

COMPANY REGISTRATION NUMBER 05660708

Diamond Build (Holdings) plc
Financial Statements
31 December 2007

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COMPANIES HOUSE

MACINTYRE HUDSON LLP

Chartered Accountants & Registered Auditors

Euro House

1394 High Road

London

N20 9YZ

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Diamond Build (Holdings) plc

Financial Statements

Year ended 31 December 2007

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Diamond Build (Holdings) plc

Officers and Professional Advisers

The Board of Directors Mr J A Gray M C I O B
Mr S R Lakhani F C C A

Company Secretary Mr S R Lakhani F C C A

Registered Office 52-68 Stamford Road
London
N15 4PZ

Auditor MacIntyre Hudson LLP
Chartered Accountants
& Registered Auditors
Euro House
1394 High Road
London
N20 9YZ

Bankers Barclays Bank Plc
PO Box 110
20 The Town
Enfield
Middlesex
EN2 6LY

Solicitors Curwens Solicitors
College Road
Cheshunt
Hertfordshire
EN8 9BL

Diamond Build (Holdings) plc

The Directors' Report

Year ended 31 December 2007

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 31 December 2007

Principal activities

The principal activity of the company during the year was that of a holding company

The principal activity of the group during the year was that of major building works, decent homes programmes, repairs, alteration, improvement and extension works to existing buildings and housing estates, property rehabilitation, aids and adaptations to buildings for the disabled and day to day maintenance

Business review

The following notes relate to diamond Build Plc (the group's trading subsidiary company) only. Please also see the individual accounts of the other group companies for their individual company information:-

Diamond Build Plc

The Company celebrated its 30th Anniversary this year and has continued the upward trend in relation to improved turnover and improved gross profit margins on previous year

Our external management consultants continued to counsel us on changes required to enable us to move forward and accommodate a progressive expansion of the company, and for the chairman and managing director to focus more on strategic matters. This has led to a series of changes during the year including

- A fourth regional office was established in Park Royal, West London
- One Operational Director left the Company
- Three regional Managers posts were established to operate under a single operational Director
- A new post of Commercial Director was established, which has been filled by someone known to the company
- One of the Directors was appointed Managing Director at the end of the year, which will enable both the chairman and managing director to start to reduce their involvement in the company's day-to-day management and development, and to focus more on strategic matters

During the year the Company continued to retain the International Standards for Quality Management (ISO 9001 2000), Health & Safety (OHSAS18001), The Environment (ISO14001 2004) However, we deferred working towards acquiring the International Standard for Information Communication Technology (ISO27001 2005) because of our decision to implement the management restructuring Much work also went into implementing new people practices which enabled us to meet the enhanced standard for Investors in People which we achieved in July 2007, we originally achieved recognition for this standard in 2002

Considerable costs continued to be incurred on applications, pre-qualifications, submissions, pricing documentation and interviews for contracts valued in excess of £300k for all of our public sector clients

The above factors contributed to the high level of overheads during this year This is not expected to continue during 2008 indeed, a reduction in costs is expected due to the high level of investment already expended in achieving these accreditations It is expected that these improvements will enable the company to achieve turnover of £21m in 2008

Diamond Build (Holdings) plc

The Directors' Report

Year ended 31 December 2007

Anglo Asphalte Co Ltd. (Subsidiary Company in Voluntary Liquidation)

The period saw a significant downturn in enquiries for work due to a downturn in the market. This was compounded by Managing Director badly injuring his leg which further exasperated overhead costs as he could not carry out his responsibilities without a permanent assistant.

The Company thus faced cash flow difficulties and it became apparent that they were unable to continue on a viable basis. Anglo Asphalte therefore was placed into Voluntary Administrative Receivership by Diamond Build Plc. UHY Hacker Young were appointed as Joint Administrative Receivers on 22nd October 2007.

