

Company Registration Number SC213977

Border Construction (Holdings) Limited

Financial Statements

31st December 2011

**REG. OF CO.'S
COPY**



Armstrong Watson
Chartered Accountants & Statutory Auditors
51 Rae Street
Dumfries
Dumfriesshire
DG1 1JD

BORDER CONSTRUCTION (HOLDINGS) LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2011

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BORDER CONSTRUCTION (HOLDINGS) LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Mr C H McGhie Miss C A K Rafferty
Company secretary	Mr R Blake
Registered office	8 Princes Street Lochmaben Lockerbie Dumfriesshire DG11 1QS
Auditor	Armstrong Watson Chartered Accountants & Statutory Auditors 51 Rae Street Dumfries Dumfriesshire DG1 1JD
Bankers	The Royal Bank of Scotland Plc 100 West George Street Glasgow G2 1PP
Solicitors	Bell Park Kerridge Clifford Court Cooper Way Parkhouse Business Park Carlisle CA3 0JG

BORDER CONSTRUCTION (HOLDINGS) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 2011

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

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

Trading conditions have continued to be difficult during 2011, as anticipated. The economic environment has continued to have a negative impact on the construction sector as a whole with margins continually under threat. The Directors are however encouraged by the performance of the group during the year under review. Revenue has increased marginally to £30.33 million (£29.41 million at 31 December 2010) on which a profit before tax of £442,000 was achieved (£519,000 at 31st December 2010).

Despite the downturn within the sector, the group is well placed to maintain this position having already reduced overheads and has the benefit of a substantial order book for the year ahead.

The homes division remained somewhat static in the current year with sales producing a reduction in stock as investment in new developments was restricted pending improvement in overall market conditions, particularly mortgage availability.

The building maintenance business, trading as Finlaysons, based in the Borders region, had a difficult year as price pressures in this sector increased due to increased competition from sole traders.

FUTURE DEVELOPMENTS

The group has submitted and obtained planning consent (27th January 2012) for a 500 student accommodation scheme in Denton Holme, Carlisle, on a group owned site, in conjunction with the University of Cumbria.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £328,218. The directors have not recommended a dividend.

No dividends were paid.

BORDER CONSTRUCTION (HOLDINGS) LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST DECEMBER 2011

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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:

Financial Risk

The group uses financial instruments, including bank overdrafts and various items such as trade debtors and trade creditors that arise directly from its operations. The main risks associated with these are:

- Liquidity and interest risk - the group seeks to ensure sufficient liquidity is available to meet foreseeable needs and uses banking facilities to achieve short term flexibility.
- Credit risk - this is removed from the house-building operation as property title does not transfer until funds are received, within other operations the group only deals with organisations with a proven credit rating.

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 an 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.

DIRECTORS

The directors who served the company during the year were as follows:

Mr C H McGhie

Miss C A K Rafferty

BORDER CONSTRUCTION (HOLDINGS) LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST DECEMBER 2011

DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 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.

AUDITOR

Armstrong Watson are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Registered office:
8 Princes Street
Lochmaben
Lockerbie
Dumfriesshire
DG11 1QS

Signed on behalf of the directors



Miss C AK Rafferty
Director

Approved by the directors on 29/5/12

BORDER CONSTRUCTION (HOLDINGS) LIMITED

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

YEAR ENDED 31ST DECEMBER 2011

We have audited the group and parent company financial statements ("the financial statements") of Border Construction (Holdings) Limited for the year ended 31st December 2011 which comprise the Group Profit and Loss Account Profit and Loss Account, Group Balance Sheet and Company Balance Sheet, Group Cash Flow Cash Flow Statement 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 4, 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 31st December 2011 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

BORDER CONSTRUCTION (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BORDER CONSTRUCTION (HOLDINGS) LIMITED *(continued)*

YEAR ENDED 31ST DECEMBER 2011

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



DAVID McMILLAN
(Senior Statutory Auditor)
For and on behalf of
ARMSTRONG WATSON
Chartered Accountants
& Statutory Auditors

DUMFRIES

29/5/12

BORDER CONSTRUCTION (HOLDINGS) LIMITED
GROUP PROFIT AND LOSS ACCOUNT
YEAR ENDED 31ST DECEMBER 2011

	Note	2011 £	2010 (restated) £
GROUP TURNOVER	2	30,325,178	29,409,418
Cost of sales		<u>26,805,417</u>	<u>25,635,326</u>
GROSS PROFIT		3,519,761	3,774,092
Administrative expenses		3,128,780	3,284,608
Other operating income		<u>(19,940)</u>	<u>(11,550)</u>
OPERATING PROFIT	3	410,921	501,034
Interest receivable		30,614	18,389
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>441,535</u>	<u>519,423</u>
Tax on profit on ordinary activities	6	113,317	151,877
PROFIT FOR THE FINANCIAL YEAR		<u>328,218</u>	<u>367,546</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 notes on pages 11 to 24 form part of these financial statements.

