

**Company Number 213977
(Scotland)**

**BORDER CONSTRUCTION (HOLDINGS) LIMITED
GROUP FINANCIAL STATEMENTS
for the year ended 31 December 2008**

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BORDER CONSTRUCTION (HOLDINGS) LIMITED

DIRECTORS

Mr C H McGhie

Miss C A K Rafferty

SECRETARY

Miss C A K Rafferty

AUDITORS

Armstrong Watson

Chartered Accountants and Registered Auditors,

51 Rae Street, Dumfries.

BANKERS

The Royal Bank of Scotland plc

100 West George Street

Glasgow

SOLICITORS

MacRoberts

152 Bath Street

Glasgow

REGISTERED OFFICE

8 Princes Street

Lochmaben

Lockerbie

BORDER CONSTRUCTION (HOLDINGS) LIMITED

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BORDER CONSTRUCTION (HOLDINGS) LIMITED

DIRECTORS' REPORT

The directors present their report with the financial statements of the group for the year ended 31 December 2008.

Principal Activities and Business Review

The parent company did not trade during the course of the year. The principal activities of the group in the year under review were building, civil engineering, private housing development, joinery manufacture and building maintenance. The pipeline construction activities ceased during the previous year.

The group operates as a regional contractor with specific focus throughout northern England and Southern Scotland including the Scottish central belt.

The directors are satisfied with the performance of the company during the year under review. Revenue increased by 10% in the year to £53.94m (£48.98m at 31 December 2007). Operating profit of £400,000 (£1.43m at 31 December 2007) was achieved.

Trading conditions will be difficult in 2009. however the company has taken steps to ensure that the overheads will be in line with reduced turnover.

The building maintenance business, trading as Finlayson, based in the Borders region, enjoyed a successful trading year and high levels of repeat business.

Employees

The group companies are equal opportunity employers. Their policy is to continue to develop communications with all employees to inform them on matters of concern and promote awareness of both the financial and economic factors affecting the performance of the group. Consultation takes place through formal and informal meetings with local management and involves all levels of employees, particularly on matters that affect their current jobs and future prospects.

The group is committed to good practice in the recruitment and career development of people with disabilities, having regard for the aptitudes and abilities of applicants and the constraints of the group's operations. It does not discriminate against the employment of people with disabilities or those who become disabled during the course of their employment.

BORDER CONSTRUCTION (HOLDINGS) LIMITED

DIRECTORS' REPORT

Risk Management

The group takes necessary measures to identify and manage risks to the business and particularly to individual contracts. The directors have established rigorous processes and risk management procedures which cover all aspects of the business. The principal risks and uncertainties facing the group include the following:

Health & Safety

The group undertakes regular reviews and updates to its health and safety policy and procedures with a view to reducing an already low incidence of reportable accidents.

Environmental

The group takes its responsibilities to protect the environment very seriously. Environmental Management systems to BS EN ISO 14001 standard are in place and are subject to internal and external auditing.

Construction Risk

The group tenders for a large number of contracts each year. A tender appraisal is carried out by a committee, including board members, with particular attention paid to identify and assess risk.

The delivery of contracts is controlled through the group's operational management procedures. This includes regular reviews of each contract, with the emphasis being placed on issues affecting delivery, together with a forecast of revenue and cost to completion.

Quality

The group has developed operational management systems, which are accredited to BS EN ISO 9001:2000. They are subject to both internal and external audit. The systems are designed in order that a high level of quality is produced to the satisfaction of our clients.

The group is committed to providing adequate training to all levels of staff in order that there is a proper understanding of the systems and working practices that are in place and we seek continued improvement by setting quality objectives.

Dividends

Dividends of £500,000 (2007: £nil) have been distributed for the year ended 31 December 2008.

Fixed Assets

The movements in fixed assets during the year are shown in the notes to the financial statements.

Research and Development

In view of the nature of the group's trade, it is not active in the field of research and development.

Future Developments

The company has no specific plans for future development.

BORDER CONSTRUCTION (HOLDINGS) LIMITED

DIRECTORS' REPORT

Directors

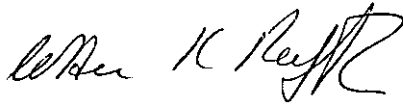
The directors who served during the year are as stated below:

Mr C H McGhie
Miss C A K Rafferty

Auditors

The auditors, Armstrong Watson Chartered Accountants, will be proposed for re-appointment in accordance with Section 487(2) of the Companies Act 2006.