Financial

Turnover in 2007 was up 18% at £18.5m (2006: £15.7m)

The Gross Margin was up 33% at £2.8m (2006: £2.1m). Margins were maintained at well over 30% due to continued strict and improved monitoring of cost control on jobs. Contract costs continued to be charged with various direct costs such as insurance, vehicle, telephone, technical staff, personal health care and pension costs, which in previous years were allocated to overheads.

Gross Operating Profit was generated at £296,311 (2006: Profit £4,271) a huge turnaround on the previous year, which was due to increased turnover, improved margins and stabilised overhead costs.

Net Operating Loss was £309,557 (£296,311 minus £605,868) which was after the Debt write off of the Subsidiary Company Anglo Asphalte Co Ltd for the reasons stated above.

Expenditure on corporate advertising, sponsorship, corporate events, attending exhibitions and power point presentations continued to rise but were considered necessary to ensure that we maintain our drive for a year on year increase in work load.

Overheads were increased mainly due to one off set up costs for two further satellite Offices which increased the company's annual establishment expenses to £195k, and additional staff costs.

Insurance premiums remain high at £185k due to lack of participants in the insurance market. This has had an effect on our profit margins.

Debtor days

2007 52 days
2006 37 days
2005 30 days
2004 44 days
2003 51 days

Creditor days

2007 20 days
2006 24 days
2005 32 days
2004 28 days
2003 36 days

Diamond Build (Holdings) plc

The Directors' Report

Year ended 31 December 2007

Business Development

The emphasis this year again has been on Best Value Submissions in line with EU directives in place of competitive tendering. These comprise of expressions of interest, pre-qualification questionnaires, and submissions relating to experience, competency, methodology, training etc as well as pricing documentation, formal presentations and interviews for all contracts within our sector with a value in excess of £300k.

We continue to succeed in this area and secured two additional partnering arrangements bringing our total to ten frameworks / partnering agreements with various clients which will continue to stabilise and maintain our workload in future years.

Tendering & Estimating

In line with the restructuring process recommended by our consultants we appointed a new Commercial Director responsible for the Estimating, Business Development and Buying Departments, this improved our success rate on traditional tendering and the department has been bolstered by the appointment of two additional estimators, all of which have helped to achieve increased turnover.

The Company held the inaugural supply chain conference attended by approximately 150 representatives of our subcontractors and suppliers, from whom we have received positive feedback and have had immediate effect in an increase in tender enquiry returns and thus adding to the efficiency of the department.

Buying and Stores

With the introduction of a further satellite office in West London we have replicated our head office stores department there, and have stocked it with sundry materials which are in constant use on our West London jobs.

Our supply chain conference enabled us to review our suppliers and obtain better prices and services from all companies, new and existing, particularly on certain items such as sanitary-ware and kitchens.

We have obtained a bar code system for the control of our stores stock, which will be installing during 2008.

In keeping with our accreditation for ISO 14001 2004 for Environmental Management we continue to improve on our waste management procedures.

Contracts

During the year we carried out a multiplicity of different types of building contracts from small works to multi-million pound projects, all of which, with the exception of one, were carried out successfully. Provisions have been made within these accounts for the expected loss on this one contract.

A more robust system of reporting has been introduced by way of Monthly Regional Managers Meetings and Monthly Operational Meetings, which are in addition to the existing weekly labour meetings.

More stringent auditing of site and surveying procedures was also introduced.

ICT

Increase in electronic communications required additional servers to be purchased. To improve our VOIP communications and accommodate our expansion we installed new MPLS lines providing greatly enhanced bandwidth to accommodate the increase in traffic and improve internet and download speeds via a dedicated link between our regional offices.

A considerable number of other small improvements were made to the system during the year to enable us to be more efficient.

