

COMPANY REGISTRATION NUMBER 05660708

Diamond Build (Holdings) plc
Financial Statements
31 December 2008

MACINTYRE HUDSON LLP

Chartered Accountants & Statutory Auditors
Euro House
1394 High Road
London
N20 9YZ

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Diamond Build (Holdings) plc

Financial Statements

Year ended 31 December 2008

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Diamond Build (Holdings) plc

Officers and Professional Advisers

The Board of Directors

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

Company Secretary

S R Lakhani F.C.C.A.

Registered Office

52-68 Stamford Road
Tottenham
London
N15 4PZ

Auditor

MacIntyre Hudson LLP
Chartered Accountants
& Statutory 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
Crossfield House
Gladbeck Way
Enfield
Middlesex
EN2 7HT

Diamond Build (Holdings) plc

The Directors' Report

Year ended 31 December 2008

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 31 December 2008.

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 relates to Diamond Build Plc, the subsidiary trading company:

The year saw the Company continue the upward trend in relation to improved turnover and improved gross profit on previous year.

External management consultants continued to counsel the Company on changes required to facilitate forward movement and accommodate a progressive expansion of the company, and for the chairman and managing director to focus more on strategic matters.

Changes to the Management structure during the period:

- The Operational Director was appointed Managing Director and commenced tenure 1st January 2008
- The appointment of a new Special Works Manager
- The departure of the Commercial Director responsible for business development & estimating
- The departure of the West London Regional Manager. (Three Regional Managers posts remained to operate under a single Operational Director.)
- The appointment of a Senior Business Development Manager
- The departure of the ICT Manager
- The appointment of an ICT Network Administrator and Manager

During the year the Company continued to retain the International Standards for Quality Management **ISO 9001:2000**, Health & Safety **BS OHSAS 18001** (Revised Standard), The Environment **ISO 14001:2004**.

Much work also went into maintaining enhanced standard for **Investors in People** which the Company achieved in the previous year. The Company 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 combined with the Company's decision to maintain a robust Management structure continued to contribute to the high level of overheads during this year although no overall increase was incurred due to the implementation of a significant cost efficiency saving strategy.

Financial

Turnover was up again, at 5% in 2008 at £19.4m (2007: £18.5m).

Gross Profit was up 4% at £2.9m (2007:£2.8m). Overall margin was maintained at last years levels and in line with increase in turnover, which was again due to continued strict and improved close monitoring of cost control on jobs. Contract costs continued to be charged with various direct costs such as insurances, vehicle, telephone, technical staff personal health care and pension costs.

Diamond Build (Holdings) plc

The Directors' Report *(continued)*

Year ended 31 December 2008

Net Operating Profit was maintained at a stable 2% of Turnover £424,158 (2007: £301,440).

Expenditure on corporate advertising, sponsorships, corporate events, attending exhibitions and power point presentations continued at last years levels.

Overheads included annual establishment expenses for three satellite offices amounting to £255k, together with some inevitable redundancy costs, costs of moving mobile phones network service providers, additional depreciation charge for ten vans and other I.T. equipment purchased during the year.

Insurance premiums continued to rise to £192k and again due to lack of participants in the insurance market. This has had an effect on our profit margins.

Debtor Days

2008: 29 days

2007: 52 days

2006: 37 days

2005: 30 days

Creditor Days

2008: 20 days

2007: 20 days

2006: 24 days

2005: 32 days

Business Development

With the departure of the Business Development Manager we carried out a review of the requirements of the department and agreed terms with a Business Development Consultant to commence with us in January 09 to guide us through the process. The department is being restructured with changes to the roles and responsibilities of staff. The first change was the appointment of a Senior Executive to start in Jan 09 to implement the new Marketing and Business development strategy which will move the Company forward into a more diverse market.

The emphasis remains on Best Value Submissions in line with EU directives in conjunction with competitive tendering. These consist 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.