BORDER CONSTRUCTION (HOLDINGS) LIMITED

Company Registration Number SC213977

GROUP BALANCE SHEET**31ST DECEMBER 2011**

		2011		2010 (restated)	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	10		1,139,140		1,056,827
Investments	11		301,744		301,744
			<u>1,440,884</u>		<u>1,358,571</u>
CURRENT ASSETS					
Stocks	12	5,231,018		5,181,547	
Debtors	13	10,688,470		8,710,812	
Cash at bank and in hand		<u>6,162,781</u>		<u>5,262,629</u>	
		22,082,269		19,154,988	
CREDITORS: Amounts falling due within one year	15	<u>9,919,659</u>		<u>7,238,283</u>	
NET CURRENT ASSETS			<u>12,162,610</u>		<u>11,916,705</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>13,603,494</u>		<u>13,275,276</u>
CAPITAL AND RESERVES					
Called-up equity share capital	20		352,563		352,563
Profit and loss account	21		<u>13,250,931</u>		<u>12,922,713</u>
SHAREHOLDERS' FUNDS	22		<u>13,603,494</u>		<u>13,275,276</u>

These financial statements were approved by the directors and authorised for issue on 29/5/12,
and are signed on their behalf by:

C H McGhie

MR C H MCGHIE

The notes on pages 11 to 24 form part of these financial statements.

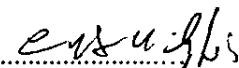
BORDER CONSTRUCTION (HOLDINGS) LIMITED
Company Registration Number SC213977

BALANCE SHEET

31ST DECEMBER 2011

	Note	2011 £	2010 (restated) £
FIXED ASSETS			
Investments	11	<u>1,712,570</u>	<u>1,712,570</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,712,570</u>	<u>1,712,570</u>
CAPITAL AND RESERVES			
Called-up equity share capital	20	352,563	352,563
Profit and loss account	21	<u>1,360,007</u>	<u>1,360,007</u>
SHAREHOLDERS' FUNDS		<u>1,712,570</u>	<u>1,712,570</u>

These financial statements were approved by the directors and authorised for issue on 29/5/12,
and are signed on their behalf by:


.....
MR C H McGHIE

The notes on pages 11 to 24 form part of these financial statements.

BORDER CONSTRUCTION (HOLDINGS) LIMITED
GROUP CASH FLOW CASH FLOW STATEMENT
YEAR ENDED 31ST DECEMBER 2011

		2011		2010 (restated)	
	Note	£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	23		1,183,782		2,438,910
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	23		30,614		18,389
TAXATION	23		(50,116)		(19,364)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	23		(264,128)		6,990
ACQUISITIONS AND DISPOSALS EQUITY DIVIDENDS PAID			—		(1,000,000)
INCREASE IN CASH	23		<u>900,152</u>		<u>1,444,925</u>

The notes on pages 11 to 24 form part of these financial statements.

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2011

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical 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, together with the group's share of the net assets and results of associated 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 group profit and loss account after or up to the date that control passes respectively. As a consolidated group profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group consolidated financial statements by virtue of section 408 of the Companies Act 2006.

The consolidation does not include the financial statements of Homegone 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 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 sales and amounts recoverable on contracts in respect of building, civil engineering and property development contracts, net of value added tax.

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

Fixed assets

All fixed assets are initially recorded at cost.

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

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:

Freehold property - 2% straight line
Plant & machinery - 30% reducing balance
Fixtures & fittings - 30% reducing balance
Motor vehicles - 25% reducing balance

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2011

1. ACCOUNTING POLICIES *(continued)*

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items, calculated on a first in, first out basis.

Land stock is valued at cost.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate.

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 pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the group profit and loss account 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.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not 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 group after deducting all of its liabilities. 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.