This report was approved by the Board on *12 October 2009* and signed on its behalf by

A handwritten signature in black ink, appearing to read 'Miss C A K Rafferty', written in a cursive style.

Miss C A K Rafferty
Secretary

BORDER CONSTRUCTION (HOLDINGS) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the parent company and the group and of the results of the the parent company and the group for that year. In preparing those financial statements the directors are required to:

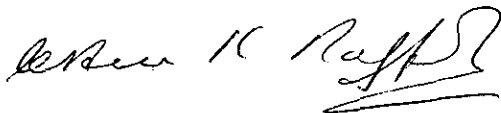
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the parent company and group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the parent company and group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the parent company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors of the company who held office at the date of approval of the annual report confirm that:

- So far as they are aware, there is no relevant audit information, information needed by the company's auditors in connection with preparing their report, of which the company's auditors are unaware; and
- They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Signed on behalf of the Board of Directors.



Miss C A K Rafferty
Director

Approved by the Board of Directors on 12 October 2009

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BORDER CONSTRUCTION (HOLDINGS) LIMITED

We have audited the group and parent company financial statements of Border Construction (Holdings) Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in the audit 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statements of Directors' Responsibilities the parent company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition we report to you if, in our opinion, the parent company or group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the parent company or group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and whether the accounting policies are appropriate to the circumstances of both the parent company and group, consistently applied and adequately disclosed.

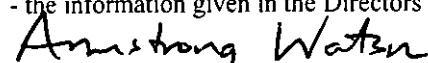
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2008 and of the profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.


Armstrong Watson

Chartered Accountants and Registered Auditor.

12 October 2009

BORDER CONSTRUCTION (HOLDINGS) LIMITED

PROFIT AND LOSS ACCOUNT
as at 31 December 2008

	2008	2007
	£	£
Investment income	500,000	-
Profit on ordinary activities before taxation	<u>500,000</u>	<u>-</u>
Taxation	-	-
Retained profit for the year	<u><u>500,000</u></u>	<u><u>-</u></u>

The company has no recognised gains or losses other than those included in the profit and loss account.

The notes on pages 11 to 27 form part of these financial statements

BORDER CONSTRUCTION (HOLDINGS) LIMITED

GROUP PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2008

		2008		2007	
	Notes	£	£	£	£
TURNOVER	2				
Continuing operations		53,940,333		48,983,266	
Discontinued operations		-		17,022	
			53,940,333		49,000,288
Cost of Sales	3		48,559,853		42,571,531
GROSS PROFIT			<u>5,380,480</u>		<u>6,428,757</u>
Administrative expenses	3		5,011,264		4,973,922
OPERATING PROFIT/(LOSS)	4				
Continuing operations		369,216		1,444,703	
Discontinued operations		-		10,132	
			369,216		1,454,835
Profit/(loss) on disposal of discontinued operations			-		-
Profit on ordinary activities before interest			<u>369,216</u>		<u>1,454,835</u>
Interest receivable and similar income	6		260,881		349,368
Interest payable and similar charges	7		889		5,441
Profit on ordinary activities before taxation			<u>629,208</u>		<u>1,798,762</u>
Tax on profit on ordinary activities	8		223,893		535,627
Profit on ordinary activities after taxation			<u>405,315</u>		<u>1,263,135</u>
Minority interests			-		(813)
RETAINED PROFIT FOR THE YEAR			<u><u>405,315</u></u>		<u><u>1,262,322</u></u>

The group has no recognised gains or losses other than those included in the profit and loss account.