Tendering & Estimating

With the departure of the Commercial Director the Chairman stepped into the role on a temporary basis and the department continued to enjoy relative success in an increasingly restrictive and highly competitive market bolstered by an additional estimator and Mechanical and Electrical specialist which helped to achieve increased turnover.

Buying and Stores

A robust reporting system for monitoring plant and stock movement and retention in all three operational stores was implemented.

Our supply chain management processes 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.

In keeping with our accreditation for ISO 14001:2004 for Environmental Management the Company continues to improve on our waste management procedures and has adopted procedures to implement waste management plans into all contracts valued in excess of £300k in accordance with the Site Waste Management Plans Regulations which came into force 6th April 2008.

Diamond Build (Holdings) plc

The Directors' Report *(continued)*

Year ended 31 December 2008

Contracts

During the year the Company carried out a multiplicity of different types of building contracts from small works to multi-million pound projects, all of which were carried out successfully.

The more robust reporting and auditing system introduced in 2007 has paid dividends as proving highly successful in enhancing the communication from board down to site and is reflected in the high quality of Client satisfaction scores whereby all Clients scored above 85% and residents scores averaged 95%. There were no disputes reported.

ICT

A review of the Management in the department saw the departure of the senior technician and the appointment of a Network Administrator and Manager.

A review of all telecommunications contracts was carried out and new contracts implemented which saved Diamond Build 70%. A new off site remote data storage back up utility was also introduced and we upgraded five of our network servers.

- Exchanged mail sever - Emails
- File Server - S Drive Files
- Outlook mobile access for roaming users - Blackberries
- Asset tracking
- Service Server - to allow easier administration of network wide updates Data Server - Database server
- Terminal services - remote access to network.

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

Further procedural implementation work was carried out during the year in readiness to move towards accreditation for ISO 27001:2005.

Safety, Health and the Environment (SHE Management System)

The year primarily focused upon the following:

- Maintaining conformity with OHSAS 18001:2007 and ISO 14001:2004
- The attainment of the revised BS OHSAS 18001
- Development of our new Waste Management procedures and plans
- Our in house Health and Safety Manager continuing with regular site audits.
- Ensuring that we maintain our excellent track record on Site safety.

Human Resources

Following our accreditation of the upgraded Investors In People standard during 2007 the Company continued to maintain the standard and its professional development assessment for its entire staff producing training plans annually for the Construction Industry Training Board (CSkills). The improved internal communication has helped employees to be aware and comply with our various ISO procedures.

During this year the Company took on two additional management trainees and one apprentice thus continuing the Company policy of 'growing your own' human resources. This brought the total numbers to five management trainees and five trade apprentices.

The Company 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.

Diamond Build (Holdings) plc

The Directors' Report *(continued)*

Year ended 31 December 2008

The Company 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 2008

Since the end of last year we have embarked upon a rebranding exercise to update our image and to emphasise our green credentials. We engaged the services of Edge Design Ltd to see this process through. The new logo has been agreed and the new brochures, web site, site signage, office signage, vehicle signage, stationery, business cards, site clothing, personal protective equipment, and publicity merchandise has all been changed. A sustainability networking party launched the new brand at the Design Museum in Shad Thames near Tower Bridge; it was well attended and received by the numerous clients and consultants that turned up.

We are continuing to improve our marketing processes with the introduction of a telesales consultant to make the initial contacts that we have identified for targeting projects.

To strengthen our company structure and to improve performance we have promoted our Human Resources and our Technical Services managers to Board Directors and we have in June 09 appointed new Directors of Operations and Estimating. The appointments are already having a positive input to the company and are revitalising the staff.

Our ISO 9001:2000 accreditation was upgraded to ISO 9001:2008 in May 2009.

During the early part of this year we have accommodated a Dutch Internee engaged to upgrade our approach to waste management within our sustainability programme which will help us comply with our green agenda.

Results and dividends

The profit for the year, after taxation, amounted to £355,343. The directors have not recommended a dividend.