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2011

1. ACCOUNTING POLICIES *(continued)*

Long term contracts

Amounts recoverable on long term contracts, which represent the excess of 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 accounting 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.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the group. An analysis of turnover is given below:

	2011 £	2010 <i>(restated)</i> £
United Kingdom	<u>30,325,178</u>	<u>29,409,418</u>

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2011 £	2010 <i>(restated)</i> £
Depreciation of owned fixed assets	188,065	194,862
Loss on disposal of fixed assets	—	33,869
Profit on disposal of fixed assets	(6,250)	—
Auditor's remuneration		
- as auditor	<u>17,900</u>	<u>17,100</u>

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2011

4. PARTICULARS OF EMPLOYEES

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

	2011	2010 (restated)
	No	No
Number of directors	6	6
Number of employees	219	234
	<u>225</u>	<u>240</u>

The aggregate payroll costs of the above were:

	2011	2010 (restated)
	£	£
Wages and salaries	5,629,970	6,030,903
Social security costs	497,748	534,530
Other pension costs	172,393	157,163
	<u>6,300,111</u>	<u>6,722,596</u>

5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	2011	2010 (restated)
	£	£
Remuneration receivable	332,818	408,540
Value of company pension contributions to money purchase schemes	46,924	27,084
	<u>379,742</u>	<u>435,624</u>

Remuneration of highest paid director:

	2011	2010 (restated)
	£	£
Total remuneration (excluding pension contributions)	100,165	118,000
Value of company pension contributions to money purchase schemes	32,129	11,400
	<u>132,294</u>	<u>129,400</u>

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2011

5. DIRECTORS' REMUNERATION *(continued)*

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

	2011	2010 <i>(restated)</i>
	No	No
Money purchase schemes	<u>4</u>	<u>5</u>

6. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2011	2010 <i>(restated)</i>
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year	90,175	128,854
(Over)/under provision in prior year	<u>(1,626)</u>	<u>3,143</u>
Total current tax	88,549	131,997
Deferred tax:		
Origination and reversal of timing differences (note 14)		
Capital allowances	24,768	19,880
Tax on profit on ordinary activities	<u>113,317</u>	<u>151,877</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 26.50% (2010 - 28%).

	2011	2010 <i>(restated)</i>
	£	£
Profit on ordinary activities before taxation	<u>441,535</u>	<u>519,423</u>
Profit on ordinary activities by rate of tax	117,007	145,438
Expenses not deductible for tax purposes	28	3,679
Depreciation for period in excess of capital allowances	(24,630)	(19,608)
Tax chargeable at lower rates	(2,230)	(655)
Adjustments to tax charge in respect of previous periods	<u>(1,626)</u>	<u>3,143</u>
Total current tax (note 6(a))	<u>88,549</u>	<u>131,997</u>

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2011

7. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the financial statements of the parent company was £Nil (2010 - £1,000,000).

8. DIVIDENDS

Equity dividends

	2011 £	2010 (restated) £
Paid during the year		
Equity dividends on ordinary shares	<u>—</u>	<u>1,000,000</u>

9. PRIOR YEAR ADJUSTMENT

It has recently been established that the share capital and cost of investment of the subsidiary on the group restructuring in 2001 was incorrectly stated in the financial statements. The value of each has therefore been uplifted by £152,563 with no effect on the profit.

2010 Balance Sheet has been restated to reflect the group bank facility and set off arrangements. There has been no effect on profit.

10. TANGIBLE FIXED ASSETS

Group	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST					
At 1 January 2011	654,274	1,504,908	575,944	957,994	3,693,120
Additions	—	97,646	26,517	203,391	327,554
Disposals	—	(36,500)	—	(355,515)	(392,015)
At 31 December 2011	<u>654,274</u>	<u>1,566,054</u>	<u>602,461</u>	<u>805,870</u>	<u>3,628,659</u>
DEPRECIATION					
At 1 January 2011	108,271	1,329,183	537,529	661,310	2,636,293
Charge for the year	10,920	62,441	14,988	99,716	188,065
On disposals	—	(33,172)	—	(301,667)	(334,839)
At 31 December 2011	<u>119,191</u>	<u>1,358,452</u>	<u>552,517</u>	<u>459,359</u>	<u>2,489,519</u>
NET BOOK VALUE					
At 31 December 2011	<u>535,083</u>	<u>207,602</u>	<u>49,944</u>	<u>346,511</u>	<u>1,139,140</u>
At 31 December 2010	<u>546,003</u>	<u>175,725</u>	<u>38,415</u>	<u>296,684</u>	<u>1,056,827</u>

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2011

11. INVESTMENTS

Group	Joint engagement
	£
COST	
At 1st January 2011 and 31st December 2011	<u>500</u>
LOANS	
At 1st January 2011 and 31st December 2011	<u>301,244</u>
NET BOOK VALUE	
At 31st December 2011 and 31st December 2010	<u>301,744</u>

The company holds 20% or more of the share capital of the following companies:

Homegone Limited

Nature of business: Property development

	%
Class of shares:	Holding
Ordinary	50

	2010	2009
	£	£
Aggregate capital and reserves	(284,031)	(302,151)
(Loss)/profit for the year	18,120	(150)

The results for Homegone Limited shown above for the year ended 31 December 2010. The financial statements for the year ended 31 December 2011 are not yet available.

