

COMPANY REGISTRATION NUMBER 05660708

Diamond Build (Holdings) plc
Financial Statements
31 December 2012



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

Diamond Build (Holdings) plc

Financial Statements

Year ended 31 December 2012

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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 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 2012

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 31 December 2012

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 a very similar turnover to 2011 and this was due to the fact that we are a specialist public works contractor and are subject to the restrictions on spending on public works. It is still a very competitive market and we have done well to maintain turnover at the same level as 2011.

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 2013 by two local authorities.

Despite this the company continued with its strategy to counter the effects of the economic downturn by 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. Whilst trying to maintain a balanced workload in our traditional areas of 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.

Preliminary work into the development of the head office site in N15 was made and proposals for planning drafted which if granted will produce us a substantial workload in a year's time.

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 £10.1m (2011: £10.2m)

Gross Profit Margin was 11.7% (2011: 13.0%) a drop of 1.30% at £1.2m (2010: £1.3m)

Overheads were reduced by 16.55% to £1.9m (2011: £2.3m) which is 19% of Turnover (2011: 22%),

Diamond Build (Holdings) plc

The Directors' Report *(continued)*

Year ended 31 December 2012

A Net Loss of £0.5m (2011: £0.8m Loss) was incurred

Despite the set-back of the Loss, we remain in a positive Net Worth position and in a positive cash position of £400k at the beginning of the current Financial Year 2013

Debtors as at 31st December 2012

Debtors had decreased at the end of this Financial Year to £2.9m (2011: £3.2m), of which £0.3m (2011: £0.5m) related to Retentions held by our Local Authority clients. All of the amounts recoverable on contracts of £0.8m (2011: £0.9m) were invoiced and all monies received after year end

Also, all other Trade Debts outstanding at year end of £0.8m were recovered

Debtor Days	Creditor Days
2012: 27	2012: 34
2011: 30	2011: 30

Business Development

The Company continued with its business growth strategy

- o Maximise current term contract accounts
- o Consolidating work with existing clients
- o Introduce new relationships and business opportunities in the following sectors
 - Education
 - Fire prevention
 - Environmental works

Nurturing Existing Clients

It is important to ensure that we maintain relationships with existing clients and re-establish relationships with past clients to ensure that we are given work opportunities

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

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 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

Diamond Build (Holdings) plc

The Directors' Report *(continued)*

Year ended 31 December 2012

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

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 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 environmental works.

ICT

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. 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.

Diamond Build (Holdings) plc

The Directors' Report *(continued)*

Year ended 31 December 2012

Events since the end of 2012

The Director of Human Resources resigned in March 2013 as the work has been taken over by her part time assistant - with a reduced workforce and turnover it was not necessary to have such a high calibre person in post. This has produced a considerable saving in the overhead costs.

In carrying out a review of our I C T department which was managed by Stephen Boniface the Managing Director's son, certain matters came to light which led to Stephen Boniface walking out and the dismissal of S D Boniface the managing director.

Consultants then carried out a total review of the I C T Department early in 2013. We have replaced the Stephen Boniface who was in charge of our I C T with a highly qualified person who has just completed his MSc in computer science.

Considerable savings have been made in the cost of running the department, the internet, communications, printing and copying.

John Gray the Chairman has taken over the position of Managing Director and he has started to make further savings to the overheads, is looking to stimulate the workload with a review of our Business development and estimating whilst tightening up our contractual procedures.

To strengthen our financial controls a new consultant has been brought in to act as Chief Surveyor and he is making changes to ensure that our financial reporting is more accurate and to ensure that payments are received and made in accordance with the contract conditions.

We are on track to reduce our overheads by £500k for 2013 compared to 2012 whilst slightly improving our turnover.

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. In March '13 a full departmental budget review was undertaken, and in April further overhead reductions were implemented to all departments. This has resulted in a projected overhead of £1 445m pa (against £1 9m pa 2012).

Year 2013 forecast currently stands at

Turnover	£11,253,000
Gross Profit	£ 1,482,000
Overhead	£ 1,445,000
Net Profit	£ 37,000

Results and dividends

The loss for the year amounted to £427,194. The directors have not recommended a dividend.