Directors

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

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

Policy on the payment of creditors

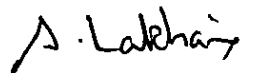
It is the company's policy to pay sub-contractors and suppliers in accordance with their agreed terms and conditions. Such terms and conditions are agreed in advance of each transaction type and the company aims to comply with such terms once the satisfactory performance of service or receipt of goods is achieved. This is achieved by processing invoices daily and having weekly payment runs, using the DEMA accounting system that auto processes payments daily to the Barclays BACS payment facility. At 31 December 2008, the trade creditors of the company represented 20 days (2007: 20 days) of the purchases made during the year.

Auditor

MacIntyre Hudson LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Registered office:
52 - 68 Stamford Road
Tottenham
London
N15 4PZ

Signed by order of the directors


S R Lakhani F.C.C.A.
Company Secretary

Approved by the directors on 21st JULY 2009

Diamond Build (Holdings) plc

Statement of Directors' Responsibilities

Year ended 31 December 2008

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 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;
- 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 2008

We have audited the group and parent company financial statements ("the financial statements") of Diamond Build (Holdings) plc for the year ended 31 December 2008 which comprise the Profit and Loss Account, 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

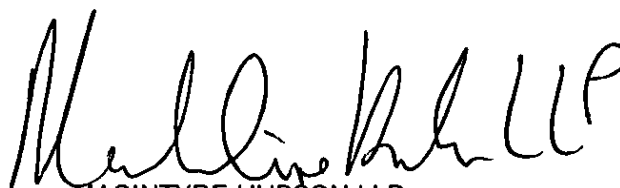
Independent Auditor's Report to the Shareholders of Diamond Build (Holdings) plc *(continued)*

Year ended 31 December 2008

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 2008 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
& Statutory Auditors

Euro House
1394 High Road
Whetstone
London
N20 9YZ

21st July 2009.

Diamond Build (Holdings) plc

Profit and Loss Account

Year ended 31 December 2008

	Note	2008 £	2007 (restated) £
Group turnover	1	19,417,776	18,548,732
Cost of sales		16,516,629	15,760,048
Gross profit		<u>2,901,147</u>	<u>2,788,684</u>
Administrative expenses excluding exceptional items		2,495,286	2,486,889
Exceptional administrative expenses	3	—	19,201
Administrative expenses		<u>2,495,286</u>	<u>2,506,090</u>
Other operating income	2	(18,297)	(18,846)
Operating profit	3	<u>424,158</u>	<u>301,440</u>
Loss on disposal of discontinued operations	6	—	(605,868)
		<u>424,158</u>	<u>(304,428)</u>
Interest receivable		114,551	73,331
Interest payable and similar charges	7	(65,298)	(71,613)
Profit/(loss) on ordinary activities before taxation		<u>473,411</u>	<u>(302,710)</u>
Tax on profit/(loss) on ordinary activities	8	118,068	(13,495)
Profit/(loss) for the financial year	9	<u><u>£355,343</u></u>	<u><u>£(289,215)</u></u>

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 13 to 26 form part of these financial statements.

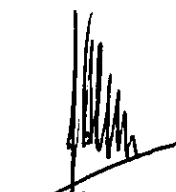
Diamond Build (Holdings) plc

Group Balance Sheet

31 December 2008

		2008		2007 (restated)
	Note	£	£	£
Fixed assets				
Tangible assets	10		<u>342,856</u>	<u>374,023</u>
Current assets				
Stocks	12	56,971		109,291
Debtors	13	3,393,781		4,890,821
Cash at bank and in hand		<u>2,340,231</u>		<u>2,067,270</u>
		5,790,983		7,067,382
Creditors: amounts falling due within one year	15	<u>3,563,912</u>		<u>4,742,921</u>
Net current assets			<u>2,227,071</u>	<u>2,324,461</u>
Total assets less current liabilities			<u>2,569,927</u>	<u>2,698,484</u>
Creditors: amounts falling due after more than one year	16		250,000	670,625
Provisions for liabilities				
Other provisions	17		<u>384,393</u>	<u>447,668</u>
			<u>£1,935,534</u>	<u>£1,580,191</u>
Capital and reserves				
Called-up equity share capital	22		50,000	50,000
Other reserves	23		50,000	50,000
Profit and loss account	23		<u>1,835,534</u>	<u>1,480,191</u>
Shareholders' funds	23		<u>£1,935,534</u>	<u>£1,580,191</u>

These financial statements were approved by the directors and authorised for issue on 21st July 09, and are signed on their behalf by:



 J A Gray M.C.I.O.B.

