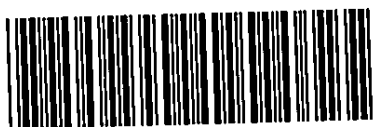


BORDER CONSTRUCTION (HOLDINGS) LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2012

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

THURSDAY



SCT *S2BVJHR7* #317
04/07/2013
COMPANIES HOUSE

ArmstrongWatson®
Accountants & Financial Advisers

BORDER CONSTRUCTION (HOLDINGS) LIMITED

COMPANY INFORMATION

DIRECTORS	Mr C H McGhie Miss C A K Rafferty
COMPANY SECRETARY	Mr R Blake
REGISTERED NUMBER	SC213977
REGISTERED OFFICE	15 Castle Street Dumfries Dumfriesshire DG1 1BJ
INDEPENDENT AUDITORS	Armstrong Watson Chartered Accountants & Statutory Auditors 51 Rae Street Dumfries Dumfries and Galloway 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

CONTENTS

	Page
Directors' report	1 - 3
Independent auditors' report	4 - 5
Consolidated profit and loss account	6
Consolidated balance sheet	7
Company balance sheet	8
Consolidated cash flow statement	9
Notes to the financial statements	10 - 21

BORDER CONSTRUCTION (HOLDINGS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and the financial statements for the year ended 31 December 2012.

DIRECTORS' RESPONSIBILITIES STATEMENT

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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES

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. Other activities of the group include the provision of student accommodation and letting of private apartments.

BUSINESS REVIEW

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

Trading conditions proved to be extremely difficult during 2012, as anticipated. The economic environment has continued to have a negative impact on the construction sector as a whole with overcapacity, a reduction in opportunities and margins continually under threat. The Directors are disappointed with the results which suffered a major impact as a result of difficulties on a PFI project which has been particularly challenging and which has resulted in a negative impact on the trading results. There were also exceptional redundancy costs of £317k as the Company dealt with the downsizing necessary to respond to the declining market conditions. Revenue increased to £34.88m (£30.33m at 31 December 2011) on which a post tax loss of £649k was incurred (£328k profit at 31st December 2011).

The Construction Division trading results suffered both as a result of the generally depressed market conditions but also due to significant losses incurred on the PFI project referred to above, under which Border is responsible for the delivery of five fire stations in Cumbria, four being completed during the 2012 trading year, with the final station scheduled for completion in June 2013. There were also exceptional redundancy costs as referred to above. Despite the downturn within the sector, the Company is now well placed to maintain its position, having substantially reduced its cost base in terms of both overheads and labour costs.

BORDER CONSTRUCTION (HOLDINGS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The Homes Division also suffered losses, implementing a policy of stock reduction to release capital for investment. Overall market conditions and mortgage availability are improving in this sector, supported by increased interest and reservations at the Springfield, Duns development in the Scottish Borders. The first 249 bed phase of a 492 bed student village was developed on company owned land in Denton Holme, Carlisle in partnership with the University of Cumbria who provide support to the project in terms of a Nomination Agreement and rental guarantees. The development itself became operational in September 2012 and has experienced excellent occupancy levels. The company retains its interest in the development and achieves good returns on its capital investment.

The Building Maintenance business, trading as Finlaysons, based in the Borders region, had a reasonable trading year but suffered as a result of a provision which had to be taken in respect of a significant bad debt that is unlikely to be recovered. The year ahead will be challenging as price pressures in this sector intensify due to a reduction in public sector spending and increased competition from sole traders

RESULTS

The loss for the year, after taxation, amounted to £649,288 (2011 - profit £328,218).

DIRECTORS

The directors who served during the year were:

Mr C H McGhie
Miss C A K Rafferty

PRINCIPAL RISKS AND UNCERTAINTIES

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.

BORDER CONSTRUCTION (HOLDINGS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

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

FUTURE DEVELOPMENTS

The company obtained planning consent (27th January 2012) for a 492 bedroom student accommodation scheme in Denton Holme, Carlisle on a company owned site being developed in conjunction with the University of Cumbria. The first phase has been completed (249 units) and negotiations are ongoing with regard its sale to an institutional investor. The programme for the delivery of Phase 2 (243 units) to complete overall development is currently under discussion with the university.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information.

