

COMPANY REGISTRATION NUMBER 05660708

Diamond Build (Holdings) plc
Financial Statements
31 December 2010

MACINTYRE HUDSON LLP

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

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Diamond Build (Holdings) plc

Financial Statements

Year ended 31 December 2010

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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 S D Boniface
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 Auditor 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 *(continued)*

Year ended 31 December 2010

The Directors have pleasure in presenting their report and the financial statements of the group for the year ended 31 December 2010

Principal activities

The principal activity of the group during the year was that of major building works, decent homes programmes, environmental works, repairs, alterations, 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

The following notes relate to Diamond Build plc (the company) only. Please also see the individual accounts of the other group companies for their individual company information -

Diamond Build plc

Business review

The year ended with an increase in turnover however profit margins were down compared to 2009. 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.

The company continued with its marketing strategy to counter the effects of the economic downturn and widen revenue streams through a diversification into the private sector and areas of reactive maintenance, facilities management and environmental regeneration. As a result there continues to be significant activity through advertising, re-branding, awareness campaigns, telesales and networking.

During the year the Company continued to implement improvements through its management quality control systems and through its people in accordance with the accredited International Standards attained in

- Quality Management ISO 9001 2008
- Health & Safety BS OHSAS 18001 2007
- The Environment ISO14001 2004
- Investor in People IIP 2007
- TRADA 'Q' MARK Fire Door Registered Installer Scheme
- CSCS 70% of workforce accredited

Financial

Turnover was up by 7% in 2010 at £16.6m (2009 £15.5m)

Gross margin was slightly lower at £2.8m (2009 £2.9m) on the increased turnover. Overall margin dropped by 2.0% to 16.8% (2009 18.8%), which was in line with the overall drop in margins in the industry. Very efficient management of jobs together with continued strict and improved close monitoring of cost control on jobs was maintained throughout the year.

Net Operating Profit was lower at 0.25% of turnover at £41,054 (2009 £362,721 - 2.3% of Turnover)

The company embarked upon a rebranding exercise to update its image in 2009 and the expenditure on this amounted to approximately £140k which is being amortised over three years, during which period the company expected the benefits to feed through.

Administrative expenses were higher at £2.8m (2009 £2.6m), which included full year costs of two

Diamond Build (Holdings) plc

The Directors' Report *(continued)*

Year ended 31 December 2010

additional senior staff members and additional staff in the estimating team, annual establishment expenses for three satellite offices amounting to £235k (2009 £275k)

Debtors as at 31st December 2010

Debtors had decreased at the end of this Financial Year to £4.0m (2009 £4.8m) by £1.0m, of which £0.9m (2008 £1.0m) related to Retentions held by our Local Authority clients

All of the amounts recoverable on contracts of £1.6m were invoiced and all monies received after year end. Also, all Trade Debts outstanding at year end of £1.2m were recovered

Debtor Days

2010 26 days

2009 43 days

Creditor Days

2010 25 days

2009 30 days

Business Development

The Company continued with its business growth strategy

- Maximise current term contract accounts
- Introduce new relationships and business opportunities in the following sectors
 - Facilities Management
 - Reactive Maintenance
 - Private industrial and commercial Clients
 - Sustainable regeneration works to all sectors
 - Environmental works
 - Fire Safety Works

Accreditations

The company obtained accreditation from BM TRADA under their Q-Mark Fire Door Registered Installer Scheme in order to become aligned with pre-requisite competences required by clients for fire safety work

Continued Advertising

Advertising presence in Social Housing Directories, sponsorship of local interests, as well as interviews for trade magazines was maintained

Awareness campaigns

The Company was well represented at many of the key diary events for the industry throughout the year, notably the Social Landlord Housing Conferences held at Brighton (in March) and Harrogate (in June) generating a significant amount of business opportunities

A delegation was also dispatched to MIPIM international property trade fair in Cannes

Diamond Build (Holdings) plc

The Directors' Report *(continued)*

Year ended 31 December 2010

Telesales

Our specialist telesales consultant continued to actively raise our profile, to identify key opportunities, follow up and track tender opportunities

Networking

Several Networking events were managed and attended throughout the year

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 again enabled us to review our suppliers quarterly to ensure prices remained keen from all companies, new and existing, particularly on certain items such as sanitary-ware and kitchens

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 Company's diversification into Fire Safety works led to a number of operatives undergoing training as inspectors under the BM TRADA Q-Mark Fire Door Registered Installer Scheme