The accounting policies and notes on pages 13 to 26 form part of these financial statements.

Diamond Build (Holdings) plc

Balance Sheet

31 December 2008

	Note	2008 £	2007 £
Fixed assets			
Investments	11	<u>50,003</u>	<u>50,003</u>
Creditors: amounts falling due within one year	15	<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	22	<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 21st July 09, and are signed on their behalf by:



.....
J A Gray M.C.I.O.B.

The accounting policies and notes on pages 13 to 26 form part of these financial statements.

Diamond Build (Holdings) plc

Group Cash Flow

Year ended 31 December 2008

		2008	2007
	Note	£	(restated) £
Net cash inflow from operating activities	24	1,424,681	868,776
Returns on investments and servicing of finance	24	49,253	1,718
Taxation	24	–	(10,482)
Capital expenditure and financial investment	24	(93,803)	(217,978)
Acquisitions and disposals	24	–	(586,667)
Cash inflow/(outflow) before financing		1,380,131	55,367
Financing	24	(420,625)	(39,375)
Increase/(decrease) in cash	24	<u>£959,506</u>	<u>£15,992</u>

The accounting policies and notes on pages 13 to 26 form part of these financial statements.

Diamond Build (Holdings) plc

Accounting Policies

Year ended 31 December 2008

Basis of accounting

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. 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 financial statements for the year ended 31 December 2008 and the comparative figures therein do not include those of the subsidiary Anglo Asphalte Co Limited 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 prior year and its operations are discontinued.

The comparative profit and loss account has been restated to exclude the group adjustments, which include the write down of the investment in Anglo Asphalte Co Limited and the write back of the inter company debt.

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
Fixtures & Fittings	-	4 years straight line
Motor Vehicles	-	6 years straight line
Computer Equipment	-	3 years straight line

Stocks

Stocks are stated at the lower of cost and net realisable value.

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. Provision is made where necessary for slow moving, obsolete and damaged stocks.

The cost of raw materials and consumable stores, consists 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 2008

Amounts recoverable on contracts

Amounts recoverable on contracts comprises work completed or measured parts thereof not yet invoiced to customers and is stated after making due allowance 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.

Full provision is made for all known or expected losses on individual contracts. The comparative has been restated to reclassify the amounts as a Provision for liabilities. The amount of £447,668 was previously included in other creditors.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding.

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 scheme. 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 company after deducting all of its liabilities.

Fixed asset investments

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

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2008

1. Turnover

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

An analysis of turnover is given below:

	2008 £	2007 (restated) £
United Kingdom	<u>19,417,776</u>	<u>18,548,732</u>

2. Other operating income

	2008 £	2007 (restated) £
Profit on disposal of fixed assets	3,311	5,129
Other operating income	<u>14,986</u>	<u>13,717</u>
	<u>£18,297</u>	<u>£18,846</u>

3. Operating profit

Operating profit is stated after charging/(crediting):

	2008 £	2007 (restated) £
Depreciation of owned fixed assets	119,484	104,560
Depreciation of assets held under hire purchase agreements	8,797	—
Profit on disposal of fixed assets	(3,311)	(5,129)
Operating lease costs:		
- Land and buildings	141,825	118,605
Auditor's remuneration		
- as auditor	19,000	24,475
- for other services	6,000	5,375
Write off investment in subsidiary re permanent diminution in value	—	19,201

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2008

4. Particulars of employees

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

	2008	2007 (restated)
	No	No
Number of production staff	48	50
Number of administrative staff	41	38
Number of management staff	41	41
	<u>130</u>	<u>129</u>