Directors

The directors who served the company during the year and up to the date of this report are listed on page 1.

Policy on the payment of creditors

It is the company's policy to pay sub-contractors and suppliers in accordance with their agreed terms.

Diamond Build (Holdings) plc

The Directors' Report *(continued)*

Year ended 31 December 2012

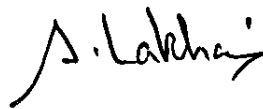
and conditions At 31 December 2012, the trade creditors of the company represented 34 days (2011 34 days) of the purchases made during the year

Auditor

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 24th June 2013

Diamond Build (Holdings) plc

Statement of Directors' Responsibilities

Year ended 31 December 2012

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 accounting 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 2012

We have audited the group and parent company financial statements ("the financial statements") of Diamond Build (Holdings) Plc for the year ended 31 December 2012 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 the 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 2012 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 2012

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
MHA MACINTYRE HUDSON
Chartered Accountants
& Statutory Auditor

Euro House
1394 High Road
London
N20 9YZ

27 June 2013

Diamond Build (Holdings) plc

Profit and Loss Account

Year ended 31 December 2012

	Note	2012 £	2011 £
Group turnover	1	10,082,658	10,263,259
Cost of sales		<u>8,767,424</u>	<u>8,905,856</u>
Gross profit		1,315,234	1,357,403
Administrative expenses excluding exceptional items		<u>1,944,574</u>	2,679,031
Exceptional administrative expenses	3	<u>51,314</u>	103,718
Administrative expenses		1,995,888	2,782,749
Other operating income	2	<u>(76,586)</u>	(24,345)
Operating loss	3	(604,068)	(1,401,001)
Interest receivable		<u>5,726</u>	5,822
Interest payable and similar charges	6	<u>(15,606)</u>	(16,566)
Loss on ordinary activities before taxation		(613,948)	(1,411,745)
Tax on loss on ordinary activities	7	<u>(186,754)</u>	(207,573)
Loss for the financial year	8	<u>£(427,194)</u>	<u>£(1,204,172)</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 2012

	Note	2012 £	2011 £
Fixed assets			
Tangible assets	9	<u>115,166</u>	<u>430,145</u>
Current assets			
Stocks	11	52,496	60,064
Debtors	12	2,562,219	2,851,582
Cash at bank and in hand		<u>400,282</u>	<u>226,046</u>
		3,014,997	3,137,692
Creditors: amounts falling due within one year	14	<u>2,217,938</u>	<u>2,014,774</u>
Net current assets		797,059	1,122,918
Total assets less current liabilities		912,225	1,553,063
Creditors amounts falling due after more than one year	15	37,435	305,000
Provisions for liabilities			
Other provisions	16	<u>344,036</u>	<u>290,115</u>
		£530,754	£957,948
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	430,754	857,948
Shareholders' funds	23	£530,754	£957,948

These financial statements were approved by the directors and authorised for issue on 24th June 2013 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 2012

	Note	2012 £	2011 £
Fixed assets			
Investments	10		<u>50,003</u>
Current assets			
Debtors	12	390,000	125,000
Creditors: amounts falling due within one year	14	<u>390,003</u>	<u>125,003</u>
Net current liabilities			<u>(3)</u>
Total assets less current liabilities			<u>50,000</u>
Capital and reserves			
Called-up equity share capital	22	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 24th June 2013 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 25 form part of these financial statements.

Diamond Build (Holdings) plc

Group Cash Flow

Year ended 31 December 2012

	Note	2012 £	2011 £
Net cash inflow/(outflow) from operating activities	24	214,076	(1,053,261)
Returns on investments and servicing of finance	24	(9,880)	(10,744)
Taxation	24	7,779	(20,424)
Capital expenditure and financial investment	24	229,826	(298,866)
Cash inflow/(outflow) before financing		441,801	(1,383,295)
Financing	24	(267,565)	105,000
Increase/(decrease) in cash	24	<u>£174,236</u>	<u>£(1,278,295)</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 2012

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 408 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	-	over the term of the lease
Fixtures & Fittings	-	25% straight line
Motor Vehicles	-	20% straight line
Computer Equipment	-	33 3% straight line

Investment properties are recorded 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.