AUDITORS

Under section 487(2) of the Companies Act 2006, Armstrong Watson will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 26 June 2013

and signed on its behalf.



Miss C A K Rafferty
Director

BORDER CONSTRUCTION (HOLDINGS) LIMITED

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

We have audited the financial statements of Border Construction (Holdings) Limited for the year ended 31 December 2012, which comprise the group Profit and loss account, the group and company Balance sheets, the group 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 members, 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 members those matters we are required to state to them in an Auditors' 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 explained more fully in the Directors' responsibilities statement, 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 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 Auditing Practices Board'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 the parent company's affairs as at 31 December 2012 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER 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 AUDITORS' REPORT TO THE SHAREHOLDERS OF BORDER CONSTRUCTION
(HOLDINGS) LIMITED**

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.



Douglas Russell (Senior statutory auditor)

for and on behalf of
Armstrong Watson

Chartered Accountants
Statutory Auditors

51 Rae Street
Dumfries
Dumfries and Galloway
DG1 1JD

Date: 27 June 2013

BORDER CONSTRUCTION (HOLDINGS) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 £	2011 £
TURNOVER	1,2	25,360,970	30,325,178
Cost of sales		<u>(22,689,222)</u>	<u>(26,805,417)</u>
GROSS PROFIT		2,671,748	3,519,761
Administrative expenses		(3,590,684)	(3,122,530)
Other operating income	3	<u>2,924</u>	<u>13,690</u>
OPERATING (LOSS)/PROFIT	4	(916,012)	410,921
Interest receivable and similar income		8,664	30,614
Interest payable and similar charges	8	<u>(7,787)</u>	<u>-</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(915,135)	441,535
Tax on (loss)/profit on ordinary activities	9	<u>265,847</u>	<u>(113,317)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	18	<u>(649,288)</u>	<u>328,218</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account.

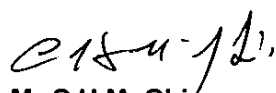
The notes on pages 10 to 21 form part of these financial statements.

BORDER CONSTRUCTION (HOLDINGS) LIMITED
REGISTERED NUMBER: SC213977

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2012

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Tangible assets	10		1,028,626		1,139,140
Investment property	11		9,854,950		-
Investments	12		301,639		301,244
Investment in joint engagement	12		500		500
			<u>11,185,715</u>		<u>1,440,884</u>
CURRENT ASSETS					
Stocks	13	4,147,610		5,231,018	
Debtors	14	9,177,471		10,688,470	
Cash at bank and in hand		110,795		6,162,781	
		<u>13,435,876</u>		<u>22,082,269</u>	
CREDITORS: amounts falling due within one year	15	(11,667,385)		(9,919,659)	
NET CURRENT ASSETS			<u>1,768,491</u>		<u>12,162,610</u>
NET ASSETS			<u>12,954,206</u>		<u>13,603,494</u>
CAPITAL AND RESERVES					
Called up share capital	17		352,563		352,563
Profit and loss account	18		12,601,643		13,250,931
SHAREHOLDERS' FUNDS	19		<u>12,954,206</u>		<u>13,603,494</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
26 June 2013



Mr C H McGhie
Director

The notes on pages 10 to 21 form part of these financial statements.

BORDER CONSTRUCTION (HOLDINGS) LIMITED
REGISTERED NUMBER: SC213977

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Investments	12	1,712,570	1,712,570
NET ASSETS		<u>1,712,570</u>	<u>1,712,570</u>
CAPITAL AND RESERVES			
Called up share capital	17	352,563	352,563
Profit and loss account	18	1,360,007	1,360,007
SHAREHOLDERS' FUNDS	19	<u>1,712,570</u>	<u>1,712,570</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
26 June 2013

C. H. McGhie
Mr C H McGhie
Director

The notes on pages 10 to 21 form part of these financial statements.

