u>12,102,341</u>	<u>2,776,237</u>	<u>5,711,566</u>

13 Creditors : amounts falling due after more than one year

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Net obligations under finance leases and hire purchase agreements	-	970	-	-
Net obligations under finance leases and hire purchase contracts				
Repayable within one year	970	2,100	-	-
Repayable between one and five years	-	970	-	-
	<u>970</u>	<u>3,070</u>	<u>-</u>	<u>-</u>
Included in liabilities falling due within one year	(970)	(2,100)	-	-
	<u>-</u>	<u>970</u>	<u>-</u>	<u>-</u>

SITEC GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2007

14 Provisions for liabilities and charges

The deferred tax asset (included in debtors, note 11) is made up as follows:

	Group 2007 £		Company 2007 £
Balance at 1 August 2006	(33,122)		(33,122)
Profit and loss account	4,200		698
	<u>(32,424)</u>		<u>(32,424)</u>
Balance at 31 July 2007	<u>(32,424)</u>		<u>(32,424)</u>

	Group 2007 £	2006 £	Company 2007 £	2006 £
Decelerated capital allowances	<u>(32,424)</u>	<u>(33,122)</u>	<u>(32,424)</u>	<u>(33,122)</u>

15 Pension costs

Defined contribution

	2007 £	2006 £
Contributions payable by the group for the year	<u>219,529</u>	<u>202,690</u>

16 Share capital

	2007 £	2006 £
Authorised		
1,000,000 Ordinary shares of 1p each	10,000	10,000
1,000,000 Preference shares of £1 each	1,000,000	1,000,000
	<u>1,010,000</u>	<u>1,010,000</u>
Allotted, called up and fully paid		
664,700 Ordinary shares of 1p each	6,647	6,647
1,000,000 Preference shares of £1 each	1,000,000	1,000,000
	<u>1,006,647</u>	<u>1,006,647</u>

SITEC GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2007

17 Statement of movements on reserves
Group

	Share premium account	Other reserves (see below)	Profit and loss account
	£	£	£
Balance at 1 August 2006	249,815	2,812,107	12,743,493
Prior year adjustment	-	-	610,374
Balance at 1 August 2006 as restated	249,815	2,812,107	13,353,867
Profit for the year	-	-	3,425,684
Balance at 31 July 2007	249,815	2,812,107	16,779,551

Other reserves

Reserves provided for by the Articles of Association

Balance at 1 August 2006 & at 31 July 2007	2,812,107
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Company

	Share premium account	Profit and loss account
	£	£
Balance at 1 August 2006	249,815	(10,208)
Profit for the year	-	3,851,312
Balance at 31 July 2007	249,815	3,841,104

The prior year adjustment reflects the uplift in the work in progress value to selling price where applicable in line with UITF40

18 Minority interests

	2007	2006
	£	£
Minority interests' share of net assets and liabilities in subsidiary undertakings	18,514	18,514

SITEC GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2007

19 Reconciliation of movements in shareholders' funds	2007	2006
Group	£	£
Profit for the financial year	3,425,684	2,219,621
Opening shareholders' funds	17,422,439	15,202,818
	<u> </u>	<u> </u>
Closing shareholders' funds	20,848,120	17,422,439
	<u> </u>	<u> </u>
	2007	2006
Company	£	£
Profit for the financial year	3,811,312	(27,123)
Opening shareholders' funds	1,246,254	1,233,377
	<u> </u>	<u> </u>
Closing shareholders' funds	5,117,566	1,246,254
	<u> </u>	<u> </u>

20 Financial commitments

At 31 July 2007 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2007	2006
	£	£
Expiry date		
Within one year	64,425	-
Between two and five years	89,376	343,999
In over five years	468,788	-
	<u> </u>	<u> </u>
	622,589	343,999
	<u> </u>	<u> </u>

21 Directors' emoluments	2007	2006
	£	£
Emoluments for qualifying services	566,869	1,315,279
Company pension contributions to money purchase schemes	13,500	140,458
	<u> </u>	<u> </u>
	580,369	1,455,737
	<u> </u>	<u> </u>
Emoluments disclosed above include the following amounts paid to the highest paid director		
Emoluments for qualifying services	300,376	1,017,500
	<u> </u>	<u> </u>

SITEC GROUP LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 JULY 2007**22 Employees****Number of employees**

The average monthly number of employees (including directors) during the year was

2007	2006
Number	Number
782	704

Employment costs

	2007	2006
	£	£
Wages and salaries	30,148,024	29,173,354
Social security costs	2,245,063	2,303,108
Other pension costs	227,882	216,429
	<u>32,620,969</u>	<u>31,692,891</u>

SITEC GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 JULY 2007**

23 Related party transactions

Group

During the year the group entered into the following transactions involving the directors -

1) Rent of properties owned by D J Medlock of £94,000 (2006 £97,125)

During the year the group made sales of £21,600 (2006 £44,600) to Aquatravel Limited, a company of which D J Medlock is a director and has a controlling interest. At the year end, the company was owed £nil (2006 £14,688)

During the year the group made sales of £40,000 (2006 £40,000) to Beeley Wood Properties Limited, a company of which D J Medlock is a director. At the year end, the company was owed £40,000 (2006 £47,000)

During the year the group purchased management consultancy services to the value of £40,927 (2006 £36,705) from Sully Partnership Chartered Accountants of which I Bascombe is a Partner. At the year end, the company owed £nil (2006 £5,464)

During the year the group purchased management consultancy services to the value of £25,860 (2006 £25,000) from SGT Services Limited of which S G Thomson is a Director. At the year end, the company owed £2,448 (2006 £nil)

Company

During the year the group entered into the following transactions involving the directors -

1) Rent of properties owned by D J Medlock of £94,000 (2006 £97,125)

2) Motor vehicles purchased from the company - D J Medlock £26,700, D J Harris £16,000, P Phipps £2,400

3) Motor vehicles sold to the company - D J Medlock £14,000

During the year the group made sales of £21,600 (2006 £44,600), and sold motor vehicles for £9,000 to Aquatravel Limited, a company of which D J Medlock is a director and has a controlling interest. At the year end, the company was owed £nil (2006 £14,688)

During the year the group made sales of £40,000 (2006 £40,000) to Beeley Wood Properties Limited, a company of which D J Medlock is a director. At the year end, the company was owed £nil (2006 £47,000)

During the year the group purchased management consultancy services to the value of £40,927 (2006 £36,705) from Sully Partnership Chartered Accountants of which I Bascombe is a Partner. At the year end, the company owed £nil (2006 £5,464)

During the year the group purchased management consultancy services to the value of £25,860 (2006 £25,000) from SGT Services Limited of which S G Thomson is a Director. At the year end, the company owed £2,448 (2006 £nil)