Client Satisfaction Questionnaires returned:

24	contracts scored above 75%
0	contracts scored below 75%

Considerate Contractor Site inspection Scores

25	Contracts scored above 75%
2	Contracts scored below 75%

There were no disputes reported

The operational director continues to provide a vital role in improving performance and has bolstered the department by introducing many new procedures and incentives as well as formulating a robust educational programme throughout the workforce

Safety, Health and the Environment (SHE Management System)

Accreditation to BS OHSAS 18001 and ISO 14001 was maintained

Attendance to the 1-day asbestos awareness training course for operational staff was completed

All Senior Contract Management attended the 5-day SMSTS course and attendance is now ongoing for Site Management

The vast majority of sites (95%) did attain a CCS audit performance score exceeding 31

Record of contractors personnel that have completed the CSCS health and safety test and obtained a CSCS card is ongoing with a target set of 70% attendance by the end of 2010

There were no repetitive issues that significantly affected the company's SHE Performance. Workplace inspection reports and audits continue to be issued to all relevant persons identifying any corrective action and the responsible persons

Diamond Build (Holdings) plc

The Directors' Report *(continued)*

Year ended 31 December 2010

RIDDOR (Reportable) Incidents

There have been none during 2010

Non-Reportable Incidents (Minor / Near Miss)

There were 19 minor incidents reported (11 employees, 8 contractors) and 3 incidents reported by members of the public and 1 reported damage incidents

Environmental

In keeping with our accreditation for ISO 14001 2004 for Environmental Management, the company underwent an environmental audit undertaken using external consultants from SHIFT. Results were analysed and energy saving, waste reduction and carbon emissions were down from last years audit indicating that reduction measures have been successful

ICT

'Sysaid' network management and error reporting software interface was made operational and all issues are now logged and tracked through this medium

The Company's 'Intranet' was further developed and launched in July. All standard documents and forms of reporting are logged here, providing greater document control

A review of site telecommunications and equipment was carried out. Our mobile phone contracts were renewed at reduced rates

The off site remote data storage back up utility continues

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

A new website was introduced to illustrate our diversification into Fire Safety

Human Resources

Staff appraisals were undertaken as part of our annual employee review programme further demonstrating our commitment to continuous improvement

Newsletters and staff suggestion slips continued to prove effective in improving internal communications

Staff activity days were again received well and have proved an essential part of team building by providing staff with a greater appreciation of inter departmental understanding

The company continued with our 'in house' training for management trainees, apprentices, site management NVQ3 and NVQ4 as well as Institute of Directors courses for our Directors within specialist areas

Our entire on site workforce continue to be CRB checked in compliance with the requirements of a number of public sector clients

The company retains CSCS accreditation for the majority of our workforce

Events since the end of 2010

The first quarter saw tender successes down 50% on last year, reflecting the current state of the market

Diamond Build (Holdings) plc

The Directors' Report *(continued)*

Year ended 31 December 2010

The company was successful in securing £1 9m of tenders Jan – Mar and await decisions on a further £19 4m, which again reflects the current market, with clients imposing far greater acceptance periods for tenders

Year end targets as a result have been adjusted to reflect similar sales figures to that of the last two years, with no significant improvement expected until the latter end of 2012

Significant progress is being made in the development of our Fire Safety Division

Results and dividends

The profit for the year, after taxation, amounted to £5,283 Particulars of dividends paid are detailed in note 9 to the financial statements

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
S D Boniface (Appointed 13 August 2010)

Policy on the payment of creditors

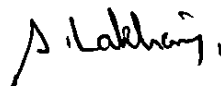
It is the company's policy to pay sub-contractors and suppliers in accordance with their agreed terms and conditions Such terms and conditions are agreed in advance of each transaction type and the company aims to comply with such terms once the satisfactory performance of service or receipt of goods 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 2010, the trade creditors of the company represented 25 days (2009 30 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 22nd June '11

Diamond Build (Holdings) plc

Statement of Directors' Responsibilities

Year ended 31 December 2010

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 adequate accounting records that are sufficient to show and explain the group's and company's transactions and 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 2006. 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 2010

We have audited the group and parent company financial statements ("the financial statements") of Diamond Build (Holdings) plc for the year ended 31 December 2010 which comprise the Profit and Loss Account, Group Balance Sheet and Company Balance Sheet, Group Cash Flow, Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2010 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Diamond Build (Holdings) plc