BORDER CONSTRUCTION (HOLDINGS) LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 £	2011 £
Net cash flow from operating activities	20	2,939,228	1,183,782
Returns on investments and servicing of finance	21	877	30,614
Taxation		(90,021)	(50,116)
Capital expenditure and financial investment	21	(9,937,542)	(264,128)
(DECREASE)/INCREASE IN CASH IN THE YEAR		(7,087,458)	900,152

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012 £	2011 £
(Decrease)/Increase in cash in the year	(7,087,458)	900,152
MOVEMENT IN NET DEBT IN THE YEAR	(7,087,458)	900,152
Net funds at 1 January 2012	6,162,781	5,262,629
NET (DEBT)/FUNDS AT 31 DECEMBER 2012	(924,677)	6,162,781

The notes on pages 10 to 21 form part of these financial statements.

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 1 to 2.

The group currently meets its day to day working capital requirement through an overdraft facility. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current facility. Negotiations with the bank for renewal of the facility will begin in due course and there are no indications that it will not be renewed. The directors have also loaned the group £2.5 million during the year.

The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Basis of consolidation

The financial statements consolidate the accounts of Border Construction (Holdings) Limited and all of its subsidiary undertakings ('subsidiaries').

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 venture 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.

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

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.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

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

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES (continued)

1.6 Investments

- (i) **Subsidiary undertakings**
Investments in subsidiaries are valued at cost less provision for impairment.
- (ii) **Associated undertakings**
Investments in associates are stated at the amount of the company's share of net assets. The Profit and loss account includes the company's share of the associated companies' profits after taxation using the equity accounting basis.
- (iii) **Other investments**
Investments held as fixed assets are shown at cost less provision for impairment.

1.7 Investment properties

Investment properties are included in the Balance sheet at their open market value in accordance with Statement of Standard Accounting Practice No.19 and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company and the group.

1.8 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

1.9 Stocks and work in progress

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

1.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.11 Long-term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES (continued)

1.12 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. TURNOVER

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

All turnover arose within the United Kingdom.

3. OTHER OPERATING INCOME

	2012	2011
	£	£
Other operating income	2,519	3,137
Net rents receivable	405	10,553
	2,924	13,690

4. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging:

	2012	2011
	£	£
Depreciation of tangible fixed assets: - owned by the group	196,609	188,065

5. AUDITORS' REMUNERATION

	2012	2011
	£	£
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	18,250	17,900

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

6. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2012 £	2011 £
Wages and salaries	5,164,828	5,532,572
Social security costs	467,310	497,748
Other pension costs	175,356	172,393
	<u>5,807,494</u>	<u>6,202,713</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2012 No.	2011 No.
Directors (includes directors of the subsidiary company)	6	6
Employees	193	219
	<u>199</u>	<u>225</u>

7. DIRECTORS' REMUNERATION

During the year retirement benefits were accruing to no directors (2011 - NIL) in respect of defined contribution pension schemes.

8. INTEREST PAYABLE

	2012 £	2011 £
On bank loans and overdrafts	<u>7,787</u>	<u>-</u>

9. TAXATION

	2012 £	2011 £
Analysis of tax (credit)/charge in the year		
Current tax (see note below)		
UK corporation tax charge on (loss)/profit for the year	-	90,175
Adjustments in respect of prior periods	(90,329)	(1,626)
Total current tax	<u>(90,329)</u>	<u>88,549</u>
Deferred tax (see note 16)		
Origination and reversal of timing differences	(175,518)	24,768
Tax on (loss)/profit on ordinary activities	<u>(265,847)</u>	<u>113,317</u>

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

10. TANGIBLE FIXED ASSETS

Group	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
At 1 January 2012	654,274	1,566,054	805,870	602,461	3,628,659
Additions	-	68,921	-	48,471	117,392
Disposals	-	(10,066)	(209,410)	(1,419)	(220,895)
At 31 December 2012	654,274	1,624,909	596,460	649,513	3,525,156
Depreciation					
At 1 January 2012	119,191	1,358,452	459,359	552,517	2,489,519
Charge for the year	10,702	76,626	86,593	22,688	196,609
On disposals	-	(10,049)	(178,136)	(1,413)	(189,598)
At 31 December 2012	129,893	1,425,029	367,816	573,792	2,496,530
Net book value					
At 31 December 2012	524,381	199,880	228,644	75,721	1,028,626
At 31 December 2011	535,083	207,602	346,511	49,944	1,139,140

11. INVESTMENT PROPERTY

Group	Freehold investment property £
Valuation	
Additions at cost	9,854,950
At 31 December 2012	9,854,950

The 2012 valuations were made by Border Construction Ltd directors, on an open market value for existing use basis.

