

GHI CONTRACTS LIMITED

Company registration number SC152713

Abbreviated Financial Statements

For the year ended 31 August 2012

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GHI CONTRACTS LIMITED

Abbreviated financial statements for the year ended 31 August 2012

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GHI CONTRACTS LIMITED

Directors' report for the year ended 31 August 2012

The directors present their report and the financial statements of the company for the year ended 31 August 2012.

Review of the business

The principal activity of the company is that of interior refurbishment and construction.

Turnover has reduced this year by 1 per cent to £13,156,101. Turnover for the year to 31 August 2012 has been achieved in a continuing challenging environment for the construction industry and we have managed to achieve a turnover equivalent to the previous year. A loss has been recorded for the year as a result of several projects that did not achieve their anticipated returns. The reasons for this have been identified and steps taken to eliminate similar losses in the future. Overheads have been continually reviewed and are carefully managed to ensure these remain within budget parameters.

Results and dividends

The results for the year are shown on the profit and loss account on page 5. The loss for the year after taxation was £267,777.

An interim dividend of £34,850, in respect of the year ended 31 August 2012 was paid on 30 September 2011.

Future Developments

The company will continue to seek business outside its current client base, whilst continuing to maintain the high standards that our existing clients have come to expect.

Disabled employees

The company recognises its obligations towards disabled persons and endeavours to provide as many employment, training and career opportunities as the demands of the company's operations and the abilities of the disabled persons allow.

Political and charitable contributions

Various charitable contributions were made during the year totalling £10,321.

Key performance indicators

The board of directors meet monthly to review the detailed monthly management accounts, develop our future strategies and review performance against key performance indicators.

Principal risks and uncertainties

We expect the coming year to continue to present challenging trading conditions both in terms of turnover and margin, however the directors believe that our current secured workload, corporate client base and robust operating procedures will ensure the business returns to profitability in 2013. Our business plan is to achieve additional market share in our core sectors and secure further medium term contracts to those already in place.

Disclosure of information to auditors

To the knowledge and belief of each of the persons who are directors at the time the report is approved:

- So far as the directors are aware, there is no relevant information of which the company's auditors are unaware, and
- He/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant information, and to establish that the company's auditors are aware of the information.

GHI CONTRACTS LIMITED

Directors' report for the year ended 31 August 2012 (continued)

Auditors

The auditors, Scott-Moncrieff, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Signed on behalf of the board

A handwritten signature in black ink, appearing to read 'G Cairns', written over a horizontal line.

**G Cairns
Director**

Approved by the Board on 3 April 2013.

GHI CONTRACTS LIMITED

**Independent auditors' report to GHI Contracts Limited
under section 449 of the Companies Act 2006**

We have examined the abbreviated accounts which comprise the Abbreviated Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes, together with the financial statements of GHI Contracts Limited for the year ended 31 August 2012 prepared under section 396 of the Companies Act 2006.

This report is made solely to the company, in accordance with sections 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.



Bernadette Higgins (Senior Statutory Auditor)
for and on behalf of Scott-Moncrieff
Statutory Auditor
Chartered Accountants
25 Bothwell Street
Glasgow
G2 6NL

3 April 2013

GHI CONTRACTS LIMITED

Abbreviated profit and loss account for the year ended 31 August 2012

	<u>Notes</u>	<u>2012</u> <u>£</u>	<u>2011</u> <u>£</u>
Turnover		13,156,101	13,327,709
Gross profit and other operating income		959,211	1,438,377
Administrative expenses		(1,221,108)	(1,241,962)
Operating (loss)/profit	2	(261,897)	196,415
Other interest receivable and similar income		1,892	2,343
Interest payable and similar charges	5	(45,500)	(44,548)
(Loss)/profit on ordinary activities before taxation		(305,505)	154,210
Taxation on loss on ordinary activities	6	37,728	(33,371)
(Loss)/profit retained for the year	14	(267,777)	120,839

None of the company's activities were acquired or discontinued during the above two years.

There were no recognised gains or losses other than those included in the profit and loss account.

The notes on pages 8 to 14 form part of these financial statements.

GHI CONTRACTS LIMITED

Abbreviated balance sheet as at 31 August 2012

	<u>Notes</u>	<u>2012</u> £	<u>2011</u> £
Fixed assets			
Tangible assets	7	119,489	166,109
Current assets			
Stock	8	931,718	860,146
Debtors	9	1,149,373	3,517,340
Cash at bank and in hand		1,606,806	937,152
		<u>3,687,897</u>	<u>5,314,638</u>
Creditors: amounts falling due within one year	10	<u>(3,437,074)</u>	<u>(4,679,817)</u>
Net current assets		<u>250,823</u>	<u>634,821</u>
Total assets less current liabilities		<u>370,312</u>	<u>800,930</u>
Creditors: amounts falling due after more than one year	11	(25,559)	(39,842)
Provision for liabilities	12	-	(1,208)
Net assets		<u><u>344,753</u></u>	<u><u>759,880</u></u>
Capital and reserves			
Called up share capital	13	2	2
Profit and loss account	14	344,751	759,878
		<u>344,753</u>	<u>759,880</u>
Shareholders' funds	16	<u><u>344,753</u></u>	<u><u>759,880</u></u>

These accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to medium-sized companies.