Diamond Build (Holdings) plc

The Directors' Report

Year ended 31 December 2007

Further procedural implementation work was carried out during the year to enable us to move towards accreditation for ISO 27001 2005

Safety, Health and the Environment (SHE Management System)

This year focused upon the running of our new system in conformity with OHSAS 18001 and ISO 14001 2004. Our in house Health and Safety Manager continues with regular site audits

Human Resources

Following an Investors In People review we managed to achieve accreditation of the revised standard during 2007

During this year we took on two management trainees and one apprentice thus enabling us to continue our policy of 'growing your own' human resources. This brought our total numbers to seven management trainees and five trade apprentices

We continued with our in house training programme of NVQ3 level qualifications for eight of our site supervisors and NVQ 4 for three of our Site Managers through the On Site Assessment Training route

All of our on site workforce have been CRB checked to comply with the requirements of a number of public sector clients. We hold umbrella status with CRB authorising us to carry out checks on behalf of other companies

We have retained the silver standard for CSCS cards for our workforce and are well on the way towards the gold standard

Events since the end of 2007

Director promoted to Managing Director who commenced in this role on 31st December 2007
Chairman has adopted a support function role by mentoring the new MD and other Directors
Further development of the restructuring process is underway
New fleet management programme being implemented which is more cost efficient

The directors

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

Mr J A Gray M C I O B
Mr S R Lakhani F C C A

Diamond Build (Holdings) plc

The Directors' Report

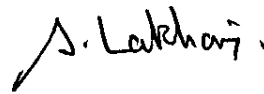
Year ended 31 December 2007

Auditor

A resolution to re-appoint MacIntyre Hudson LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 489 of the Companies Act 2006

Registered office
52-68 Stamford Road
London
N15 4PZ

Signed by order of the directors



Mr S R Lakhani F C C A
Company Secretary

Approved by the directors on *24th July 2008*

Diamond Build (Holdings) plc

Statement of Directors' Responsibilities

Year ended 31 December 2007

The directors are responsible for preparing the Annual 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year. In preparing these 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 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 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 group 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 group's auditor is unaware, and

the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Diamond Build (Holdings) plc

Independent Auditor's Report to the Shareholders of Diamond Build (Holdings) Plc

Year ended 31 December 2007

We have audited the group and parent company financial statements ("the financial statements") of Diamond Build (Holdings) Plc for the year ended 31 December 2007 which comprise the Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Reconciliation of Group Shareholders' Funds, Group Balance Sheet and Company Balance Sheet, Group Cash Flow, Accounting Policies and the related notes. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 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

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 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.

Diamond Build (Holdings) plc

Independent Auditor's Report to the Shareholders of Diamond Build (Holdings) Plc

Year ended 31 December 2007

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 the parent company's affairs as at 31 December 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



MACINTYRE HUDSON LLP
Chartered Accountants
& Registered Auditors

Euro House
1394 High Road
London
N20 9YZ

29 July 2008

Diamond Build (Holdings) plc

Profit and Loss Account

Year ended 31 December 2007

	Note	£	Year to 31 Dec 07 £	Period from 21 Dec 05 to 31 Dec 06 £
Turnover				
Continuing operations		18,548,732		15,436,429
Discontinued operations		—		2,087,444
Group Turnover			18,548,732	17,523,873
Cost of sales	1		(15,760,048)	(15,100,768)
Gross profit			2,788,684	2,423,105
Net operating expenses	1		2,468,043	2,394,336
Operating profit:	3			
Continuing operations		320,641		(8,521)
Discontinued operations		—		37,290
Group operating profit			320,641	28,769
Loss on disposal of discontinued operations	6		(134,966)	—
			185,675	28,769
Interest receivable	7		73,331	73,777
Interest payable and similar charges	8		(71,613)	(79,767)
Profit on ordinary activities before taxation			187,393	22,779
Tax on profit on ordinary activities	9		(13,495)	6,464
Profit for the financial year	10		£200,888	£16,315

All of the activities of the group are classed as continuing

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

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account

The accounting policies and notes on pages 14 to 28 form part of these financial statements

