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COMPANY REGISTRATION NUMBER 05660708

Diamond Build (Holdings) plc
Financial Statements
31 December 2011

MHA MACINTYRE HUDSON

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 2011

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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 D Boniface 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

MHA MacIntyre Hudson
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 2011

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 31 December 2011

Principal activities and business review

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, environmental works, fire safety 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 -

Business Review

The year ended with turnover down on 2010, mainly attributable to company's reliance on public sector Client and the impact of massive government spending cuts resulting in fewer opportunities to price work.

Profit margins were reduced by 3% on 2010, the primary cause was an increased number of competitors in our area of operations due to an influx of larger contractors from the other construction areas such as house building, retail refurbishment and fit out which have also slipped further into decline. As a consequence there are more contractors competing for less work resulting in tighter pricing and lower margins.

By the end of Q1 with the trend becoming apparent the Board of Directors took the decision to implement a cost reduction programme during Q2 and Q3 to reduce the overhead by £400k. This was to ensure this business moved forward as efficiently as possible without compromising the infrastructure required to accommodate the forward plan.

However this effort was frustrated when £3m of work scheduled for Q3 and Q4 was unexpectedly deferred to 2012 by two local authorities.

Despite this the company continued with its strategy to counter the effects of the economic downturn and widen revenue streams through robust cost management, diversification into specialist areas and forming working alliances with other business aligned to our own goals. Areas targeted were primarily in fire safety, private sector and environmental installation works. We continued to build upon our existing substantial client base covering all major Education, Health, Fire, Police and Local Authorities as well as Housing and Charitable Associations, ALMO's and Local School and Academy's all within the M25 and home counties.

To supplement our fire safety division we formed a working alliance with a specialist fire door supplier which has given us the opportunity to provide a comprehensive turnkey solution to clients in resolving their passive fire protection requirements. The year saw a significant rise in repeat business as well as negotiated work because of this strategy which somewhat countered the loss of traditional tendering. We expect this trend to continue to reap the benefit.

Similarly we commenced preparation for the launch of the government's green deal initiative in October 2012 by implementing a training and awareness strategy so as to position ourselves as a forerunner and preferred contractor for environmental installations such as Solar PV, mechanical and electrical solutions and water harvesting technologies.

In addition to the above we approached our key material suppliers and specifiers and made significant inroads to the private sector particularly attracting interest in to the aforementioned work streams.

Preliminary work into the development of the head office site in N15 was made and proposals for planning drafted as well as the appointment of an external project manager.

Diamond Build (Holdings) plc

The Directors' Report *(continued)*

Year ended 31 December 2011

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

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
- CIOB	Chartered Institute of Building

Financial

The company's Turnover was £10.2m (2010 £16.6m) which was a drop of 38%

Gross Profit Margin was 13.0% (2010 16.7%) a drop of 22% at £1.3m (2010 £2.8m)

Despite the set-back of the Loss, we remain in a positive Net Worth position and in a positive cash position at the beginning of the current Financial Year 2012

Debtors as at 31st December 2011

Debtors had decreased at the end of this Financial Year to £2.8m (2010 £4.0m), of which £0.5m (2010 £0.9m) related to Retentions held by our Local Authority clients. All of the amounts recoverable on contracts of £0.9m (2010 £1.6m) were invoiced and all monies received after year end. Also, all Trade Debts outstanding at year end of £1.35m were recovered

Debtor Days	Creditor Days
2011 30	2011 30
2010 26	2010 25

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
 - Private housing Clients
 - Sustainable regeneration works to all sectors
 - Environmental works
 - Fire Safety Works

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

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

Diamond Build (Holdings) plc

The Directors' Report *(continued)*

Year ended 31 December 2011

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 fire prevention supplies

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.

36 Nr Client Satisfaction Questionnaires returned

Average score was 8.2 out of 10

Highest score was 10 out of 10

Lowest score was 7.6 out of 10

8 Nr Considerate Contractor Site inspections

Average score was 33 out of 40

Highest score was 36 out of 40

Lowest score was 31 out of 40

There were no disputes reported

The operational director continues to provide a vital role in improving performance and has bolstered the department by continuing with his in house training as part of a robust educational programme throughout the workforce. The role of divisional manager for the Fire Safety Division was advertised and filled by a qualified senior manager who is a member of the Institute of Fire Engineers.