Company	Total
	£
COST	
At 1st January 2011 and 31st December 2011	<u>1,712,570</u>
LOANS	
NET BOOK VALUE	
At 31st December 2011 and 31st December 2010	<u>1,712,570</u>

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2011

11. INVESTMENTS *(continued)*

The company holds 20% or more of the share capital of the following companies:

Border Construction Limited

Nature of business: Building & civil engineering contractors and property developers.

	%
Class of shares:	Holding
Ordinary	100

	2011	2010
	£	£
Aggregate capital and reserves	13,603,494	13,275,276
Profit/(Loss) for the year	328,218	367,546

12. STOCKS

	Group		Company	
	2011	2010	2011	2010
	£	(restated)	£	(restated)
	£	£	£	£
Raw Materials	134,421	148,623	-	-
Work in progress	896,954	812,789	-	-
Finished goods	4,199,643	4,220,135	-	-
	<u>5,231,018</u>	<u>5,181,547</u>	<u>-</u>	<u>-</u>

13. DEBTORS

	Group		Company	
	2011	2010	2011	2010
	£	(restated)	£	(restated)
	£	£	£	£
Trade debtors	2,944,026	2,368,944	-	-
Amounts owed by undertakings in which the company has a participating interest	7,547	6,303	-	-
Amounts recoverable on contracts	7,576,783	6,190,585	-	-
Other debtors	39,798	11,247	-	-
Deferred taxation (Note 14)	14,453	39,221	-	-
Prepayments and accrued income	105,863	94,512	-	-
	<u>10,688,470</u>	<u>8,710,812</u>	<u>-</u>	<u>-</u>

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2011

14. DEFERRED TAXATION

The movement in the deferred taxation asset during the year was:

	Group		Company	
	2011	2010 (restated)	2011	2010 (restated)
	£	£	£	£
Asset brought forward	39,221	59,101	-	-
Decrease in asset	(24,768)	(19,880)	-	-
Asset carried forward	<u>14,453</u>	<u>39,221</u>	<u>-</u>	<u>-</u>

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

Group	2011		2010	
	Provided	Unprovided	Provided (restated)	Unprovided
	£	£	£	£
Excess of depreciation over taxation allowances	<u>14,453</u>	<u>-</u>	<u>39,221</u>	<u>-</u>

15. CREDITORS: Amounts falling due within one year

	Group		Company	
	2011	2010 (restated)	2011	2010 (restated)
	£	£	£	£
Payments received on account	980,237	817,714	-	-
Trade creditors	7,073,740	5,065,863	-	-
Amounts owed to undertakings in which the company has a participating interest	1,833	-	-	-
Other creditors including taxation and social security:				
Corporation tax	90,175	51,742	-	-
PAYE and social security	168,574	209,299	-	-
VAT	473,963	299,231	-	-
Other creditors	90,970	56,279	-	-
Accruals and deferred income	<u>1,040,167</u>	<u>738,155</u>	<u>-</u>	<u>-</u>
	<u>9,919,659</u>	<u>7,238,283</u>	<u>-</u>	<u>-</u>

16. PENSIONS

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 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 £172,393 (2010 - £157,163).

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2011

17. COMMITMENTS UNDER OPERATING LEASES

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

Group	2011		2010	
	Land and buildings	Other items	Land and buildings (restated)	Other items
	£	£	£	£
Operating leases which expire:				
Within 1 year	-	-	22,296	4,555
Within 2 to 5 years	-	121,307	-	69,141
After more than 5 years	35,410	-	12,000	-
	<u>35,410</u>	<u>121,307</u>	<u>34,296</u>	<u>73,696</u>

18. CONTINGENCIES

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 £2,927,590 (2010 - £1,983,390).

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2011

19. RELATED PARTY TRANSACTIONS

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

Group

The company is under the control of the director, Mr C H McGhie, by virtue of his shareholding in the parent company.