The financial statements were authorised for issue by the board of directors on 3 April 2013 and signed on its behalf by:

G Cairns
Director



Company Registration No: SC152713

The notes on pages 8 to 14 form part of these financial statements.

GHI CONTRACTS LIMITED

Cash flow statement for the year ended 31 August 2012

	<u>Notes</u>	<u>2012</u> £	<u>2011</u> £
Operating activities			
Net cash flow from operating activities	17a	888,200	(8,775)
Returns on investments and servicing of finance			
Interest and similar income received		1,892	2,343
Interest and similar charges paid		-	(69)
Interest element of finance lease payments		(45,500)	(44,479)
Government grants		<u>17,654</u>	<u>21,667</u>
Net cash flow from returns on investments and servicing of finance		(25,954)	(20,538)
Taxation			
Corporation tax paid/2011 refunds received		(35,653)	23,874
Capital expenditure			
Payments to acquire tangible fixed assets		(1,947)	(9,751)
Receipts from sale of tangible fixed assets		<u>24,468</u>	<u>15,162</u>
Net cash flow from investing activities		22,521	5,411
		849,114	(28)
Equity dividends paid		(34,850)	(101,460)
Net cash flow before financing		814,264	(101,488)
Financing			
Share capital redeemed		112,500	-
Repayment of other bank loan		-	(7,709)
Capital repayments on finance lease and HP contracts		(32,110)	(22,032)
Net cash flow from financing		(144,610)	(29,741)
Increase/(decrease) in cash	17c	<u>669,654</u>	<u>(131,229)</u>

The notes on pages 8 to 14 form part of these financial statements.

GHI CONTRACTS LIMITED

Notes to the abbreviated financial statements for the year ended 31 August 2012

1 Accounting policies

Going concern

The company has sufficient cash reserves and net assets to ensure it can remain in operational existence for a period of 12 months from the date on which these accounts have been signed. As a consequence, it is deemed appropriate to have these financial statements prepared on a going concern basis.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover represents value of the services supplied by the company during the year, excluding value added tax.

Depreciation of tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the full cost or valuation less estimated residual value of each asset over its estimated useful life. The principal rates in use are:

Motor vehicles	25%	reducing balance
Equipment, fixtures and fittings	25%	reducing balance
Computer equipment	25%	reducing balance

Stocks

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

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Long-term contract balances are stated at net cost less foreseeable losses less any applicable payments on account. The amount recorded as turnover in respect of long-term contracts is ascertained by reference to the value of the work carried out to date. Attributable profit is recognised as the difference between recorded turnover and related costs.

Deferred taxation

Deferred tax is provided in respect of the tax effect of all timing differences that have originated but not reversed at the balance sheet date.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as 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 a nondiscounted basis, at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Government grants

Government grants received for capital items are written off over the life of the asset to which they relate, and are included in other operating income where they are revenue based.

Hire purchase and lease transactions

Assets acquired under hire purchase agreements and finance leases are capitalised in the balance sheet and are depreciated in accordance with the company's normal policy. The outstanding liabilities under such agreements less interest not yet due are included in creditors. Interest on such agreements is charged to the profit and loss account evenly over the term of each agreement.

Rentals under operating leases are charged to the profit and loss account as they fall due.

GHI CONTRACTS LIMITED

Notes to the abbreviated financial statements for the year ended 31 August 2012 (continued)

1 Accounting policies (continued)

Pension scheme

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

2 Operating (loss)/profit

This is stated after charging:

	<u>2012</u> £	<u>2011</u> £
Depreciation of owned assets	22,392	33,524
Depreciation of assets under finance leases and HP	19,137	21,854
Loss on disposal of tangible fixed assets	271	3,162
Auditors' remuneration - Audit fee	<u>6,657</u>	<u>6,000</u>

3 Employee information

	<u>2012</u> £	<u>2011</u> £
Staff costs:		
Wages and salaries	1,769,446	1,861,629
Social security costs	187,728	193,151
Other pension costs	16,774	15,393
	<u>1,973,948</u>	<u>2,070,173</u>

The average number of persons employed during the year, including executive directors, was made up as follows:

	<u>2012</u> Number	<u>2011</u> Number
Administration staff	20	20
Direct labour	41	49
	<u>61</u>	<u>69</u>

4 Directors' remuneration

	<u>2012</u> £	<u>2011</u> £
Salaries and benefits	<u>264,722</u>	<u>252,460</u>

The remuneration of the highest paid director was:

Salaries and benefits	<u>85,524</u>	<u>84,671</u>
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The number of directors who were accruing benefits under company pension schemes were as follows:

Money purchase schemes	<u>4</u>	<u>4</u>
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GHI CONTRACTS LIMITED

Notes to the abbreviated financial statements for the year ended 31 August 2012 (continued)

5 Interest payable and similar charges

	<u>2012</u> £	<u>2011</u> £
Bank loans and overdrafts	-	69
Hire Purchase	5,164	3,928
Leasing	40,336	40,551
	<u>45,500</u>	<u>44,548</u>

Payments made under operating leases are in respect of the hire of plant and machinery.

6 Taxation on loss on ordinary activities

	<u>2012</u> £	<u>2011</u> £
United Kingdom corporation tax at 25%	-	36,520
Deferred taxation (note 12)	(1,208)	(3,149)
Adjustments in respect of previous years	(36,520)	-
	<u>(37,728)</u>	<u>33,371</u>

Factors affecting tax charge for the period

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	<u>2012</u> £	<u>2011</u> £
(Loss)/Profit on ordinary activities before taxation	<u>(305,505)</u>	<u>154,210</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 25% (2011 - 27%)	<u>(76,877)</u>	<u>30,842</u>
Effects of:		
Expenses not deductible for tax purposes	3,446	1,751
Depreciation in excess of capital allowances for the period	2,309	2,999
Losses utilised in year	88,914	(947)
Change in marginal rate	(18,205)	1,007
Adjustment in respect of previous year	(36,107)	868
Current tax charge for the year	<u>(36,520)</u>	<u>36,520</u>

GHI CONTRACTS LIMITED

Notes to the abbreviated financial statements for the year ended 31 August 2012 (continued)

7 Tangible fixed assets

	<u>Motor vehicles</u> £	<u>Equipment fixtures and fittings</u> £	<u>Computer equipment</u> £	<u>Total</u> £
Cost				
At 1 September 2011	180,557	259,660	180,294	620,511
Additions	17,700	-	1,947	19,647
Disposals	(79,326)	-	-	(79,326)
At 31 August 2012	<u>118,931</u>	<u>259,660</u>	<u>182,241</u>	<u>560,832</u>
Depreciation				
At 1 September 2011	98,720	191,601	164,081	454,402
Charge for the year	20,458	17,015	4,056	41,529
Adjustments for disposals	(54,588)	-	-	(54,588)
At 31 August 2012	<u>64,590</u>	<u>208,616</u>	<u>168,137</u>	<u>441,343</u>
Net book value				
At 31 August 2012	<u>54,341</u>	<u>51,044</u>	<u>14,104</u>	<u>119,489</u>
At 31 August 2011	<u>81,837</u>	<u>68,059</u>	<u>16,213</u>	<u>166,109</u>

8 Stocks

	<u>2012</u> £	<u>2011</u> £
Raw materials	62,500	62,500
Work in progress	869,218	797,646
	<u>931,718</u>	<u>860,146</u>

9 Debtors

	<u>2012</u> £	<u>2011</u> £
Trade debtors	683,630	2,924,706
Other debtors	388,576	527,715
Amounts owed by related undertakings	36,281	64,450
Prepaid expenses and accrued income	4,366	469
Tax	36,520	-
	<u>1,149,373</u>	<u>3,517,340</u>

Included within other debtors is £47,043 (2011: £23,841) which is due greater than one year.

GHI CONTRACTS LIMITED

Notes to the abbreviated financial statements for the year ended 31 August 2012 (continued)

10 Creditors: amounts falling due within one year

	<u>2012</u> £	<u>2011</u> £
Trade creditors	1,451,038	2,480,232
Other creditors	429,146	530,895
Corporation tax	-	35,652
Other tax and social security	287,266	329,990
Accruals and deferred income	<u>1,269,624</u>	<u>1,303,048</u>
	<u>3,437,074</u>	<u>4,679,817</u>
Secured creditors	<u>19,826</u>	<u>19,953</u>

Hire purchase creditors hold security over the respective assets financed.

The bank holds a bond and floating charge over the assets and undertakings of the company.