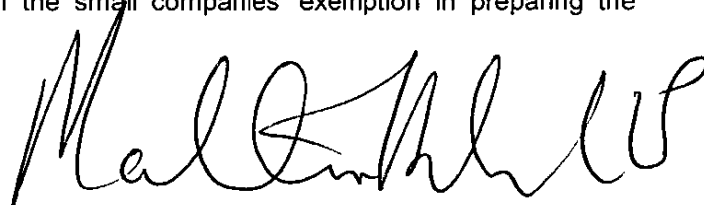
Independent Auditor's Report to the Shareholders of Diamond Build (Holdings) plc *(continued)*

Year ended 31 December 2010

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report



Brendan Sharkey FCA (Senior
Statutory Auditor)
For and on behalf of
MACINTYRE HUDSON LLP
Chartered Accountants
& Statutory Auditor

Euro House
1394 High Road
Whetstone
London
N20 9YZ

24th June 2011

Diamond Build (Holdings) plc

Profit and Loss Account

Year ended 31 December 2010

	Note	2010 £	2009 £
Group turnover	1	16,623,087	15,584,549
Cost of sales		13,842,953	12,647,976
Gross profit		2,780,134	2,936,573
Administrative expenses		2,758,796	2,611,434
Other operating income	2	(19,716)	(37,582)
Operating profit	3	41,054	362,721
Interest receivable		24,175	10,429
Interest payable and similar charges	6	(13,457)	(33,005)
Profit on ordinary activities before taxation		51,772	340,145
Tax on profit on ordinary activities	7	46,489	71,872
Profit for the financial year	8	£5,283	<u>£268,273</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 408 of the Companies Act 2006 not to publish its own Profit and Loss Account

The accounting policies and notes on pages 14 to 26 form part of these financial statements.

Diamond Build (Holdings) plc

Group Balance Sheet

31 December 2010

	Note	2010 £	2009 £
Fixed assets			
Tangible assets	10	241,465	310,502
Current assets			
Stocks	12	32,720	38,303
Debtors	13	3,959,826	4,810,268
Cash at bank and in hand		1,504,341	1,536,249
		5,496,887	6,384,820
Creditors: amounts falling due within one year	15	2,967,412	3,894,866
Net current assets		2,529,475	2,489,954
Total assets less current liabilities		2,770,940	2,800,456
Creditors amounts falling due after more than one year	16	200,000	200,000
Provisions for liabilities			
Other provisions	17	408,820	420,519
		<u>£2,162,120</u>	<u>£2,179,937</u>
Capital and reserves			
Called-up equity share capital	23	50,000	50,000
Other reserves	24	50,000	50,000
Profit and loss account	24	2,062,120	2,079,937
Shareholders' funds	24	<u>£2,162,120</u>	<u>£2,179,937</u>

These financial statements were approved by the directors and authorised for issue on 22nd June '11, and are signed on their behalf by



J A Gray M C I O B

The accounting policies and notes on pages 14 to 26 form part of these financial statements

Diamond Build (Holdings) plc

Balance Sheet

31 December 2010

	Note	2010 £	2009 £
Fixed assets			
Investments	11	50,003	50,003
Current assets			
Debtors	13	—	23,870
Creditors: amounts falling due within one year	15	3	23,873
Net current liabilities		(3)	(3)
Total assets less current liabilities		<u>50,000</u>	<u>50,000</u>
Capital and reserves			
Called-up equity share capital	23	50,000	50,000
Shareholders' funds		<u>£50,000</u>	<u>£50,000</u>

These financial statements were approved by the directors and authorised for issue on 22nd June '11, and are signed on their behalf by



J A Gray M C I O B

Company Registration Number 05660708

The accounting policies and notes on pages 14 to 26 form part of these financial statements

Diamond Build (Holdings) plc

Group Cash Flow

Year ended 31 December 2010

	Note	2010 £	2009 £
Net cash inflow/(outflow) from operating activities	25	144,398	(586,336)
Returns on investments and servicing of finance	25	10,718	(22,576)
Taxation	25	(81,229)	(26,587)
Capital expenditure and financial investment	25	(55,174)	(97,203)
Equity dividends paid		(23,100)	(23,870)
Cash outflow before financing		(4,387)	(756,572)
Financing	25	-	(50,000)
Decrease in cash	25	<u>£(4,387)</u>	<u>£(806,572)</u>

The accounting policies and notes on pages 14 to 26 form part of these financial statements

Diamond Build (Holdings) plc

Accounting Policies

Year ended 31 December 2010

Basis of accounting

The financial statements have been prepared under the historical cost convention

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 480 of the Companies Act 2006.