Diamond Build (Holdings) plc

Group Balance Sheet

31 December 2007

	Note	2007 £	2006 £
Fixed assets			
Intangible assets	11	–	155,231
Tangible assets	12	374,023	266,724
		<u>374,023</u>	<u>421,955</u>
Current assets			
Stocks	14	109,291	75,354
Debtors	15	4,890,821	3,617,075
Cash at bank and in hand		2,067,270	1,436,699
		<u>7,067,382</u>	<u>5,129,128</u>
Creditors' amounts falling due within one year	17	<u>5,190,589</u>	<u>3,351,780</u>
Net current assets		<u>1,876,793</u>	<u>1,777,348</u>
Total assets less current liabilities		<u>2,250,816</u>	<u>2,199,303</u>
Creditors' amounts falling due after more than one year	18	<u>670,625</u>	<u>820,000</u>
		<u>£1,580,191</u>	<u>£1,379,303</u>
Capital and reserves			
Called-up equity share capital	24	50,000	50,000
Other reserves	25	50,000	50,000
Profit and loss account	25	1,480,191	1,279,303
Shareholders' funds		<u>£1,580,191</u>	<u>£1,379,303</u>

These financial statements were approved by the directors and authorised for issue on 24th July 2008 and are signed on their behalf by

Mr J A Gray M C I O B
Director

The accounting policies and notes on pages 14 to 28 form part of these financial statements.

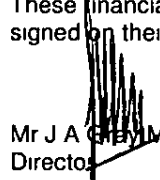
Diamond Build (Holdings) plc

Balance Sheet

31 December 2007

	Note	2007 £	2006 £
Fixed assets			
Investments	13	<u>50,003</u>	<u>50,003</u>
Creditors: amounts falling due within one year	17	<u>3</u>	<u>3</u>
Total assets less current liabilities		<u>50,000</u>	<u>50,000</u>
Capital and reserves			
Called-up equity share capital	24	<u>50,000</u>	<u>50,000</u>
Shareholders' funds		<u>£50,000</u>	<u>£50,000</u>

These financial statements were approved by the directors and authorised for issue on 24th July 2008, and are signed on their behalf by


Mr J A Gray M C I O B
Director

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Diamond Build (Holdings) plc

Group Cash Flow

Year ended 31 December 2007

		Year to 31 Dec 07 £	Period from 21 Dec 05 to 31 Dec 06 £
	Note		
Net cash inflow from operating activities	26	272,109	452,722
Returns on investments and servicing of finance	26	1,718	(5,990)
Taxation	26	(10,482)	8,183
Capital expenditure and financial investment	26	(217,978)	(136,961)
Acquisitions and disposals	26	(3,418)	–
Cash inflow before financing		41,949	317,954
Financing	26	(35,088)	(4,660)
Increase in cash	26	£6,861	£313,294

The accounting policies and notes on pages 14 to 28 form part of these financial statements.

Diamond Build (Holdings) plc

Accounting Policies

Year ended 31 December 2007

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Basis of consolidation

The consolidated financial statements for the year ended 31 December 2007 incorporate the financial statements of the company and all group undertakings with the exception of Anglo Asphalte Co Limited. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 230 of the Companies Act 1985.

The results of the subsidiary undertaking, Anglo Asphalte Co Limited, which were consolidated up to 31 December 2006, have been excluded on the grounds of severe long term restriction in accordance with Financial Reporting Standard No 2 paragraph 78 c. Anglo Asphalte Co Limited went into administration during the year and its operations are discontinued.

Turnover

The turnover shown in the profit and loss account represents amounts receivable for goods and services provided and a valuation of amounts recoverable on contracts at the year end exclusive of Value Added Tax.

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:

Leasehold Property	-	9 years straight line
Plant & Machinery	-	4 years straight line
Fixtures & Fittings	-	4 years straight line
Motor Vehicles	-	6 years straight line
Computer Equipment	-	3 years straight line

Fixed asset investments

Fixed asset investments are stated at cost less any provisions for diminution in value.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the cost of realisation.

The cost of raw materials and consumable stores, consist of the purchase price including transport and handling costs, less trade discount, calculated on a first in first out basis.