Investment properties are not depreciated. This is in accordance with SSAP 19 and overrides the requirements of large and medium-sized companies and groups (accounts and reports) regulations 2008. 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 2012

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.

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2012

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

	2012 £	2011 £
United Kingdom	<u>10,082,658</u>	<u>10,263,259</u>

2. Other operating income

	2012 £	2011 £
Profit on disposal of fixed assets	–	2,240
Other operating income	<u>76,586</u>	<u>22,105</u>
	<u>£76,586</u>	<u>£24,345</u>

3. Operating loss

Operating loss is stated after charging/(crediting)

	2012 £	2011 £
Amortisation of intangible assets	1,922	5,089
Depreciation of owned fixed assets	78,543	107,335
Loss on disposal of fixed assets	4,688	–
Profit on disposal of fixed assets	–	(2,240)
Auditor's remuneration		
- as auditor	13,500	12,000
- for other services	12,440	7,355
Operating lease costs		
- Land and buildings	98,141	127,613
Exceptional staff costs	<u>51,314</u>	<u>103,718</u>

Redundancy costs of £51,314 (2011 £103,718) included above are considered to be exceptional in nature as disclosed in the profit and loss account

Auditor's fees

The fees charged by the auditor can be further analysed under the following headings for services rendered

	2012 £	2011 £
Audit	13,500	12,000
Taxation	7,415	2,500
Business consultancy	5,025	4,855
	<u>£25,940</u>	<u>£19,355</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2012

4. Particulars of employees

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

	2012 No	2011 No
Number of production staff	22	31
Number of administrative staff	21	29
Number of management staff	29	36
	<u>72</u>	<u>96</u>

The aggregate payroll costs of the above were

	2012 £	2011 £
Wages and salaries	2,609,186	3,633,044
Social security costs	138,164	218,349
Other pension costs	46,922	61,239
Exceptional staff costs	51,314	103,718
	<u>£2,845,586</u>	<u>£4,016,350</u>

5 Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	2012 £	2011 £
Remuneration receivable	353,276	436,521
Value of company pension contributions to money purchase schemes	39,670	40,628
	<u>£392,946</u>	<u>£477,149</u>

Remuneration of highest paid director:

	2012 £	2011 £
Total remuneration (excluding pension contributions)	<u>76,334</u>	<u>93,004</u>

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

	2012 No	2011 No
Money purchase schemes	<u>1</u>	<u>1</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2012

6. Interest payable and similar charges

	2012 £	2011 £
Interest payable on bank borrowing	2,030	-
Other similar charges payable	13,576	16,566
	<u>£15,606</u>	<u>£16,566</u>

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

	2012 £	2011 £
Current tax		
Corporation tax	-	-
(Over)/under provision in prior year	-	58
Total current tax	-	£58
Deferred tax		
Origination and reversal of timing differences (note 13)		
Capital allowances	(3,964)	9,511
Losses	(215,266)	(209,442)
Other	32,476	(7,700)
Total deferred tax (note 13)	<u>£(186,754)</u>	<u>£(207,631)</u>
Tax on loss on ordinary activities	<u>£(186,754)</u>	<u>£(207,573)</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2012

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 24.5% (2011 - 21%)

	2012 £	2011 £
Loss on ordinary activities before taxation	(613,948)	(1,438,218)
Loss on ordinary activities by rate of tax	(174,305)	(222,544)
Capital allowances for period in excess of depreciation	659	157
Utilisation of tax losses	13,710	(7,657)
Adjustments to tax charge in respect of previous periods	-	58
Tax refunds – losses c/back	-	20,423
Taxable losses carried forward	170,613	210,843
Sundry tax adjusting items	(10,677)	(1,222)
Total current tax (note 7(a))	-	£58

8. Profit attributable to members of the parent company

The profit dealt with in the financial statements of the parent company was £Nil (2011 - £Nil)