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

9. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%). The differences are explained below:

	2012 £	2011 £
(Loss)/profit on ordinary activities before tax	<u>(915,135)</u>	<u>441,535</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%)	<u>(224,208)</u>	<u>117,007</u>
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	28
Capital allowances for year in excess of depreciation	6,135	(24,630)
Utilisation of tax losses	85,567	-
Adjustments to tax charge in respect of prior periods	(90,329)	(1,626)
Other timing differences leading to an increase (decrease) in taxation	(45,956)	-
Unrelieved tax losses carried forward	178,462	-
Marginal relief	-	(2,230)
Current tax (credit)/charge for the year (see note above)	<u>(90,329)</u>	<u>88,549</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

13. STOCKS

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	£	£	£	£
Raw materials and consumables	105,917	134,421	-	-
Work in progress	738,225	896,954	-	-
Land held for development	3,303,468	4,199,643	-	-
	<u>4,147,610</u>	<u>5,231,018</u>	<u>-</u>	<u>-</u>

14. DEBTORS

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	2,001,156	2,944,026	-	-
Amounts owed by undertakings in which the company has a participating interest	495	7,547	-	-
Other debtors	159,058	39,798	-	-
Prepayments and accrued income	84,619	105,863	-	-
Amounts recoverable on long term contracts	6,742,172	7,576,783	-	-
Deferred tax asset (see note 16)	189,971	14,453	-	-
	<u>9,177,471</u>	<u>10,688,470</u>	<u>-</u>	<u>-</u>

15. CREDITORS: Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	£	£	£	£
Bank loans and overdrafts	1,035,472	-	-	-
Payments received on account	682,035	980,237	-	-
Trade creditors	6,137,844	7,073,740	-	-
Amounts owed to associates	4,118	1,833	-	-
Corporation tax	-	90,175	-	-
Social security and other taxes	159,589	642,537	-	-
Other creditors	2,669,548	90,970	-	-
Accruals and deferred income	978,779	1,040,167	-	-
	<u>11,667,385</u>	<u>9,919,659</u>	<u>-</u>	<u>-</u>

The bank overdraft of £1,035,472 is secured by a debenture granted to the Royal Bank of Scotland over all the assets and undertakings of the group.

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

12. FIXED ASSET INVESTMENTS

Group	Investments in joint engagement £	Loans to joint engagement £	Total £
Cost or valuation			
At 1 January 2012	500	301,244	301,744
Additions	-	395	395
At 31 December 2012	500	301,639	302,139
Net book value			
At 31 December 2012	500	301,639	302,139
At 31 December 2011	500	301,244	301,744

Participating interests

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital & reserves £	Profit/(loss) for the year £
Homegone Limited	(302,528)	(18,497)

The results for Homegone Limited shown above are for the year ended 31 December 2011. The financial statements for the year ended 31 December 2012 are not yet available.

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2012 and 31 December 2012	1,712,570
Net book value	
At 31 December 2012	1,712,570
At 31 December 2011	1,712,570

Details of the principal subsidiaries can be found under note number 27.

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Group		
Opening shareholders' funds	13,603,494	13,275,076
(Loss)/profit for the year	(649,288)	328,218
Shares issued during the year	-	200
	<u>12,954,206</u>	<u>13,603,494</u>
Closing shareholders' funds		

	2012 £	2011 £
Company		
Shareholders' funds at 1 January 2012 and 31 December 2012	<u>1,712,570</u>	<u>1,712,570</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account.

The profit for the year dealt with in the accounts of the company was £NIL (2011 - £NIL).