Safety, Health and the Environment (SHE Management System)

The Board of Directors agreed to implement an improvement strategy for the comprehensive SHE management system review and audit process obligatory to the needs of the company. An interview process was undertaken and an appointment made to an outside firm of consultants to fulfil the requirements of the business. Accreditation to BS OHSAS 18001 and ISO 14001 was maintained. Further attendance to the 1-day asbestos awareness training course for all operational staff was undertaken.

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

The company achieved CSCS Gold status for the number of personnel that have completed the CSCS health and safety test.

HSE Enforcement

There were no enforcement notices.

There were no prohibition notices.

There were no improvement notices.

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.

RIDDOR (Reportable) Incidents

There have been none during 2011.

Environmental

In keeping with our accreditation for ISO 14001:2004 for Environmental Management and following our environmental audit using external consultants from The Sustainable Homes Index For Tomorrow (SHIFT), the company has gained Silver Accreditation for our achievements in sustainability and the management of our environmental impact. SHIFT is the only comprehensive environmental benchmark for affordable housing providers. The operational Director commenced implementation of training in

Diamond Build (Holdings) plc

The Directors' Report *(continued)*

Year ended 31 December 2011

relation to PAS 2030 2012. This PAS is primarily intended for the installer of energy efficiency measures, and will better prepare us for the forthcoming Green Deal.

ICT

'Sysaid' network management and error reporting software interface continues to log issues and monitor performance. The Company's 'Intranet' was further developed during the year. All standard documents and forms of reporting are logged here, providing greater document control. An annual review of site telecommunications and equipment was carried out. The off site remote data storage back up utility continues. 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

As an Investor in People a mid-term appraisal was carried out and some required changes were identified. An improvement plan was drafted and implemented under the supervision of the HR Director. 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 Degree courses for management trainees, NVQ for apprentices and site management NVQ3 and NVQ4. 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 2011

Our fire Safety division remains a significant part of the business development as there is considerable funding available to local authorities and social landlords thereby revitalising the revenue stream for our client base, our foresight and investment into training and gaining accreditation provides our competitors with a time related barrier to entry and therefore in the medium term the competition in this area is limited as we are ahead of the field. The first quarter saw traditional tender successes down significantly on last year, reflecting the current state of the market. 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 2013. Further cost saving measures have been implemented in February (10% reduction in pay to all staff), in March a full departmental budget review, and in April further redundancies to all departments. This has resulted in a projected overhead of £1.8m pa (against £2.7m pa 2011). Cost of sales improvements are also expected as a result of improved buying and operational staff wage cuts. End of year forecast currently stands at:

Turnover	£ 14,100,000
Gross Profit	£ 2,018,581
Overhead	£ 1,918,500
Net Profit	£ 100,081

Results and dividends

The loss for the year amounted to £1,230,645. 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
S D Boniface M C I O B

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

Diamond Build (Holdings) plc

The Directors' Report *(continued)*

Year ended 31 December 2011

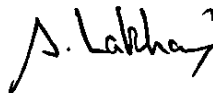
goods is achieved This is achieved by processing invoices daily and having weekly payment runs, using the DEMA accounting system that auto processes payments daily to the Barclays BACS payment facility At 31 December 2011, the trade creditors of the company represented 30 days (2010 25 days) of the purchases made during the year

Auditor

On 21 November 2011, our auditors adopted the trading name MHA MacIntyre Hudson MHA MacIntyre Hudson is deemed to be re-appointed under section 487(2) of 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 29th June '12

Diamond Build (Holdings) plc

Statement of Directors' Responsibilities

Year ended 31 December 2011

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 2011

We have audited the group and parent company financial statements ("the financial statements") of Diamond Build (Holdings) plc for the year ended 31 December 2011 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 Chapter 3 of Part 16 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 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

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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 and of the group's loss 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 2011