Diamond Build (Holdings) plc

Accounting Policies *(continued)*

Year ended 31 December 2007

Work in progress - amounts recoverable on contracts

Work in progress comprises work completed or measured parts thereof not yet invoiced to customers and is stated after making due allowances for irrecoverable amounts. Profit on contracting activities is taken as work progresses, unless a more conservative approach is necessary. The percentage margin on each individual contract is the lower of the margin earned to date and that forecast to completion, taking account of agreed claims.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme 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.

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 group after deducting all of its liabilities.

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2007

1. Analysis of cost of sales and net operating expenses

	Continuing operations £	Discontinued operations £	Total £
Year ended 31 December 2007			
Cost of sales	15,760,048	-	15,760,048
Gross profit	<u>2,788,684</u>	<u>-</u>	<u>2,788,684</u>
Administrative expenses	2,486,889	-	2,486,889
Other operating income (Note 2)	(18,846)	-	(18,846)
Net operating expenses	<u>£2,468,043</u>	<u>-</u>	<u>£2,468,043</u>
Operating profit	<u>£320,641</u>	<u>-</u>	<u>£320,641</u>
Year ended 31 December 2006			
Cost of sales	13,365,519	1,735,249	15,100,768
Gross profit	<u>2,070,910</u>	<u>352,195</u>	<u>2,423,105</u>
Administrative expenses	2,092,944	314,905	2,407,849
Other operating income (Note 2)	(13,513)	-	(13,513)
Net operating expenses	<u>£2,079,431</u>	<u>£314,905</u>	<u>£2,394,336</u>
Operating (loss)/profit	<u>(8,521)</u>	<u>37,290</u>	<u>28,769</u>

2. Other operating income

	Year to 31 Dec 07 £	Period from 21 Dec 05 to 31 Dec 06 £
Profit on disposal of fixed assets	5,129	-
Other operating income	<u>13,717</u>	<u>13,513</u>
	<u>£18,846</u>	<u>£13,513</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2007

3 Operating profit

Operating profit is stated after charging/(crediting)

	Year to 31 Dec 07 £	Period from 21 Dec 05 to 31 Dec 06 £
Amortisation	—	9,474
Depreciation of owned fixed assets	104,560	132,798
(Profit)/ loss on disposal of fixed assets	(5,129)	3,321
Auditor's remuneration		
- as auditor	24,475	23,395
- for other services	5,375	5,070
Operating lease costs		
Land and buildings	118,605	94,395

4. Particulars of employees

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

	2007 No	2006 No
Number of production staff	50	62
Number of administrative staff	38	34
Number of management staff	41	42
	129	138

The aggregate payroll costs of the above were

	Year to 31 Dec 07 £	Period from 21 Dec 05 to 31 Dec 06 £
Wages and salaries	4,603,155	4,915,204
Social security costs	423,864	451,452
Other pension costs	31,244	46,673
	£5,058,263	£5,413,329

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2007

5. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were

	Year to 31 Dec 07 £	Period from 21 Dec 05 to 31 Dec 06 £
Emoluments receivable	142,150	140,034
Value of company pension contributions to money purchase schemes	10,000	10,000
	<u>£152,150</u>	<u>£150,034</u>

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

	Year to 31 Dec 07 No	Period from 21 Dec 05 to 31 Dec 06 No
Money purchase schemes	<u>1</u>	<u>1</u>

6 Loss on disposal of discontinued operations

	Year to 31 Dec 07 £	Period from 21 Dec 05 to 31 Dec 06 £
Termination of discontinued operations		
Loss on termination of operation	<u>134,966</u>	<u>-</u>

7. Interest receivable

	Year to 31 Dec 07 £	Period from 21 Dec 05 to 31 Dec 06 £
Bank interest receivable	<u>£73,331</u>	<u>£73,777</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2007

8. Interest payable and similar charges

	Year to 31 Dec 07 £	Period from 21 Dec 05 to 31 Dec 06 £
Interest payable on bank borrowing	192	8,658
Interest on other loans	71,421	71,109
	<u>£71,613</u>	<u>£79,767</u>