The notes on pages 11 to 27 form part of these financial statements

BORDER CONSTRUCTION (HOLDINGS) LIMITED
Company Registration Number 213977 (Scotland)
BALANCE SHEET
as at 31 December 2008

	Notes	2008 £	2007 £
Fixed Assets			
Investments	11	1,560,007	1,560,007
Total Assets less Current Liabilities		<u>1,560,007</u>	<u>1,560,007</u>
Capital and Reserves			
Called up share capital	19	200,000	200,000
Profit and loss account		1,360,007	1,360,007
Shareholders' Funds	23	<u>1,560,007</u>	<u>1,560,007</u>

C H McGhie

Mr C H McGhie
 Director

12 October 2009

The notes on pages 11 to 27 form part of these financial statements

BORDER CONSTRUCTION (HOLDINGS) LIMITED
Company Registration Number 213977 (Scotland)
GROUP BALANCE SHEET
as at 31 December 2008

		2008		2007	
	Notes	£	£	£	£
Fixed Assets					
Intangible assets	9	-	-	-	-
Tangible assets	10	1,565,036		1,636,185	
Investments	12	385,804		385,804	
		<u>1,950,840</u>		<u>2,021,989</u>	
Current Assets					
Stocks	13	5,809,679		5,342,743	
Debtors	14	14,505,980		11,582,004	
Cash in hand		3,987,293		6,074,923	
		<u>24,302,952</u>		<u>22,999,670</u>	
Creditors: amounts falling due within one year	15	<u>12,182,869</u>		<u>10,838,967</u>	
Net Current Assets		<u>12,120,083</u>		<u>12,160,703</u>	
Total Assets less Current Liabilities		14,070,923		14,182,692	
Provision for Liabilities					
Deferred taxation	18	-		-	
Minority interests		-		(17,084)	
		<u>14,070,923</u>		<u>14,165,608</u>	
Capital and Reserves					
Called up share capital	19	200,000		200,000	
Profit and loss account		13,870,923		13,965,608	
Shareholders' Funds	23	<u>14,070,923</u>		<u>14,165,608</u>	

C H McGhie

C H McGhie
Director

12 October 2009

The notes on pages 11 to 27 form part of these financial statements

BORDER CONSTRUCTION (HOLDINGS) LIMITED

GROUP CASH FLOW STATEMENT for the year ended 31 December 2008

		2008		2007	
	Notes	£	£	£	£
Net cash inflow from operating activities	24.1		(1,122,558)		1,467,298
Returns on investments and servicing of finance:					
Interest received		260,881		349,368	
Interest paid		(889)		(5,441)	
Dividends paid		<u>(500,000)</u>		<u>0</u>	
Net cash inflow from returns on investments and servicing of finance			(240,008)		343,927
Taxation:			(383,190)		(744,640)
Capital expenditure:					
Payments to acquire tangible fixed assets		(359,238)		(400,096)	
Receipts from sale of tangible fixed assets		45,950		104,095	
Repayment of loans by participating interests		<u>0</u>		<u>1,514,696</u>	
Net cash outflow from capital expenditure			(313,288)		1,218,695
Acquisitions and disposals:					
Sale of sub-subsidiaries		153,761		-	
Net cash disposed of with subsidiary		<u>(182,347)</u>		<u>-</u>	
			(28,586)		-
Increase/(Decrease) in cash in the period	24.2		<u><u>(2,087,630)</u></u>		<u><u>2,285,280</u></u>

Note 24 on pages 26 and 27 form part of this cashflow statement

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS **for the year ended 31 December 2008**

1. Accounting Policies

Accounting convention

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

FRS1

No cashflow statement has been prepared for the parent company in light of its dormant status. The cash flow movements are reflected in the note to the financial statements, "Reconciliation of movements in shareholders' funds".

Basis of consolidation

The group financial statements consolidate the financial statements of Border Construction (Holdings) Limited and of its subsidiary company made up to 31 December 2008.

The consolidation does not include the financial statements of Homegone Limited (formerly Akenside Quays Limited), a joint venture arrangement entered into by Border Construction Limited, the subsidiary company. In the opinion of the directors, Homegone Limited is a joint engagement carrying out a single construction project and as such fails to meet the definition of "joint venture" as defined by FRS 9. Border Construction Limited's investment in the venture is reflected in the consolidated financial statements as a fixed asset investment.

Turnover

Turnover represents the value of work executed during the year in respect of the group's main activities, net of value added tax.

Intangible fixed assets

Intangible fixed assets are stated at cost or valuation less accumulated depreciation. Both goodwill purchased in 1998 and 2002 has now been written off in full.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less accumulated depreciation. A schedule of the movements is produced in the following notes. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under finance lease, over the lease term whichever is shorter.