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



BRENDAN SHARKEY FCA (Senior
Statutory Auditor)
For and on behalf of
MHA MACINTYRE HUDSON
Chartered Accountants
& Statutory Auditor

Euro House
1394 High Road
London
N20 9YZ

29 June 2012

Diamond Build (Holdings) plc

Profit and Loss Account

Year ended 31 December 2011

	Note	2011 £	2010 £
Group turnover	1	10,236,786	16,623,087
Cost of sales		<u>8,905,856</u>	<u>13,842,953</u>
Gross profit		1,330,930	2,780,134
Administrative expenses excluding exceptional items		<u>2,679,031</u>	<u>2,758,796</u>
Exceptional administrative expenses	3	<u>103,718</u>	—
Administrative expenses		2,782,749	2,758,796
Other operating income	2	<u>(24,345)</u>	<u>(19,716)</u>
Operating (loss)/profit	3	(1,427,474)	41,054
Interest receivable		<u>5,822</u>	<u>24,175</u>
Interest payable and similar charges	6	<u>(16,566)</u>	<u>(13,457)</u>
(Loss)/profit on ordinary activities before taxation		(1,438,218)	51,772
Tax on (loss)/profit on ordinary activities	7	<u>(207,573)</u>	<u>46,489</u>
(Loss)/profit for the financial year	8	<u>£(1,230,645)</u>	<u>£5,283</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 25 form part of these financial statements

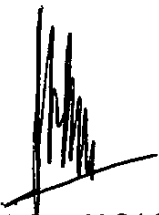
Diamond Build (Holdings) plc

Group Balance Sheet

31 December 2011

	Note	2011 £	2010 £
Fixed assets			
Tangible assets	10	430,145	241,465
Current assets			
Stocks	12	60,064	32,720
Debtors	13	2,825,109	3,959,826
Cash at bank and in hand		226,046	1,504,341
		3,111,219	5,496,887
Creditors: amounts falling due within one year	15	2,014,774	2,967,412
Net current assets		1,096,445	2,529,475
Total assets less current liabilities		1,526,590	2,770,940
Creditors: amounts falling due after more than one year	16	305,000	200,000
Provisions for liabilities			
Other provisions	17	290,115	408,820
		£931,475	£2,162,120
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	831,475	2,062,120
Shareholders' funds	24	£931,475	£2,162,120

These financial statements were approved by the directors and authorised for issue on 29th June '12 and are signed on their behalf by


J A Gray M C I O B

The accounting policies and notes on pages 14 to 25 form part of these financial statements

Diamond Build (Holdings) plc

Balance Sheet

31 December 2011

	Note	2011 £	£	2010 £
Fixed assets				
Investments	11		<u>50,003</u>	<u>50,003</u>
Current assets				
Debtors	13	<u>125,000</u>		-
		<u>125,000</u>		-
Creditors' amounts falling due within one year	15	<u>125,003</u>		<u>3</u>
Net current liabilities			<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	23		<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 and are signed on their behalf by

29th June '12



J A Gray M C I O B

Company Registration Number 05660708

The accounting policies and notes on pages 14 to 25 form part of these financial statements.

Diamond Build (Holdings) plc

Group Cash Flow

Year ended 31 December 2011

	Note	2011 £	2010 £
Net cash (outflow)/inflow from operating activities	25	(1,053,261)	144,398
Returns on investments and servicing of finance	25	(10,744)	10,718
Taxation	25	(20,424)	(81,229)
Capital expenditure and financial investment	25	(298,866)	(55,174)
Equity dividends paid		–	(23,100)
Cash outflow before financing		(1,383,295)	(4,387)
Financing	25	105,000	–
Decrease in cash	25	<u>£(1,278,295)</u>	<u>£(4,387)</u>

The accounting policies and notes on pages 14 to 25 form part of these financial statements

Diamond Build (Holdings) plc

Accounting Policies *(continued)*

Year ended 31 December 2011

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.

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

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

This is in accordance with SSAP 19 which, unlike the companies act 2006, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by the company and so their current value is of prime importance. The departure from the provisions of the act is required in order to give a true and fair view.