20. NET CASH FLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Operating (loss)/profit	(916,012)	410,921
Depreciation of tangible fixed assets	196,609	188,065
Profit on disposal of tangible fixed assets	(3,898)	(6,250)
Decrease/(increase) in stocks	1,083,408	(49,471)
Decrease/(increase) in debtors	1,769,640	(2,002,426)
Decrease in amounts owed by associates	7,052	-
Increase in creditors	802,429	2,642,943
	<u>2,939,228</u>	<u>1,183,782</u>
Net cash inflow from operating activities		

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	8,664	-
Interest paid	(7,787)	30,614
	<u>877</u>	<u>30,614</u>
Net cash inflow from returns on investments and servicing of finance		

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

16. DEFERRED TAXATION

	<u>Group</u>		<u>Company</u>	
	2012 £	2011 £	2012 £	2011 £
At beginning of year	14,453	14,453	-	-
Released during the year	175,518	-	-	-
At end of year	<u>189,971</u>	<u>14,453</u>	<u>-</u>	<u>-</u>

The deferred taxation balance is made up as follows:

	<u>Group</u>		<u>Company</u>	
	2012 £	2011 £	2012 £	2011 £
Accelerated capital allowances	19,610	14,453	-	-
Tax losses carried forward	170,361	-	-	-
	<u>189,971</u>	<u>14,453</u>	<u>-</u>	<u>-</u>

17. SHARE CAPITAL

	2012 £	2011 £
Allotted, called up and fully paid 352,563 Ordinary shares of £1 each	<u>352,563</u>	<u>352,563</u>

18. RESERVES

Group	Profit and loss account £
At 1 January 2012	13,250,931
Loss for the year	(649,288)
At 31 December 2012	<u>12,601,643</u>
Company	Profit and loss account £
At 1 January 2012 and 31 December 2012	<u>1,360,007</u>

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2012 £	2011 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(117,392)	(327,554)
Sale of tangible fixed assets	35,195	63,426
Purchase of investment properties	(9,854,950)	-
New loans to joint ventures	(395)	-
Net cash outflow from capital expenditure	<u>(9,937,542)</u>	<u>(264,128)</u>

22. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2012 £	Cash flow £	Other non-cash changes £	31 December 2012 £
Cash at bank and in hand	6,162,781	(6,051,986)	-	110,795
Bank overdraft	-	(1,035,472)	-	(1,035,472)
Net funds	<u>6,162,781</u>	<u>(7,087,458)</u>	<u>-</u>	<u>(924,677)</u>

23. CONTINGENT 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 £1,403,877 (2011 - £2,927,590)

24. 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 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 £175,356 (2011 - £172,393).

25. OPERATING LEASE COMMITMENTS

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

	Land and buildings 2012 £	2011 £	2012 £	Other 2011 £
Group				
Expiry date:				
Within 1 year	-	-	62,276	-
Between 2 and 5 years	-	-	40,460	121,307
After more than 5 years	35,410	35,410	-	-

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

26. RELATED PARTY TRANSACTIONS

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

Group

In the year under review, a trading relationship existed between the subsidiary company, Border Construction Limited and 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 £998 (2011 - £1,264) with sales to Border Travel Services Limited £211 (2011 - £639), and Bruce Holdings Limited £787 (2011 - £625), inclusive of VAT.

Purchases from related parties in the year totalled £20,855 (2011- £Nil) all from Border Travel Services Limited, inclusive of VAT.

Outstanding balances due to Border Travel Services Limited was £3,832 (2011 - £1,833).

During the year, the company transacted with the directors as follows:

Purchases from Miss Rafferty totalled £6,678 (2011 - £6,330). No balance remained outstanding at the year end.

Purchases from Mr McGhie totalled £6,678 (2011 - £7,830). No balance remained outstanding at the year end.

Sales to Mr Conway totalled £213 (2011 - £14,847). No balance remained outstanding at the year end (2011 - £623).

Included in other creditors are amounts owing to the directors, Miss C A K Rafferty of £1,000,000 (2011 - £Nil) and Mr C H McGhie £1,500,000 (2011 - £Nil) being amounts loaned to the company during the year.

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.

27. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
Border Construction Limited	UK	100	ordinary