The financial statements for the year ended 31 December 2010 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 2007 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
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.

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.

Diamond Build (Holdings) plc

Accounting Policies *(continued)*

Year ended 31 December 2010

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.

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.

Deferred expenditure

Costs totalling £75,000 relating to the development of the company's Diamond Fire Safety division have been deferred until the division becomes operational and will be amortised over 3 years.

The company's rebranding cost totalled £140,000 which is being written off over 3 years. At 31 December 2010, £78,000 was treated as prepaid.

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2010

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

	2010 £	2009 £
United Kingdom	<u>16,623,087</u>	<u>15,584,549</u>

2. Other operating income

	2010 £	2009 £
Profit on disposal of fixed assets	–	7,502
Other operating income	<u>19,716</u>	<u>30,080</u>
	<u>£19,716</u>	<u>£37,582</u>

3. Operating profit

Operating profit is stated after charging/(crediting)

	2010 £	2009 £
Depreciation of owned fixed assets	123,304	137,059
Loss on disposal of fixed assets	907	–
Profit on disposal of fixed assets	–	(7,502)
Auditor's remuneration		
- as auditor	18,000	18,000
- for other services	4,500	5,000
Operating lease costs		
- Other	<u>127,425</u>	<u>129,525</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2010

4. Particulars of employees

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

	2010 No	2009 No
Number of production staff	35	33
Number of administrative staff	29	29
Number of management staff	38	37
	<u>102</u>	<u>99</u>

The aggregate payroll costs of the above were

	2010 £	2009 £
Wages and salaries	3,951,945	4,048,788
Social security costs	352,456	373,890
Other pension costs	73,564	68,253
	<u>£4,377,965</u>	<u>£4,490,931</u>

5. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	2010 £	2009 £
Remuneration receivable	533,649	487,178
Value of company pension contributions to money purchase schemes	10,000	10,000
Other pension contributions	45,320	45,676
	<u>£588,969</u>	<u>£542,854</u>

Remuneration of highest paid director:

	2010 £	2009 £
Total remuneration (excluding pension contributions)	<u>97,608</u>	<u>92,447</u>

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

	2010 No	2009 No
Money purchase schemes	<u>1</u>	<u>1</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2010

6. Interest payable and similar charges

	2010 £	2009 £
Other similar charges payable	<u>13,457</u>	<u>33,005</u>

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

	2010 £	2009 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 21% (2009 - 22.48%)	<u>20,366</u>	<u>81,229</u>
Total current tax	<u>£20,366</u>	<u>£81,229</u>
Deferred tax		
Origination and reversal of timing differences (note 14)		
Capital allowances	(5,368)	13,121
Losses	<u>29,566</u>	<u>(22,478)</u>
Other	<u>1,925</u>	<u>-</u>
Total deferred tax (note 14)	<u>£26,123</u>	<u>£(9,357)</u>
Tax on profit on ordinary activities	<u>£46,489</u>	<u>£71,872</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21% (2009 - 22.48%)

	2010 £	2009 £
Profit on ordinary activities before taxation	<u>51,772</u>	<u>340,145</u>
Profit on ordinary activities by rate of tax	<u>10,872</u>	<u>76,465</u>
Disallowable expenditure	<u>8,611</u>	<u>2,349</u>
Excess depreciation charged over capital allowances	<u>4,891</u>	<u>6,433</u>
Utilisation of tax losses and other deductions	<u>(5,077)</u>	<u>(2,331)</u>
Sundry tax adjusting items	<u>1,069</u>	<u>(1,687)</u>
Total current tax (note 7(a))	<u>£20,366</u>	<u>£81,229</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2010

8. Profit attributable to members of the parent company

The profit dealt with in the financial statements of the parent company was £23,100 (2009 - £23,870)

9. Dividends Equity dividends

	2010 £	2009 £
Paid		
Equity dividends on ordinary shares	<u>23,100</u>	<u>23,870</u>