9. Taxation on ordinary activities (a) Analysis of charge in the year

	Year to 31 Dec 07 £	Period from 21 Dec 05 to 31 Dec 06 £
Current tax		
In respect of the year:		
UK Corporation tax based on the results for the year at 20% (2006-19%)	(10,482)	13,495
(Over)/under provision in prior year	(3,013)	-
Total current tax	<u>£(13,495)</u>	<u>£13,495</u>
Deferred tax		
Origination and reversal of timing differences	-	(7,031)
Tax on profit on ordinary activities	<u>£(13,495)</u>	<u>£6,464</u>

(b) Factors affecting current tax charge

	2007 £	2006 £
Profit on ordinary activities before taxation	<u>187,393</u>	<u>22,779</u>
Profit on ordinary activities multiplied by standard rate of tax in UK	37,479	4,328
Expenses disallowed	2,742	1,677
Excess depreciation over capital allowances	(7,592)	5,537
Amortisation of goodwill arising on consolidation	-	1,800
Loss relief utilised	(32,629)	153
Adjustments to previous years	(13,495)	-
Total current tax (note 9(a))	<u>£(13,495)</u>	<u>£13,495</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2007

10. Profit attributable to members of the parent company

The profit dealt with in the accounts of the parent company was £Nil (2006 - £Nil)

11 Intangible fixed assets
Group

Goodwill
£

Cost

At 1 January 2007 and 31 December 2007

189,483

Amortisation

At 1 January 2007

34,252

Permanent diminution in value

155,231

At 31 December 2007

£189,483

Net book value

At 31 December 2007

-

At 31 December 2006

155,231

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2007

12. Tangible fixed assets						
Group	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Computer Equipment £	Total £
Cost						
At 1 Jan 2007	18,200	27,422	353,149	473,578	394,539	1,266,888
Additions	27,610	—	39,278	52,435	105,453	224,776
Disposals	—	(27,422)	(15,874)	(61,832)	(3,945)	(109,073)
At 31 Dec 2007	£45,810	—	£376,553	£464,181	£496,047	£1,382,591
Depreciation						
At 1 Jan 2007	505	25,466	287,328	346,753	340,112	1,000,164
Charge for the year	2,262	—	9,033	47,178	46,087	104,560
On disposals	—	(25,466)	(12,480)	(54,265)	(3,945)	(96,156)
At 31 Dec 2007	£2,767	—	£283,881	£339,666	£382,254	£1,008,568
Net book value						
At 31 Dec 2007	43,043	—	92,672	124,515	113,793	374,023
At 31 Dec 2006	17,695	1,956	65,821	126,825	54,427	266,724

13. Investments		
Company		Group companies £
Cost		
At 1 January 2007 and 31 December 2007		50,003
Net book value		
At 31 December 2007		50,003
At 31 December 2006		50,003
Company	Activity	Ordinary shares % Held
Diamond Build Plc	Building contractors	100
Anglo Asphalte Co Ltd*	Roofing contractor	100
Diamond Maintenance Ltd	Dormant	100
P J Diamond (Building Contractors) Ltd	Dormant	100
Diamond Special Works Limited	Dormant	100

*Company held indirectly

All of the companies' year ends are 31 December 2007. Anglo Asphalte Co Limited went into administration during the year.