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS for the year ended 31 December 2008

1. Accounting Policies - continued

Tangible fixed assets - continued

Freehold property	- 2% on cost
Motor vehicles	- 25% on reducing balance/25% on cost
Lorries & vans	- 25% on reducing balance
Caravans & trailers	- 30% on reducing balance
Hutting, loose tools & plant	- 30% on reducing balance
Plant & machinery	- 30% on reducing balance/25% on cost
Portable site offices	- 30% on reducing balance
Office machinery	- 30% on reducing balance

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Stocks

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. *Work in progress* is valued at cost plus attributable profit less payments on account and foreseeable losses up to completion of the contracts.

Long term contracts

Amounts recoverable on long term contracts, which represent the excess of the cumulative value of work done (including attributable profit or net applicable losses) over cumulative payments on account received and receivable, are included in debtors. Payments on account in excess of the value of work done are included in creditors. Profit is taken as contracts progress where the outcome can be assessed with reasonable certainty. Anticipated losses are provided for in full.

Deferred taxation

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

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS for the year ended 31 December 2008

1. Accounting policies - continued

Pensions

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. Contributions payable for the year are charged to the profit and loss account.

Minority interests

Minority interests in the financial statements reflect an external shareholding in Border Fulcrum Pipelines Limited and have been calculated in accordance with FRS 2.

2. Turnover

Turnover of the group is entirely attributable to the company's principal activities wholly undertaken in the United Kingdom.

	2008 Turnover £	2008 Pre-tax Profits £	2008 Net Assets £
Group			
Civil engineering, building and public work contractors	53,940,333	629,208	14,070,923
Pipeline construction	-	-	-
	<u>53,940,333</u>	<u>629,208</u>	<u>14,070,923</u>

	2007 Turnover £	2007 Pre-tax Profits £	2007 Net Assets £
Group			
Civil engineering, building and public work contractors	48,983,266	1,788,630	14,005,931
Pipeline construction	17,022	10,132	159,677
	<u>49,000,288</u>	<u>1,798,762</u>	<u>14,165,608</u>

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS for the year ended 31 December 2008

3. Note to the Profit and Loss Account

	Continuing	2008 Discontinued	Total
	£	£	£
Cost of Sales	<u>48,559,853</u>	<u>-</u>	<u>48,559,853</u>
Administrative expenses	<u>5,011,264</u>	<u>-</u>	<u>5,011,264</u>

	Continuing	2007 Discontinued	Total
	£	£	£
Cost of Sales	<u>42,571,531</u>	<u>-</u>	<u>42,571,531</u>
Administrative expenses	<u>4,967,076</u>	<u>6,846</u>	<u>4,973,922</u>

4. Operating profit - Group

(a) The operating profit is stated after charging:

	2008	2007
	£	£
Hire of plant and machinery	149,675	146,306
Other operating leases	31,050	30,998
Depreciation - owned assets	361,471	370,410
(Profit)/Loss on disposal of fixed assets	22,966	(11,592)
Auditors' remuneration - audit services	<u>16,500</u>	<u>18,000</u>
Directors' emoluments	454,298	439,677
Directors' pension contributions to money purchase schemes	<u>30,140</u>	<u>29,118</u>

Directors' remuneration - group

The number of directors to whom retirement benefits were accruing are as follows:

Money purchase schemes	<u>5</u>	<u>5</u>
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Emoluments regarding the highest paid director is as follows:

Emoluments etc	135,878	156,583
Pension contributions to money purchase pension schemes	<u>11,067</u>	<u>10,458</u>

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS for the year ended 31 December 2008

Note 4 contd.

(b) Staff costs - group

	2008	2007
	£	£
Wages and salaries	7,994,507	8,166,148
Social security costs	774,262	773,021
Other pension costs	222,046	172,536
	<u>8,990,815</u>	<u>9,111,705</u>

The average monthly number of employees of the group during the year was as follows:

	2008	2007
Directors	7	7
Employees	<u>296</u>	<u>324</u>
	<u>303</u>	<u>331</u>

5. Profit attributable to members of the holding company

	2008	2007
	£	£
Dealt with in the financial statements of the parent company	-	-
Retained by subsidiaries	405,315	1,263,135
Consolidated profit for the year after taxation (before minority interests)	<u>405,315</u>	<u>1,263,135</u>

6. Interest receivable

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Bank interest	260,881	322,789	-	-
Other interest	-	26,579	-	-
	<u>260,881</u>	<u>349,368</u>	<u>-</u>	<u>-</u>