10 Tangible fixed assets Group

	Leasehold Property £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
Cost					
At 1 January 2010	45,810	376,553	397,697	578,728	1,398,788
Additions	–	3,503	16,500	35,172	55,175
Disposals	–	–	–	(39,163)	(39,163)
At 31 December 2010	<u>£45,810</u>	<u>£380,056</u>	<u>£414,197</u>	<u>£574,737</u>	<u>£1,414,800</u>
Depreciation					
At 1 January 2010	12,946	331,978	244,796	498,566	1,088,286
Charge for the year	5,089	23,515	41,086	53,614	123,304
On disposals	–	–	–	(38,255)	(38,255)
At 31 December 2010	<u>£18,035</u>	<u>£355,493</u>	<u>£285,882</u>	<u>£513,925</u>	<u>£1,173,335</u>
Net book value					
At 31 December 2010	<u>27,775</u>	<u>24,563</u>	<u>128,315</u>	<u>60,812</u>	<u>241,465</u>
At 31 December 2009	<u>32,864</u>	<u>44,575</u>	<u>152,901</u>	<u>80,162</u>	<u>310,502</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2010

11. Investments Company

Group
companies
£

Cost

At 1 January 2010 and 31 December 2010

50,003

Net book value

At 31 December 2010 and 31 December 2009

50,003

The company holds 100% of the ordinary share capital of the following subsidiaries

<u>Company</u>	<u>Activity</u>
Diamond Build plc	Building contractors
Anglo Asphalte Co Limited* (in administration)	Roofing contractor
Diamond Maintenance Limited	Dormant
P J Diamond (Building Contractors) Limited	Dormant
Diamond Special Works Limited	Dormant

All the above companies are incorporated in England & Wales and have year ends of 31 December 2010

* Company held indirectly

12. Stocks

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Stock	<u>32,720</u>	<u>38,303</u>	<u>—</u>	<u>—</u>

13 Debtors

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Trade debtors	2,011,971	2,803,265	—	—
Amounts owed by group undertakings	—	95,525	—	23,870
Amounts recoverable on contracts	1,577,896	1,605,400	—	—
Other debtors	78,909	15,992	—	—
Deferred taxation (Note 14)	72,726	98,849	—	—
Prepayments and accrued income	218,324	191,237	—	—
	<u>£3,959,826</u>	<u>£4,810,268</u>	<u>—</u>	<u>£23,870</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2010

14. Deferred taxation

The movement in the deferred taxation asset during the year was

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Asset brought forward	98,849	89,492	-	-
(Decrease)/Increase in asset	(26,123)	9,357	-	-
Asset carried forward	<u>£72,726</u>	<u>£98,849</u>	<u>-</u>	<u>-</u>

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

Group	2010		2009	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of depreciation over taxation allowances	5,547	-	179	-
Tax losses available	69,104	-	98,670	-
Other timing differences	(1,925)	-	-	-
	<u>£72,726</u>	<u>-</u>	<u>£98,849</u>	<u>-</u>

15. Creditors: amounts falling due within one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Overdrafts	-	27,521	-	-
Trade creditors	926,368	1,029,314	-	-
Amounts owed to group undertakings	-	-	3	3
Other creditors including taxation and social security	-	-	-	-
Corporation tax	20,366	81,229	-	-
PAYE and social security	105,698	123,110	-	-
VAT	314,560	296,073	-	-
Other creditors	-	524,245	-	23,870
Accruals and deferred income	1,600,420	1,813,374	-	-
	<u>£2,967,412</u>	<u>£3,894,866</u>	<u>£3</u>	<u>£23,873</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2010

15. Creditors: amounts falling due within one year *(continued)*

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

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Overdrafts	-	27,521	-	-
Directors' loan accounts	-	500,375	-	-
	<u>-</u>	<u>£527,896</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Directors' loan accounts	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>

The debt is repayable within two to five years

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

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Directors' loan accounts	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>
	<u>£200,000</u>	<u>£200,000</u>	<u>-</u>	<u>-</u>

The bank has a fixed and floating charge over the assets of the group securing all monies due whatsoever

Mr J A Gray, a director, has a second equitable charge over the assets of Diamond Build plc securing all monies due from the company

17. Other provisions

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Provision for losses on long term contracts	<u>408,820</u>	<u>420,519</u>	<u>-</u>	<u>-</u>

18. Derivatives

The group has no derivatives

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2010

19. Commitments under operating leases

At 31 December 2010 the group had annual commitments under non-cancellable operating leases as set out below

Group	Land and buildings	
	2010 £	2009 £
Operating leases which expire		
Within 1 year	-	14,400
After more than 5 years	<u>127,425</u>	<u>127,425</u>
	<u>£127,425</u>	<u>£141,825</u>

20. Contingencies

Performance bonds to a value of £678,104 (2009 £1,288,629) existed at 31st December 2010. Liability would only arise if the company failed to complete the relevant contracts. The likelihood of this is considered by the directors to be remote and accordingly, no accounting provision has been made.