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.

Diamond Build (Holdings) plc

Accounting Policies *(continued)*

Year ended 31 December 2011

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.

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

The company's rebranding cost totalled £140,000 which is being written off over 3 years. At the balance sheet date £31,122 remains deferred.

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2011

1. Turnover

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

An analysis of turnover is given below

	2011 £	2010 £
United Kingdom	<u>10,236,786</u>	<u>16,623,087</u>

2. Other operating income

	2011 £	2010 £
Profit on disposal of fixed assets	2,240	—
Other operating income	<u>22,105</u>	<u>19,716</u>
	<u>£24,345</u>	<u>£19,716</u>

3. Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting)

	2011 £	2010 £
Amortisation of intangible assets	5,089	—
Depreciation of owned fixed assets	107,335	123,304
Loss on disposal of fixed assets	—	907
Profit on disposal of fixed assets	(2,240)	—
Auditor's remuneration		
- as auditor	15,500	18,000
- for other services	7,355	4,500
Operating lease costs		
- Other	127,613	127,425
Redundancy costs	<u>103,718</u>	<u>—</u>

During the year the company performed a rationalisation of its costs resulting in a reduction in the number of employees and significant redundancy costs

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2011

4. Particulars of employees

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

	2011 No	2010 No
Number of production staff	31	35
Number of administrative staff	29	29
Number of management staff	36	38
	<u>96</u>	<u>102</u>

The aggregate payroll costs of the above were

	2011 £	2010 £
Wages and salaries	3,341,233	3,951,945
Social security costs	218,349	352,456
Other pension costs	61,239	73,564
Redundancy costs	103,718	—
	<u>£3,724,539</u>	<u>£4,377,965</u>

5. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	2011 £	2010 £
Remuneration receivable	436,521	533,649
Value of company pension contributions to money purchase schemes	40,628	10,000
Other pension costs	—	45,320
	<u>£477,149</u>	<u>£588,969</u>

Remuneration of highest paid director:

	2011 £	2010 £
Total remuneration (excluding pension contributions)	<u>93,004</u>	<u>97,608</u>

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

	2011 No	2010 No
Money purchase schemes	<u>1</u>	<u>1</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2011

6. Interest payable and similar charges

	2011 £	2010 £
Other similar charges payable	<u>16,566</u>	<u>13,457</u>

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

	2011 £	2010 £
Current tax		
UK Corporation tax based on the results for the year at 21% (2010 - 21%)	-	20,366
(Over)/under provision in prior year	<u>58</u>	-
Total current tax	<u>£58</u>	<u>£20,366</u>
Deferred tax		
Origination and reversal of timing differences (note 14)		
Capital allowances	9,511	(5,368)
Losses	(209,442)	29,566
Other	<u>(7,700)</u>	<u>1,925</u>
Total deferred tax (note 14)	<u>£(207,631)</u>	<u>£26,123</u>
Tax on (loss)/profit on ordinary activities	<u>£(207,573)</u>	<u>£46,489</u>

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21% (2010 - 21%)

	2011 £	2010 £
(Loss)/profit on ordinary activities before taxation	<u>(1,438,218)</u>	<u>51,772</u>
(Loss)/profit on ordinary activities by rate of tax	<u>(222,544)</u>	10,872
Disallowable expenditure	157	8,611
Capital allowances for period in excess of depreciation	<u>(7,657)</u>	4,891
Adjustments to tax charge in respect of previous periods	58	-
Tax refund – losses c/back	<u>20,423</u>	(5,077)
Taxable losses carried forward	<u>210,843</u>	-
Sundry tax adjusting items	<u>(1,222)</u>	<u>1,069</u>
Total current tax (note 7(a))	<u>£58</u>	<u>£20,366</u>

8. Profit attributable to members of the parent company

The profit dealt with in the financial statements of the parent company was £Nil (2010 - £23,100)