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS for the year ended 31 December 2008

7. Interest payable and similar charges

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Bank interest	488	-	-	-
Other interest	401	5,441	-	-
	889	5,441	-	-

8. Taxation

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Based on the adjusted results for the year:				
UK corporation tax	245,219	552,191	-	-
Underprovision in prior year	-	-	-	-
Current tax charge	245,219	552,191	-	-
Deferred taxation	(21,326)	(16,564)	-	-
	223,893	535,627	-	-

Factors affecting the tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 28.50% (2007 - 30%). The differences are explained below:

	Group	
	2008	2007
	£	£
Profit on ordinary activities before tax	629,208	1,798,762
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.50% (2007 - 30%)	184,671	535,200
<i>Effects of:</i>		
Capital allowances for year in excess of depreciation	22,699	1,767
Expenses not deductible for tax purposes	37,849	15,224
<i>Current tax charge for the period</i>	245,219	552,191

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS for the year ended 31 December 2008

9. Intangible fixed assets - Group

	Goodwill £
Cost:	
At 1 January 2008	15,000
Disposal	(5,000)
At 31 December 2008	10,000
Amortisation:	
At 1 January 2008	15,000
Charge for the year	-
Eliminated on disposal	(5,000)
At 31 December 2008	10,000
Net Book Value:	
At 31 December 2008	
	-
At 31 December 2007	
	-

BORDER CONSTRUCTION (HOLDINGS) LIMITED**NOTES TO THE GROUP FINANCIAL STATEMENTS**
for the year ended 31 December 2008**10. Tangible fixed assets - Group**

	Freehold property £	Motor vehicles £	Plant & machinery £	Fixtures & fittings £	Totals £
Cost:					
At 1 January 2008	561,468	1,529,125	1,444,631	557,828	4,093,052
Additions	50,632	251,623	53,065	3,918.00	359,238
Disposals	-	(341,038)	-	-	(341,038)
At 31 December 2008	<u>612,100</u>	<u>1,439,710</u>	<u>1,497,696</u>	<u>561,746</u>	<u>4,111,252</u>
Depreciation:					
At 1 January 2008	75,135	815,759	1,091,428	474,545	2,456,867
Charge for the year	10,739	211,400	113,077	26,255	361,471
Eliminated on disposals	-	(272,122)	-	-	(272,122)
At 31 December 2008	<u>85,874</u>	<u>755,037</u>	<u>1,204,505</u>	<u>500,800</u>	<u>2,546,216</u>
Net Book Value:					
At 31 December 2008	<u>526,226</u>	<u>684,673</u>	<u>293,191</u>	<u>60,946</u>	<u>1,565,036</u>
At 31 December 2007	<u>486,333</u>	<u>713,366</u>	<u>353,203</u>	<u>83,283</u>	<u>1,636,185</u>

Plant and machinery includes the following categories - plant and machinery, portable site offices and hutting, loose tools and plant.

Motor vehicles includes lorries and vans, caravans and trailers and motor vehicles.

Fixtures and fittings is made up entirely of office equipment.

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS for the year ended 31 December 2008

11. Fixed asset investment - Company

	£	
Cost:		
At 1 January 2008 and 31 December 2008		<u>1,560,007</u>
Net Book Value:		
At 31 December 2008		<u>1,560,007</u>
At 31 December 2007		<u>1,560,007</u>
	2008	2007
	£	£
Unlisted investments	<u>1,560,007</u>	<u>1,560,007</u>

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

Border Construction Limited

Country of incorporation: England & Wales

Nature of business: Building and civil engineers

Class of shares: % holding
Ordinary 100

	2008	2007
	£	£
Aggregate capital & reserves	14,070,923	14,146,847
Profit for the year	<u>424,076</u>	<u>1,243,704</u>

In addition to the above, Border Construction Limited owns 50% of the ordinary share capital of Homegone Limited, a company incorporated in England and Wales.