11 Creditors: amounts falling after more than one year

	<u>2012</u> £	<u>2011</u> £
Net obligations under finance leases and hire purchase contracts	<u>25,559</u>	<u>39,842</u>

12 Provisions for liabilities

	<u>2012</u> £	<u>2011</u> £
Deferred Tax	-	1,208
Provision at start of year	1,208	
Deferred tax charge in profit and loss account for year (note 6)	<u>(1,208)</u>	
Provision at end of year	<u>-</u>	

13 Called-up share capital

	<u>2012</u> £	<u>2011</u> £
Allotted, called up and fully paid		
Equity shares:		
1,895 Ordinary shares of £0.001 each	<u>2</u>	<u>2</u>

On 28 September 2011, the company purchased 35 ordinary shares of £0.001 each of the company's ordinary share capital at a cost of £37,500.

On 27 February 2012, the company purchased 35 ordinary shares of £0.001 each of the company's ordinary share capital at a cost of £37,500.

On 1 August 2012, the company purchased 35 ordinary shares of £0.001 each of the company's ordinary share capital at a cost of £37,500.

On 5 December 2012, the company purchased 35 ordinary shares of £0.001 each of the company's ordinary share capital at a cost of £37,500.

GHI CONTRACTS LIMITED

Notes to the abbreviated financial statements for the year ended 31 August 2012 (continued)

14 Reserves

	Profit and loss account £
At 1 September 2011	759,878
Loss for the year	(267,777)
Dividends paid (note 15)	(34,850)
Buy back of shares	(112,500)
At 31 August 2012	<u>344,751</u>

15 Dividends

	2012 £	2011 £
On equity shares:		
Interim dividend in respect of the year ended 31 August 2012 of £18.39 (2011: £50.73) per share	<u>34,850</u>	<u>101,460</u>

16 Reconciliation of movement in shareholders' funds

	2012 £	2011 £
(Loss)/profit for the year	(267,777)	120,839
Dividends	(34,850)	(101,460)
Payment to acquire shares	(112,500)	-
Net (reduction in)/addition to shareholders' funds	(415,127)	19,379
Shareholders' funds at 1 September 2011	<u>759,880</u>	<u>740,501</u>
Shareholders' funds at 31 August 2012	<u>344,753</u>	<u>759,880</u>

17 Notes to the cash flow statement

a) Reconciliation of operating (loss)/profit to net cash flow operating activities

	2012 £	2011 £
Operating (loss)/profit	(261,897)	196,415
Depreciation charges	41,529	55,378
Loss on sale of fixed assets	271	3,162
Government grants	(17,654)	(21,667)
(Increase)/decrease in stock	(71,572)	594,737
(Increase)/(decrease) in debtors	(2,404,487)	1,532,466
(Decrease)/increase in creditors	(1,206,964)	695,666
Net cash inflow/(outflow) from operating activities	<u>888,200</u>	<u>(8,775)</u>

GHI CONTRACTS LIMITED

Notes to the abbreviated financial statements for the year ended 31 August 2012 (continued)

17 Notes to the cash flow statement (continued)

b) Analysis of change in net debt

	<u>Brought forward</u>	<u>Cash flows</u>	<u>Other changes</u>	<u>Carried forward</u>
Cash at bank and in hand	937,152	669,654	-	1,606,806
Debt due within one year	(19,953)	127	-	(19,826)
Debt due after more than one year	(39,842)	14,283	-	(25,559)
	<u>877,357</u>	<u>684,064</u>	<u>-</u>	<u>1,561,421</u>

c) Reconciliation of net cash flow to movement in funds

	<u>2012</u> £	<u>2011</u> £
Net increase/(decrease) in cash	669,654	(131,229)
Reduction in long term bank loan	-	29,741
Reduction in/(increase) in finance lease and HP contracts	14,410	(28,837)
Changes in net funds	684,064	(130,325)
Net funds at 1 September 2011	877,357	1,007,682
Net funds 31 August 2012	<u>1,561,421</u>	<u>877,357</u>

18 Transactions in which the directors have an interest

19 Related parties

Included within Debtors is an amount of £36,281 (2011: £64,450) due by GHI Developments Limited, a related undertaking though common directors.

During the year the company rented office premises from GHI Developments Limited at an arms length market rate. In the year to 31 August 2012, the rental charge paid for this period was £82,332 (2011: £83,050) including service charges.

GHI Contracts Limited has lodged £400,000 in a separate bank account held in its own name, as a guarantee for the bank loans advanced to GHI Developments Limited. GHI Contracts Limited also has an interest shortfall guarantee in place for GHI Developments Limited.

20 Post balance sheet events

On 5 December 2012, the company purchased 35 ordinary shares of £0.001 each in the company's ordinary share capital at a cost of £37,500.

21 Pension commitments and other post-retirement benefits

Defined contribution scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost and charge represents contributions payable by the company to the fund. At 31 August 2012 contributions amounting to £1,559 (2011: £1,467) were payable to the fund and were included in creditors.