The aggregate payroll costs of the above were:

	2008	2007 (restated)
	£	£
Wages and salaries	4,712,732	4,603,155
Social security costs	421,399	423,864
Other pension costs	35,767	31,244
	<u>£5,169,898</u>	<u>£5,058,263</u>

5. Directors' emoluments

The directors' aggregate emoluments and other payments in respect of qualifying services were:

	2008	2007 (restated)
	£	£
Emoluments receivable	403,111	403,905
Value of company pension contributions to money purchase schemes	10,000	10,000
Compensation for loss of directorship	—	30,000
	<u>£413,111</u>	<u>£443,905</u>

Emoluments of highest paid director:

	2008	2007 (restated)
	£	£
Total emoluments (excluding pension contributions)	<u>87,433</u>	<u>87,137</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2008

5. Directors' emoluments (continued)

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

	2008 No	2007 (restated) No
Money purchase schemes	<u>1</u>	<u>1</u>

6. Loss on termination of discontinued operations

	2008 £	2007 (restated) £
Termination of discontinued operations:		
Loss on termination of operation	<u>-</u>	<u>(605,868)</u>

The comparative profit and loss account has been restated to exclude the group adjustments, which include the write down of the investment in Anglo Asphalte Co Limited and the write back of the inter company debt.

7. Interest payable and similar charges

	2008 £	2007 (restated) £
Interest payable on bank borrowing	209	192
Other similar charges payable	<u>65,089</u>	<u>71,421</u>
	<u>£65,298</u>	<u>£71,613</u>

Diamond Build plc

Notes to the Financial Statements

Year ended 31 December 2008

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

	2008	2007 (restated)
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 21% (2007 - 20%)	26,587	(10,482)
(Over)/under provision in prior year	10,482	(3,013)
Total current tax	<u>£37,069</u>	<u>£(13,495)</u>
Deferred tax:		
Origination and reversal of timing differences (note 14)		
Capital allowances	(5,043)	-
Losses	86,042	-
Total deferred tax (note 14)	<u>£80,999</u>	<u>-</u>
Tax on profit/(loss) on ordinary activities	<u>£118,068</u>	<u>£(13,495)</u>

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 21% (2007 - 20%).

	2008	2007 (restated)
	£	£
Profit/(loss) on ordinary activities before taxation	<u>473,411</u>	<u>(302,710)</u>
Profit on ordinary activities by rate of tax	99,416	78,050
Disallowable expenditure	12,644	2,742
Excess depreciation charged over capital allowances	(2,005)	(7,592)
Adjustments to tax charge in respect of previous periods	(10,482)	(13,495)
Utilisation of tax losses	(62,504)	(73,200)
Total current tax (note 8(a))	<u>£37,069</u>	<u>£(13,495)</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2008

9. Profit attributable to members of the parent company

The profit dealt with in the financial statements of the parent company was £Nil (2007 - £Nil).

10. Tangible fixed assets

Group	Leasehold Improvements £	Fixtures & Fittings £	Motor Vehicles £	Computer Equipment £	Total £
Cost					
At 1 January 2008	45,810	376,553	464,181	496,047	1,382,591
Additions	-	-	69,851	41,228	111,079
Disposals	-	-	(107,708)	(3,348)	(111,056)
At 31 December 2008	£45,810	£376,553	£426,324	£533,927	£1,382,614
Depreciation					
At 1 January 2008	2,767	283,880	339,667	382,254	1,008,568
Charge for the year	5,090	24,364	37,338	61,489	128,281
On disposals	-	-	(93,743)	(3,348)	(97,091)
At 31 December 2008	£7,857	£308,244	£283,262	£440,395	£1,039,758
Net book value					
At 31 December 2008	37,953	68,309	143,062	93,532	342,856
At 31 December 2007	43,043	92,673	124,514	113,793	374,023

Hire purchase agreements

Included within the net book value of £342,856 is £39,584 (2007 - £Nil) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £8,797 (2007 - £Nil).