9. Tangible fixed assets

Group	Investment Property £	Leasehold Property £	Fixtures & Fittings £	Motor Vehicles £	Computer Equipment £	Total £
Cost						
At 1 Jan 2012	175,000	45,810	382,484	491,218	581,051	1,675,563
Additions	-	-	2,161	32,790	2,835	37,786
Disposals	(175,000)	(17,500)	(384,645)	(121,809)	(583,886)	(1,282,840)
At 31 Dec 2012	-	£28,310	-	£402,199	-	£430,509
Depreciation						
At 1 Jan 2012	-	23,125	375,739	284,584	561,970	1,245,418
Charge for the year	-	12,868	1,536	56,777	9,284	80,465
On disposals	-	(17,500)	(377,275)	(44,511)	(571,254)	(1,010,540)
At 31 Dec 2012	-	£18,493	-	£296,850	-	£315,343
Net book value						
At 31 Dec 2012	-	9,817	-	105,349	-	115,166
At 31 Dec 2011	175,000	22,685	6,745	206,634	19,081	430,145

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2012

10 Investments Company

Group
companies
£

Cost

At 1 January 2012 and 31 December 2012

50,003

Net book value

At 31 December 2012 and 31 December 2011

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
Diamond Fire Safety Limited	Fire Protection "turnkey" solutions
P J Diamond (Building Contractors) Limited	Dormant

All the above companies are incorporated in England & Wales and have year ends of 31 December 2012

11. Stocks

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Stock	52,496	60,064	—	—

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

12. Debtors

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	1,082,941	1,348,654	—	—
Amounts owed by group undertakings	—	—	390,000	125,000
Amounts recoverable on contracts	801,307	913,400	—	—
Other debtors	46,433	81,816	—	—
Directors current accounts	53,000	51,000	—	—
Deferred taxation (Note 13)	467,111	280,357	—	—
Prepayments and accrued income	111,427	176,355	—	—
	£2,562,219	£2,851,582	£390,000	£125,000

Included in debtors is £467,111 (2011 £280,357) due in more than one year

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2012

13. Deferred taxation

The movement in the deferred taxation asset during the year was

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Asset brought forward	280,357	72,726	-	-
Increase in asset	186,754	207,631	-	-
Asset carried forward	<u>£467,111</u>	<u>£280,357</u>	<u>-</u>	<u>-</u>

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

Group	2012		2011	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	-	-	(3,964)	-
Tax losses available	493,812	-	278,546	-
Other timing differences	(26,701)	-	5,775	-
	<u>£467,111</u>	<u>-</u>	<u>£280,357</u>	<u>-</u>

14. Creditors, amounts falling due within one year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade creditors	832,266	853,512	-	-
Amounts owed to group undertakings	-	-	390,003	125,003
Other creditors including taxation and social security				
Corporation tax	7,779	-	-	-
PAYE and social security	53,109	84,006	-	-
VAT	306,162	204,477	-	-
Other creditors	12,039	-	-	-
Accruals and deferred income	1,006,583	872,779	-	-
	<u>£2,217,938</u>	<u>£2,014,774</u>	<u>£390,003</u>	<u>£125,003</u>

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

15 Creditors: amounts falling due after more than one year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Directors' loan accounts	<u>37,435</u>	<u>305,000</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

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2012

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Directors' loan accounts	<u>37,435</u>	<u>305,000</u>	<u>-</u>	<u>-</u>

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. The debt is repayable within two to five years.

16 Other provisions

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Provision for losses on long term contracts	<u>344,036</u>	<u>290,115</u>	<u>-</u>	<u>-</u>

17. Derivatives

The group has no derivatives.

18. Commitments under operating leases

At 31 December 2012 the group had annual commitments under non-cancellable operating leases as set out below:

Group	Land and buildings	
	2012	2011
	£	£
Operating leases which expire		
Within 1 year	14,400	14,400
After more than 5 years	91,500	100,245
	<u>£105,900</u>	<u>£114,645</u>

19. Contingencies

Performance bonds to a value of £421,575 (2011: £418,843) existed at 31 December 2012. 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.