21. Transactions with the directors

Diamond Build (Holdings) plc

During the year, the company paid a dividend of £23,100 (2009 £23,870) to Mr J A Gray, a director.

Diamond Build plc

Included in creditors due within one year are directors' loans of £nil (2009 £500,375) and included in creditors due after more than one year are directors' loans of £200,000 (2009 £200,000) 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 £13,457 (2009 £33,005) was paid.

During the year the company undertook work on behalf of Mr J A Gray, a company director, to the value of £23,869 (2009 £23,870) on a commercial basis.

22. Related party transactions

At the balance sheet date Diamond Build plc was due £nil (2009 £95,525) from Anglo Asphalte Co Limited, its subsidiary company in administration.

23. Share capital

Allotted, called up and fully paid:

	2010		2009	
	No	£	No	£
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2010

24 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	£2,079,937	£2,179,937
Profit for the year	—	—	5,283	5,283
Equity dividends	—	—	(23,100)	(23,100)
Balance carried forward	<u>£50,000</u>	<u>£50,000</u>	<u>£2,062,120</u>	<u>£2,162,120</u>
Company		Share capital £	Profit and loss account £	Total share- holders' funds £
Balance brought forward		£50,000	—	£50,000
Profit for the year		—	23,100	23,100
Equity dividends		—	(23,100)	(23,100)
Balance carried forward		<u>£50,000</u>	<u>—</u>	<u>£50,000</u>

25. Notes to the cash flow statement

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

	2010 £	2009 £
Operating profit	41,054	362,721
Depreciation	123,304	137,059
Loss/(Profit) on disposal of fixed assets	908	(7,502)
Decrease in stocks	5,583	18,668
Decrease/(increase) in debtors	824,319	(1,407,130)
(Decrease)/increase in creditors	(839,070)	273,722
(Decrease)/increase in provisions	(11,699)	36,126
Net cash inflow/(outflow) from operating activities	<u>£144,399</u>	<u>£(586,336)</u>

Returns on investments and servicing of finance

	2010 £	2009 £
Interest received	24,175	10,429
Interest paid	(13,457)	(33,005)
Net cash inflow/(outflow) from returns on investments and servicing of finance	<u>10,718</u>	<u>(22,576)</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2010

25. Notes to the cash flow statement (continued)

Taxation

	2010 £	2009 £
Taxation	<u>(81,229)</u>	<u>(26,587)</u>

Capital expenditure

	2010 £	2009 £
Payments to acquire tangible fixed assets	<u>(55,174)</u>	<u>(105,457)</u>
Receipts from sale of fixed assets	<u>-</u>	<u>8,254</u>
Net cash outflow from capital expenditure	<u>(55,174)</u>	<u>(97,203)</u>

Financing

	2010 £	2009 £
Capital element of hire purchase	-	-
Repayment of directors' long-term loans	<u>-</u>	<u>(50,000)</u>
Net cash outflow from financing	<u>-</u>	<u>(50,000)</u>

Reconciliation of net cash flow to movement in net funds

	2010 £	2009 £
Decrease in cash in the period	<u>(4,387)</u>	<u>(806,572)</u>
Cash outflow in respect of hire purchase	-	-
Cash outflow from directors' long-term loans	<u>-</u>	<u>50,000</u>
	<u>(4,387)</u>	<u>(756,572)</u>
Change in net funds	<u>(4,387)</u>	<u>(756,572)</u>
Net funds at 1 January 2010	<u>1,308,728</u>	<u>2,065,300</u>
Net funds at 31 December 2010	<u>£1,304,341</u>	<u>£1,308,728</u>

Analysis of changes in net funds

	At 1 Jan 2010 £	Cash flows £	At 31 Dec 2010 £
Net cash			
Cash in hand and at bank	<u>1,536,249</u>	<u>(31,908)</u>	<u>1,504,341</u>
Overdrafts	<u>(27,521)</u>	<u>27,521</u>	<u>-</u>
	<u>1,508,728</u>	<u>(4,387)</u>	<u>1,504,341</u>
Debt			
Debt due after 1 year	<u>(200,000)</u>	<u>-</u>	<u>(200,000)</u>
Net funds	<u>£1,308,728</u>	<u>£(4,387)</u>	<u>£1,304,341</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2010

26. Controlling parties

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