In the year under review, a trading relationship existed between the subsidiary company, Border Construction Limited, and McColl Wells Limited (company with two common directors), Border Travel Services Limited (company 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 £18,124 (2010 - £98,918) with sales to Border Travel Services Limited totalling £639 (2010 - £930), McColl Wells Limited totalling £16,860 (2010 - £96,491) and Bruce Holdings Limited totalling £625 (2010 - £1,497).

Purchases from related parties in the year totalled £20,425 (2010 - £27,426) with purchases of £Nil (2010 - £Nil) from McColl Wells Limited, £20,425 (2010 - £27,413) from Border Travel Services Limited and £Nil (2010 - £nil) from Bruce Holdings Limited.

Outstanding balances due to Border Construction Limited in respect of these related parties at the year end were £7,547 (2010 - £6,041) for McColl Wells Limited, and £Nil (2010 - £33) for Bruce Holdings Limited. Due to Border Travel Services Limited was £1,833. (2010 - £5,345)

During the year, the company transacted with the directors as follows: Sales to Miss Rafferty totalled £Nil. (2010 - £12,684). Purchases from Miss Rafferty totalled £6,330. (2010 - £6,347) No Balance remained outstanding at the year end. (2010 - £1,416). Sales to Mr McGhie totalled £Nil (2010 - £16,635). Purchases from Mr McGhie totalled £7,830 (2010 - £6,000). No Balance remained outstanding at the year end. Sales to Mr Conway totalled £4,347 plus the sale of a car for £10,500 (2010 - £11,899). The Balance due from him at the year end totalled £623 (2010 - £nil).

Company

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

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2011

20. SHARE CAPITAL

Allotted, called up and fully paid:

	2011		2010 (restated)	
	No	£	No	£
352,563 Ordinary shares of £1 each	<u>352,563</u>	<u>352,563</u>	<u>352,563</u>	<u>352,563</u>

21. RESERVES

Group

Profit and
loss account

	£
Balance brought forward as previously reported	12,922,713
Profit for the year	<u>328,218</u>
Balance carried forward	<u>13,250,931</u>

Company

Profit and
loss account

	£
Balance brought forward as previously reported	<u>1,360,007</u>

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011	2010 (restated)
	£	£
Profit for the financial year	328,218	367,546
Equity dividends	<u>—</u>	<u>(1,000,000)</u>
Net addition/(reduction) to shareholders' funds	328,218	(632,454)
Opening shareholders' funds	<u>13,275,276</u>	<u>13,907,730</u>
Closing shareholders' funds	<u>13,603,494</u>	<u>13,275,276</u>

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2011

23. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011	2010 (restated)
	£	£
Operating profit	410,921	501,034
Depreciation	188,065	194,862
(Profit)/Loss on disposal of fixed assets	(6,250)	33,869
Increase in stocks	(49,471)	(56,789)
(Increase)/decrease in debtors	(2,002,426)	1,966,919
Increase/(decrease) in creditors	2,642,943	(200,985)
Net cash inflow from operating activities	<u>1,183,782</u>	<u>2,438,910</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2011	2010 (restated)
	£	£
Interest received	<u>30,614</u>	<u>18,389</u>
Net cash inflow from returns on investments and servicing of finance	<u>30,614</u>	<u>18,389</u>

TAXATION

	2011	2010 (restated)
	£	£
Taxation	<u>(50,116)</u>	<u>(19,364)</u>

CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2011	2010 (restated)
	£	£
Payments to acquire tangible fixed assets	(327,554)	(48,121)
Receipts from sale of fixed assets	63,426	43,951
Repayment of loans by participating interests	<u>—</u>	<u>11,160</u>
Net cash (outflow)/inflow for capital expenditure and financial investment	<u>(264,128)</u>	<u>6,990</u>

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2011

23. NOTES TO THE CASH FLOW STATEMENT *(continued)*

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2011	2010
	£	(restated) £
Increase in cash in the period	<u>900,152</u>	<u>1,444,925</u>
Movement in net funds in the period	<u>900,152</u>	<u>1,444,925</u>
Net funds at 1 January 2011	<u>5,262,629</u>	<u>3,817,704</u>
Net funds at 31 December 2011	<u>6,162,781</u>	<u>5,262,629</u>

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2011 £	Cash flows £	At 31 Dec 2011 £
Net cash:			
Cash in hand and at bank	<u>5,262,629</u>	<u>900,152</u>	<u>6,162,781</u>
Net funds	<u>5,262,629</u>	<u>900,152</u>	<u>6,162,781</u>