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS for the year ended 31 December 2008

12. Fixed asset investments - Group

	£
Cost:	
At 1 January 2008	385,804
Additions	-
Repayment of loans by participating interests	
At 31 December 2008	<u>385,804</u>
Net Book Value:	
At 31 December 2008	<u>385,804</u>
At 31 December 2007	<u>385,804</u>

	2008 £	2007 £
Unlisted investments	<u>385,804</u>	<u>385,804</u>

Fixed asset investments comprise the following:

	2008 £	2007 £
Share in joint engagement	500	500
Loan to joint engagement	385,304	385,304
	<u>385,804</u>	<u>385,804</u>

The group's investments at the balance sheet date in the share capital of unlisted companies include the following:

Homegone Limited (formerly Akenside Quays Limited)

Nature of business: Property development

	%
Class of shares:	holding
Ordinary	50

	2007 £	2006 £
Aggregate capital & reserves	(266,511)	(908,421)
Profit/(loss) for the year	<u>(641,910)</u>	<u>(511,081)</u>

The financial statements for the year ended 31 December 2008 are not yet available.

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS for the year ended 31 December 2008

13. Stocks

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Raw materials & consumables	114,524	85,764	-	-
Land held for development	4,513,361	4,252,777	-	-
Work in progress	1,181,794	1,004,202	-	-
	<u>5,809,679</u>	<u>5,342,743</u>	<u>-</u>	<u>-</u>

14. Debtors: amounts falling due within one year

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Amounts recoverable on contracts	9,664,666	5,937,359	-	-
Trade debtors	4,561,899	5,352,815	-	-
Other debtors	125,119	131,370	-	-
Prepayments & accrued income	143,151	134,767	-	-
Loan - Border Travel Services Limited	69	-	-	-
Loan - Bruce Holdings Limited	21	324	-	-
Loan - Homegone Limited	11,055	2,442	-	-
Loan - McColl Wells Limited	-	22,927	-	-
	<u>14,505,980</u>	<u>11,582,004</u>	<u>-</u>	<u>-</u>

Included in other debtors is a deferred tax asset of £58,284 (2007: £36,958) arising due to decelerated capital allowances.

15. Creditors: amounts falling due within one year

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Trade creditors	10,717,224	8,620,683	-	-
Payments on account	-	477,782	-	-
Other creditors	58,861	121,381	-	-
VAT	187,955	267,976	-	-
Social security & other taxes	286,177	267,725	-	-
Taxation	137,220	277,192	-	-
Accrued expenses	795,432	806,218	-	-
Loan - Border Travel Services Limited	-	10	-	-
	<u>12,182,869</u>	<u>10,838,967</u>	<u>-</u>	<u>-</u>

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS for the year ended 31 December 2008

16. Obligations under leasing agreements

The following payments are committed to be paid in relation to operating leases within one year:

Land and buildings	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Lease expiring:				
Within one year	-	4,500	-	-
Between one and five years	19,550	26,550	-	-
	19,550	31,050	-	-

Other	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Lease expiring:				
Within one year	11,193	-	-	-
Between one and five years	120,539	149,788	-	-
	131,732	149,788	-	-

17. Secured debts

The parent company has granted a group guarantee for £1,700,000 to the Royal Bank of Scotland, supported by a bond and floating charge over its whole property and undertakings. In addition, both Border Construction Limited and Border Fulcrum Pipelines Limited have granted debentures to the group's bankers over all assets and undertakings.

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS for the year ended 31 December 2008

18. Provision for liabilities

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Accelerated capital allowances	(58,824)	(36,958)	-	-
			Deferred taxation	
			Group	Company
			£	£
As at 1 January 2008			(36,958)	-
Movement in provision in year			(21,326)	-
As at 31 December 2008			(58,284)	-

The deferred tax asset at 31 December 2008 is included in other debtors (note 14).

As permitted by FRS 19, no deferred tax asset in relation to the capital losses of £198,693 available for future usage by Border Construction Limited at 31 December 2008 has been recognised within the deferred taxation provision, due to the inherent uncertainty over the recoverability of these losses.

19. Called up share capital

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	2008 £	2007 £
200,000	Ordinary	£1	200,000	200,000

20. Contingent assets and liabilities

There are contingent liabilities in respect of performance bonds and guarantees given by the Royal Bank of Scotland plc to third parties on behalf of the group totalling £4,071,737 (2007 - bonding facility of £4,006,801).

In addition, an unlimited inter-company guarantee exists between the group companies in favour of the Royal Bank of Scotland, supported by mortgage debentures, bonds and floating charges and in addition to the group guarantee disclosed in note 17.