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2007

14. Stocks

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Stock	53,930	68,046	-	-
Work in progress	55,361	7,308	-	-
	<u>£109,291</u>	<u>£75,354</u>	<u>-</u>	<u>-</u>

15 Debtors

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Trade debtors	3,612,906	2,394,935	-	-
Amounts owed by group undertakings	196,874	-	-	-
Corporation tax repayable	10,482	-	-	-
Amounts recoverable on contracts	749,437	907,957	-	-
Other debtors	25,929	48,448	-	-
Deferred taxation (Note 16)	170,491	170,491	-	-
Prepayments and accrued income	124,702	95,244	-	-
	<u>£4,890,821</u>	<u>£3,617,075</u>	<u>-</u>	<u>-</u>

16. Deferred taxation

The movement in the deferred taxation asset during the year was

	Group		Company	
	Year to	Period from	Year to	Period from
	31 Dec 07	21 Dec 05 to 31 Dec 06	31 Dec 07	21 Dec 05 to 31 Dec 06
	£	£	£	£
Asset brought forward	170,491	163,460	-	-
Increase in asset	-	7,031	-	-
Asset carried forward	<u>£170,491</u>	<u>£170,491</u>	<u>-</u>	<u>-</u>

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

Group	2007		2006	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of depreciation over taxation allowances	8,257	-	8,257	1,493
Tax losses available	162,234	-	162,234	96,587
	<u>£170,491</u>	<u>-</u>	<u>£170,491</u>	<u>£98,080</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2007

17. Creditors: amounts falling due within one year

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Bank loans and overdrafts	711,476	276,929	—	—
Trade creditors	923,114	1,017,477	—	—
Other creditors including taxation and social security	—	—	—	—
Corporation tax	—	13,495	—	—
Other taxation and social security	618,728	452,978	—	—
Directors' loans	75,000	85,000	—	—
Other creditors	2,862,271	1,505,901	3	3
	<u>£5,190,589</u>	<u>£3,351,780</u>	<u>£3</u>	<u>£3</u>

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

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Bank loans and overdrafts	<u>711,476</u>	<u>276,929</u>	<u>—</u>	<u>—</u>

18 Creditors: amounts falling due after more than one year

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Directors' loan accounts	670,625	820,000	—	—
	<u>£670,625</u>	<u>£820,000</u>	<u>—</u>	<u>—</u>

Borrowings from the directors are secured by way of a floating charge over all of the company's assets

19. Maturity of debt

The maturity of debt is as follows

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Amounts repayable				
In one year or less or on demand	786,476	361,929	—	—
In more than one year but not more than two years	—	—	—	—
In more than two years but not more than five years	670,625	820,000	—	—
	<u>£1,457,101</u>	<u>£1,181,929</u>	<u>£—</u>	<u>£—</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2007

20 Contingencies

Performance bonds to a value of £1,581,180 (2006 £1,084,315) existed at 31 December 2007. Liability would only arise if the company failed to complete the relevant contracts. The likelihood of this is remote and accordingly, no accounting provision has been made.

21. Commitments under operating leases

At 31 December 2007 the group had annual commitments under non-cancellable operating leases as set out below:

Group	Land and buildings	
	2007 £	2006 £
Operating leases which expire		
Within 2 to 5 years	-	14,400
After more than 5 years	141,825	92,245
	<u>£141,825</u>	<u>£106,645</u>

22 Transactions with the directors

Diamond Build Plc

Included in creditors due within one year are directors' loans of £75,000 (2006 £85,000) and included in creditors due after more than one year are directors' loans of £670,625 (2006 £820,000) from Mr J A Gray, a company director, and his wife Mrs J T Gray. Interest of 4% above the base rate accrues on the loans and is payable monthly and in arrears. During the year, interest of £71,421 (2006 £71,109) was paid.

23. Related party transactions

During the year Diamond Build Plc made purchases of £31,252 from Anglo Asphalt Co Limited, a fellow subsidiary undertaking.

Diamond Build Plc, a subsidiary company, paid rent of £75,745 to the Diamond Build PLC Executive Pension Scheme. Mr J Gray, a director, is also a trustee and a beneficiary of the scheme.