11. Investments

Company	Group companies £
Cost and Net book value	
At 31 December 2008 and 31 December 2007	50,003
Company – all companies have year ends of 31 December 2008	
	Activity
Diamond Build Plc	Building contractors
Anglo Asphalte Co. Ltd* (in administration)	Roofing contractor
Diamond Maintenance Ltd	Dormant
P J Diamond (Building Contractors) Ltd	Dormant
Diamond Special Works Limited	Dormant
	Ordinary shares % Held
	100
	100
	100
	100
	100

*Company held indirectly

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2008

12. Stocks

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Stock	56,971	53,930	-	-
Work in progress	-	55,361	-	-
	<u>£56,971</u>	<u>£109,291</u>	<u>-</u>	<u>-</u>

There was no material difference between the replacement cost of stocks and the amounts stated above.

13. Debtors

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Trade debtors	2,349,607	3,612,906	-	-
Amounts owed by group undertakings	195,525	196,874	-	-
Corporation tax repayable	-	10,482	-	-
Amounts recoverable on contracts	673,222	749,437	-	-
Other debtors	24,413	25,929	-	-
Deferred taxation (Note 14)	89,492	170,491	-	-
Prepayments and accrued income	61,522	124,702	-	-
	<u>£3,393,781</u>	<u>£4,890,821</u>	<u>-</u>	<u>-</u>

14. Deferred taxation

The movement in the deferred taxation asset during the year was:

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Asset brought forward	170,491	170,491	-	-
(Decrease)/Increase in asset	(80,999)	-	-	-
Asset carried forward	<u>£89,492</u>	<u>£170,491</u>	<u>-</u>	<u>-</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2008

14. Deferred taxation (continued)

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

Group	2008		2007	
	Provided	Unprovided	Provided (restated)	Unprovided
	£	£	£	£
Excess of depreciation over taxation allowances	13,300	-	8,257	-
Tax losses available	76,192	-	162,234	-
	<u>£89,492</u>	<u>-</u>	<u>£170,491</u>	<u>-</u>

15. Creditors: amounts falling due within one year

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Bank loans and overdrafts	24,931	711,476	-	-
Trade creditors	948,577	923,114	-	-
Amounts owed to group undertakings	-	-	3	3
Other creditors including taxation and social security:				
Corporation tax	26,587	-	-	-
Other taxation and social security	415,293	618,728	-	-
Hire purchase agreements	5,678	-	-	-
Directors' loan accounts	460,375	75,000	-	-
Accruals and deferred income	1,682,471	2,414,603	-	-
	<u>£3,563,912</u>	<u>£4,742,921</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	
	2008	2007	2008	2007
	£	£	£	£
Bank loans and overdrafts	24,931	711,476	-	-
Hire purchase agreements	5,678	-	-	-
Directors' loan accounts	460,375	75,000	-	-
	<u>£490,984</u>	<u>£786,476</u>	<u>-</u>	<u>-</u>

Hire purchase commitments are payable within 1 year.

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2008

16. Creditors: amounts falling due after more than one year

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Directors' loan accounts	<u>250,000</u>	<u>670,625</u>	<u>-</u>	<u>-</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Directors' loan accounts	<u>250,000</u>	<u>670,625</u>	<u>-</u>	<u>-</u>

The debt is repayable within two to five years.

17. Other provisions

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Provision for losses on long term contracts	<u>384,393</u>	<u>447,668</u>	<u>-</u>	<u>-</u>

18. Derivatives

The group has no derivatives.

19. Commitments under operating leases

At 31 December 2008 the group had annual commitments under non-cancellable operating leases as set out below.

Group	Land and buildings	
	2008	2007 (restated)
	£	£
Operating leases which expire:		
After more than 5 years	<u>141,825</u>	<u>141,825</u>

20. Contingencies

Diamond Build plc

Performance bonds to a value of £1,051,031 (2007: £1,581,180) existed at 31st December 2008. 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.