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2011

9. Dividends

Equity dividends

	2011 £	2010 £
Paid		
Equity dividends on ordinary shares	<u>—</u>	<u>23,100</u>

10. Tangible fixed assets

Group	Investment property £	Leasehold improvements £	Fixtures & Fittings £	Motor Vehicles £	Computer Equipment £	Total £
Cost						
At 1 Jan 2011	—	45,810	380,056	414,197	574,737	1,414,800
Additions	175,000	—	2,428	117,364	6,314	301,106
Disposals	—	—	—	(40,343)	—	(40,343)
At 31 Dec 2011	<u>175,000</u>	<u>45,810</u>	<u>382,484</u>	<u>491,218</u>	<u>581,051</u>	<u>1,675,563</u>
Depreciation						
At 1 Jan 2011	—	18,035	355,493	285,882	513,925	1,173,335
Charge for the year	—	5,090	20,246	39,045	48,045	112,426
On disposals	—	—	—	(40,343)	—	(40,343)
At 31 Dec 2011	<u>—</u>	<u>23,125</u>	<u>375,739</u>	<u>284,584</u>	<u>561,970</u>	<u>1,245,418</u>
Net book value						
At 31 Dec 2011	<u>175,000</u>	<u>22,685</u>	<u>6,745</u>	<u>206,634</u>	<u>19,081</u>	<u>430,145</u>
At 31 Dec 2010	<u>—</u>	<u>27,775</u>	<u>24,563</u>	<u>128,315</u>	<u>60,812</u>	<u>241,465</u>

11. Investments

Company

Group
companies
£

Cost

At 1 January 2011 and 31 December 2011 50,003

Net book value

At 31 December 2011 and 31 December 2010 50,003

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2011

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

<u>Company</u>	<u>Activity</u>
Diamond Build Plc	Building contractors
Diamond Fire Safety Limited	Fire protection "turnkey" solutions
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 2011

12. Stocks

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Stock	<u>60,064</u>	<u>32,720</u>	<u>-</u>	<u>-</u>

13. Debtors

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Trade debtors	1,348,654	2,011,971	-	-
Amounts owed by group undertakings	-	-	125,000	-
Amounts recoverable on contracts	913,400	1,577,896	-	-
Other debtors	81,816	78,909	-	-
Directors current accounts	51,000	-	-	-
Deferred taxation (Note 14)	280,357	72,726	-	-
Prepayments and accrued income	149,882	218,324	-	-
	<u>£2,825,109</u>	<u>£3,959,826</u>	<u>£125,000</u>	<u>-</u>

14. Deferred taxation

The movement in the deferred taxation asset during the year was

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Asset brought forward	72,726	98,849	-	-
Increase/(Decrease) in asset	207,631	(26,123)	-	-
Asset carried forward	<u>£280,357</u>	<u>£72,726</u>	<u>-</u>	<u>-</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2011

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

Group	2011		2010	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets/(Excess of depreciation over taxation allowances)	(3,964)	-	5,547	-
Tax losses available	278,546	-	69,104	-
Other timing differences	5,775	-	(1,925)	-
	<u>£280,357</u>	<u>-</u>	<u>£72,726</u>	<u>-</u>

15. Creditors: amounts falling due within one year

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Trade creditors	853,512	926,368	-	-
Amounts owed to group undertakings	-	-	125,003	3
Other creditors including taxation and social security	-	-	-	-
Corporation tax	-	20,366	-	-
PAYE and social security	84,006	105,698	-	-
VAT	204,477	314,560	-	-
Accruals and deferred income	872,779	1,600,420	-	-
	<u>£2,014,774</u>	<u>£2,967,412</u>	<u>£125,003</u>	<u>£3</u>

Barclays Bank Plc has a fixed charge over monies owed to it

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

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Directors' loan accounts	<u>305,000</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	
	2011 £	2010 £	2011 £	2010 £
Directors' loan accounts	305,000	200,000	-	-
	<u>£305,000</u>	<u>£200,000</u>	<u>-</u>	<u>-</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2011

17. Other provisions

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Provision for losses on long term contracts	<u>290,115</u>	<u>408,820</u>	<u>-</u>	<u>-</u>

18 Derivatives

The group has no derivatives

19 Commitments under operating leases

At 31 December 2011 the group had annual commitments under non-cancellable operating leases as set out below

Group	Land and buildings	
	2011	2010
	£	£
Operating leases which expire		
Within 1 year	14,400	-
After more than 5 years	100,245	127,425
	<u>£114,645</u>	<u>£127,425</u>

20. Contingencies

Performance bonds to a value of £418,843 (2010 £1,678,104) existed at 31st December 2011. Liability would only arise if the group failed to complete the relevant contracts. The likelihood of this is remote and accordingly, no accounting provision has been made.