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2007

24. Share capital Authorised share capital.

	2007 £	2006 £
50,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted and called up:

	2007		2006	
	No	£	No	£
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

25. Reserves Reconciliation of shareholders' funds and movement on reserves

Group	Share capital £	Capital redemption reserve £	Profit and loss account £	Total share- holders' funds £
Balance brought forward	£50,000	£50,000	£1,279,303	£1,379,303
Profit for the year	—	—	200,888	200,888
Balance carried forward	<u>£50,000</u>	<u>£50,000</u>	<u>£1,480,191</u>	<u>£1,580,191</u>
Company	Share capital £			Total share- holders' funds £
Balance brought forward	50,000			50,000
Profit for the year	—			—
Balance carried forward	<u>£50,000</u>			<u>£50,000</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2007

26. Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	Year to 31 Dec 07 £	Period from 21 Dec 05 to 31 Dec 06 £
Operating profit	320,641	28,769
Amortisation	-	9,474
Depreciation	104,560	132,798
(Profit)/ loss on disposal of fixed assets	(5,129)	3,321
Increase in stocks	(65,687)	93,751
Increase in debtors	(1,815,561)	175,814
Increase in creditors	1,733,285	8,795
Net cash inflow from operating activities	<u>£272,109</u>	<u>£452,722</u>

Returns on investments and servicing of finance

	Year to 31 Dec 07 £	Period from 21 Dec 05 to 31 Dec 06 £
Interest received	73,331	73,777
Interest paid	(71,613)	(79,767)
Net cash inflow/(outflow) from returns on investments and servicing of finance	<u>1,718</u>	<u>(5,990)</u>

Taxation

	Year to 31 Dec 07 £	Period from 21 Dec 05 to 31 Dec 06 £
Taxation	<u>(10,482)</u>	<u>8,183</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2007

26. Notes to the statement of cash flows *(continued)*

Capital expenditure

	Year to 31 Dec 07 £	Period from 21 Dec 05 to 31 Dec 06 £
Payments to acquire tangible fixed assets	(224,776)	(149,145)
Receipts from sale of fixed assets	6,798	12,184
Net cash outflow from capital expenditure	<u>(217,978)</u>	<u>(136,961)</u>

Acquisitions and disposals

	Year to 31 Dec 07 £	Period from 21 Dec 05 to 31 Dec 06 £
Net cash disposed of with subsidiary	(3,418)	—
Net cash outflow from acquisitions and disposals	<u>(3,418)</u>	<u>—</u>

Financing

	2007 £	2006 £
Repayment of bank loans	(5,713)	(4,660)
Repayment of directors' long-term loans	(29,375)	—
Net cash inflow/(outflow) from financing	<u>(35,088)</u>	<u>(4,660)</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2007

26. Notes to the statement of cash flows (continued)

Reconciliation of net cash flow to movement in net debt

	2007	2006
	£	£
Increase in cash in the period	6,861	313,294
Net cash outflow from/(inflow) from bank loans	5,713	4,660
Cash outflow from directors' long-term loans	29,375	—
Directors' loans disposed of with subsidiary	120,000	—
Bank loans disposed of with subsidiary	183,450	—
	<u>338,538</u>	<u>317,954</u>
Change in net funds	345,399	317,954
Net funds at 1 January 2007	339,770	21,816
Net funds at 31 December 2007	<u>£685,169</u>	<u>£339,770</u>

Analysis of changes in net funds

	At 1 Jan 2007 £	Cash flows £	Other changes £	At 31 Dec 2007 £
Net cash				
Cash in hand and at bank	1,436,699	530,571	—	2,067,270
Overdrafts	(87,766)	(623,710)	—	(711,476)
	<u>1,348,933</u>	<u>6,861</u>	<u>—</u>	<u>1,355,794</u>
Debt				
Debt due within 1 year	(189,163)	5,713	183,450	—
Debt due after 1 year	(820,000)	29,375	120,000	(670,625)
	<u>(1,009,163)</u>	<u>35,088</u>	<u>303,450</u>	<u>(670,625)</u>
Net funds	<u>£339,770</u>	<u>£41,949</u>	<u>£303,450</u>	<u>£685,169</u>

27 Ultimate controlling party

Throughout the current and previous year, the company was under the control of J A Gray M C I O B who is beneficially interested in 100% of the issued share capital