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS for the year ended 31 December 2008

21. Pension commitments

The pension charge in the group's financial statements represents employers contributions towards the personal pension plan of the employees. This is a defined contribution pension scheme, in which the assets of the scheme are held separately from those of the group in an independently administered fund, and the charge per the financial statements for the year amounts to £222,046 (2007 - £172,536). At 31 December 2007, there were outstanding pension contributions of £Nil (2007 - £Nil). All of the contributions were made by the subsidiary companies.

22.(i) Related party disclosures - Company

The company is controlled by the director, Mr C H McGhie, by virtue of his shareholding.

The parent company does not trade with its subsidiary. The investment in Border Construction Limited is shown in the notes to the financial statements.

22.(ii) Related party disclosures - Group

All group transactions have been eliminated on consolidation.

In the year under review, a trading relationship existed between the company and Border Travel Services Limited and McColl Wells Limited (companies with two common directors) and Bruce Holdings Limited (company with a director common to that of the company)

Sales to related parties in the year amounted to £122,239 (2007 - £76,345) with sales to Border Travel Services Limited totalling £4,473 (2007 - £2,722), to Bruce Holdings Limited £855 (2007 - £580) and to McColl Wells Limited totalling £116,911 (2007 - £73,043).

Purchases from related parties in the year amounted to £74,767 (2007 - £93,156) with purchases from Border Travel Services Limited totalling £13,335 (2007 - £25,994), from Bruce Holdings Limited £nil (2007 - £1,042) and from McColl Wells Limited £61,432 (2007 - £66,120).

Outstanding balances in respect of these related parties are shown in the notes to the financial statements.

The interest due in respect of the loans advanced and trading debt with the joint venture company Homegone Limited amounted to £nil (2007 - £23,779) and at the balance sheet date, total interest outstanding was £162,575 (2007 - £162,575).

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS for the year ended 31 December 2008

23. Reconciliation of movements in shareholders' funds

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Profit for the financial year	405,315	1,263,135	-	-
Equity dividends	(500,000)	-	-	-
Net addition to shareholders' funds	(94,685)	1,263,135	-	-
Applicable to minority interests	-	(813)	-	-
Opening shareholders' funds	14,165,608	12,903,286	1,560,007	1,560,007
Closing shareholder's funds	14,070,923	14,165,608	1,560,007	1,560,007
Equity interest	14,070,923	14,165,608	1,560,007	1,560,007

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS for the year ended 31 December 2008

24. Notes to the group cash flow statement

24.1. Reconciliation of operating profit to net cash flow from operating activities

	2008			2007		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	£	£	£	£	£	£
Operating profit	400,168	-	400,168	1,444,703	10,132	1,454,835
Depreciation charges	361,471	-	361,471	370,410	-	370,410
Profit on sale of fixed assets	22,966	-	22,966	(11,592)	-	(11,592)
(Increase)/decrease in stocks	(466,936)	-	(466,936)	(1,959,195)	6,000	(1,953,195)
Decrease/(increase) in debtors	(2,896,734)	-	(2,896,734)	450,443	5,349	455,792
Increase in creditors	1,456,507	-	1,456,507	1,149,667	1,381	1,151,048
Net cash inflow from operating activities	<u>(1,122,558)</u>	<u>-</u>	<u>(1,122,558)</u>	<u>1,444,436</u>	<u>22,862</u>	<u>1,467,298</u>

24.2 Reconciliation of net cash flow to movement in net funds

	2008	2007
	£	£
Increase/(decrease) in cash in the year	(2,087,630)	2,285,280
Movement in net debt in the period	(2,087,630)	2,285,280
Net funds at start	6,074,923	3,789,643
Net funds at end	<u>3,987,293</u>	<u>6,074,923</u>

24.3. Analysis of changes in net funds

	At start	Cash flow	Other non-cash changes	At end
	£	£	£	£
Cash in hand	<u>6,074,923</u>	<u>(2,087,630)</u>	<u>-</u>	<u>3,987,293</u>

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 December 2008

24. Notes to the group cash flow statement contd.

24.4 Sale of sub-subsiidiary

On 6 June 2008, the investment in Border Fulcrum Pipelines Limited was disposed of.

	£
Net assets disposed of	
Bank	181,172
Creditors	<u>(10,327)</u>
	170,845
Minority interests share	<u>(17,084)</u>
	<u>153,761</u>
Satisfied by cash	<u>153,761</u>