21 Transactions with the directors

Included in creditors due after more than one year are directors' loans of £305,000 (2010 £200,000) from Mr J A Gray, a company director. Interest of 4% above the base rate accrues on the loans and is payable monthly and in arrears. During the year, interest of £16,566 (2010 £13,457) was paid.

During the year the group undertook work on behalf of Mr J A Gray, a company director, to the value of £60,000 (2010 £23,869) on a commercial basis.

During the year the group provided a loan of £50,000 to Mr S Boniface, a director. Interest has been charged on this balance at commercial rates. At the balance sheet date S Boniface owed the company £51,000 (2010 £nil).

The investment property is rented to Mr J A Gray's son at an open market value.

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2011

22. Related party transactions

During the year the group paid rent of £75,745 (2010 £75,745) to the Diamond Build Plc Executive Pension Scheme. Mr J A Gray, a director, is also a trustee and a beneficiary of the scheme.

During the year the group provided services totalling £5,084 to Diamond Facilities Support Limited, a company in which Mr J Gray has an interest.

23. Share capital

Allotted, called up and fully paid:

	2011 No	£	2010 No	£
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

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	£2,062,120	£2,162,120
Loss for the year	—	—	(1,230,645)	(1,230,645)
Balance carried forward	<u>£50,000</u>	<u>£50,000</u>	<u>£831,475</u>	<u>£931,475</u>
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>

25. Notes to the cash flow statement

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

	2011 £	2010 £
Operating (loss)/profit	(1,427,474)	41,054
Depreciation	112,426	123,304
(Profit)/Loss on disposal of fixed assets	(2,240)	907
(Increase)/decrease in stocks	(27,344)	5,583
Decrease in debtors	1,342,348	824,319
Decrease in creditors	(932,272)	(839,070)
Decrease in provisions	(118,705)	(11,699)
Net cash (outflow)/inflow from operating activities	<u>£(1,053,261)</u>	<u>£144,398</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2011

25. Notes to the cash flow statement (continued)

Returns on investments and servicing of finance

	2011 £	2010 £
Interest received	5,822	24,175
Interest paid	(16,566)	(13,457)
Net cash (outflow)/inflow from returns on investments and servicing of finance	(10,744)	10,718

Taxation

	2011 £	2010 £
Taxation	(20,424)	(81,229)

Capital expenditure

	2011 £	2010 £
Payments to acquire tangible fixed assets	(301,106)	(55,174)
Receipts from sale of fixed assets	2,240	-
Net cash outflow from capital expenditure	(298,866)	(55,174)

Financing

	2011 £	2010 £
Repayment of directors' long-term loans	105,000	-
Net cash inflow from financing	105,000	-

Reconciliation of net cash flow to movement in net debt

	2011 £	2010 £
Decrease in cash in the period	(1,278,295)	(4,387)
Cash (inflow) from directors' long-term loans	(105,000)	-
	(1,383,295)	(4,387)
Change in net debt	(1,383,295)	(4,387)
Net funds at 1 January 2011	1,304,341	1,308,728
Net debt at 31 December 2011	£(78,954)	£1,304,341

Analysis of changes in net debt

	At 1 Jan 2011 £	Cash flows £	At 31 Dec 2011 £
Net cash			
Cash in hand and at bank	1,504,341	(1,278,295)	226,046
Debt			
Debt due after 1 year	(200,000)	(105,000)	(305,000)
Net debt	£1,304,341	£(1,383,295)	£(78,954)

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2011

26. Controlling parties

Throughout the current and previous year, the group 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