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2008

21. Transactions with the directors

Diamond Build Plc

Included in creditors due within one year are directors' loans of £460,375 (2007: £75,000) and included in creditors due after more than one year are directors' loans of £250,000 (2007: £670,625) 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 £65,089 (2007: £71,421) was paid.

During the year the company undertook work on behalf of Mr J A Gray, a company director, to the value of £35,250 on a commercial basis.

22. Share capital

Authorised share capital:

	2008 £	2007 (restated) £
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	2008		2007 (restated)	
	No	£	No	£
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

23. 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	£1,480,191	£1,580,191
Profit for the year	—	—	355,343	355,343
Balance carried forward	<u>£50,000</u>	<u>£50,000</u>	<u>£1,835,534</u>	<u>£1,935,534</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2008

23. Reconciliation of shareholders' funds and movement on reserves (continued)

Company	Share capital £	Profit and loss account £	Total share- holders' funds £
Balance brought forward	50,000	—	50,000
Balance carried forward	<u>£50,000</u>	<u>—</u>	<u>£50,000</u>

24. Notes to the statement of cash flows

Reconciliation of operating profit/(loss) to net cash inflow from operating activities

	2008 £	2007 (restated) £
Operating profit	424,158	301,440
Depreciation	128,281	104,560
Profit on disposal of fixed assets	(3,311)	(5,129)
Decrease/(increase) in stocks	52,320	(65,687)
Decrease/(increase) in debtors	1,405,559	(1,070,440)
(Decrease)/increase in creditors	(519,051)	1,156,364
(Decrease)/increase in provisions	(63,275)	447,668
Net cash inflow from operating activities	<u>£1,424,681</u>	<u>£868,776</u>

Returns on investments and servicing of finance

	2008 £	2007 (restated) £
Interest received	114,551	73,331
Interest paid	(65,298)	(71,613)
Net cash inflow from returns on investments and servicing of finance	<u>49,253</u>	<u>1,718</u>

Taxation

	2008 £	2007 (restated) £
Taxation	<u>—</u>	<u>(10,482)</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2008

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

Capital expenditure

	2008	2007 (restated)
	£	£
Payments to acquire tangible fixed assets	(111,079)	(224,776)
Receipts from sale of fixed assets	17,276	6,798
Net cash outflow from capital expenditure	<u>(93,803)</u>	<u>(217,978)</u>

Acquisitions and disposals

	2008	2007 (restated)
	£	£
Write off investment in subsidiary re permanent diminution in value	—	19,201
Loss on termination of discontinued operation	—	(605,868)
Net cash outflow from acquisitions and disposals	<u>—</u>	<u>(586,667)</u>

Financing

	2008	2007 (restated)
	£	£
Repayment of directors' long-term loans	(420,625)	(39,375)
Net cash (outflow)/inflow from financing	<u>(420,625)</u>	<u>(39,375)</u>

Reconciliation of net cash flow to movement in net funds

	2008	2007 (restated)
	£	£
Increase/(decrease) in cash in the period	959,506	15,992
Cash outflow from/(inflow) from directors' long-term loans	<u>420,625</u>	<u>39,375</u>
	1,380,131	55,367
Change in net funds	1,380,131	55,367
Net funds at 1 January 2008	685,169	629,802
Net funds at 31 December 2008	<u>£2,065,300</u>	<u>£685,169</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2008

24. Notes to the statement of cash flows *(continued)* Analysis of changes in net funds

	At 1 Jan 2008 £	Cash flows £	At 31 Dec 2008 £
Net cash:			
Cash in hand and at bank	2,067,270	272,961	2,340,231
Overdrafts	(711,476)	686,545	(24,931)
	<u>1,355,794</u>	<u>959,506</u>	<u>2,315,300</u>
Debt:			
Debt due after 1 year	(670,625)	420,625	(250,000)
Net funds	<u>£685,169</u>	<u>£1,380,131</u>	<u>£2,065,300</u>

25. Controlling parties

Throughout the current and previous year, the company was under the control of J A Gray M.C.I.O.B. who holds beneficially 100% of the issued share capital of Diamond Build (Holdings) Plc.