20. Transactions with the directors

Diamond Build Plc

Included in creditors due after more than one year are directors' loans of £37,435 (2011: £305,000) 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 £8,478 (2011: £16,566) was paid.

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2012

During the year the company undertook work on behalf of Mr J A Gray, a company director, to the value of £nil (2011 £60,000)

In the year to 31 December 2011, the company provided a loan of £50,000 to Mr S Boniface, a director. Mr S Boniface resigned as a director on 24 May 2013. Interest has been charged on this balance at a commercial rate. At the balance sheet date, the company was due £53,000 (2011 £51,000)

21. Related party transactions

During the year the company paid rent of £67,000 (2011 £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 company provided services totalling £42,738 (2011 £5,084) to Diamond Facilities Support Limited, a company in which Mr J Gray has an interest.

During the year the company sold assets worth £261,984 (2011 £nil) to Diamond Leasing Limited at arms length, a company in which Mr J Gray has an interest.

During the year the investment property was rented out to Mr Gray's son for £6,050 per year (2011 £6,050 per year) on a commercial basis. The investment property was sold to Diamond Leasing Limited at 31 December 2012 for £175,000.

At the year end, £5,101 (2011 £2000) was due from the son of Mr S Boniface, a director during the year.

22. Share capital

Allotted, called up and fully paid:

	2012 No	£	2011 No	£
50,000 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	£857,948	£957,948
Loss for the year	—	—	(427,194)	(427,194)
Balance carried forward	<u>£50,000</u>	<u>£50,000</u>	<u>£430,754</u>	<u>£530,754</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>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2012

24. Notes to the cash flow statement

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

	2012 £	2011 £
Operating loss	(604,068)	(1,401,001)
Depreciation	80,465	112,426
Loss/(Profit) on disposal of fixed assets	4,688	(2,240)
Decrease/(increase) in stocks	7,568	(27,344)
Decrease in debtors	476,117	1,315,875
Increase/(decrease) in creditors	195,385	(932,272)
Increase/(decrease) in provisions	53,921	(118,705)
Net cash inflow/(outflow) from operating activities	<u>£214,076</u>	<u>£(1,053,261)</u>

Returns on investments and servicing of finance

	2012 £	2011 £
Interest received	5,726	5,822
Interest paid	(13,961)	(16,566)
Interest element of hire purchase	(1,645)	—
Net cash outflow from returns on investments and servicing of finance	<u>(9,880)</u>	<u>(10,744)</u>

Taxation

	2012 £	2011 £
Taxation	<u>7,779</u>	<u>(20,424)</u>

Capital expenditure

	2012 £	2011 £
Payments to acquire tangible fixed assets	(37,786)	(301,106)
Receipts from sale of fixed assets	267,612	2,240
Net cash inflow/(outflow) from capital expenditure	<u>229,826</u>	<u>(298,866)</u>

Financing

	2012 £	2011 £
Repayment of directors' long-term loans	(267,565)	105,000
Net cash (outflow)/inflow from financing	<u>(267,565)</u>	<u>105,000</u>

Diamond Build (Holdings) plc

Notes to the Financial Statements

Year ended 31 December 2012

Reconciliation of net cash flow to movement in net funds

	2012 £	2011 £
Increase/(decrease) in cash in the period	174,236	(1,278,295)
Cash outflow from/(inflow) from directors' long-term loans	267,565	(105,000)
	441,801	(1,383,295)
Change in net funds	441,801	(1,383,295)
Net debt at 1 January 2012	(78,954)	1,304,341
Net funds at 31 December 2012	£362,847	£(78,954)

Analysis of changes in net funds

	At 1 Jan 2012 £	Cash flows £	At 31 Dec 2012 £
Net cash			
Cash in hand and at bank	226,046	174,236	400,282
Debt			
Debt due after 1 year	(305,000)	267,565	(37,435)
Net funds	£(78,954)	£441,801	£362,847

25. Events after the balance sheet date

Following the year end, Mrs J Gray, the wife of the director J A Gray M C I O B , provided a loan of, £250,000 under debenture, to the company

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 was beneficially interested in 100% of the issued share capital of the parent company, Diamond Build (Holdings) Plc