

DERRY BUILDING SERVICES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2007



Company Registration Number 1481063

Tenon Limited
Accountants and Business Advisors
Charnwood House
Gregory Boulevard
Nottingham
NG7 6NX

DERRY BUILDING SERVICES LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2007

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DERRY BUILDING SERVICES LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 AUGUST 2007

The board of directors	M S Sheldon M G Townsend J I Derry S G Burley
Company secretary	M S Sheldon
Business address	Sam Derry House London Road Newark Nottinghamshire NG24 1JP
Registered office	Sam Derry House London Road Newark Nottinghamshire NG24 1JP
Auditor	Tenon Audit Limited Registered Auditor Charnwood House Gregory Boulevard Nottingham NG7 6NX
Accountants	Tenon Limited Accountants and Business Advisors Charnwood House Gregory Boulevard Nottingham NG7 6NX

DERRY BUILDING SERVICES LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 AUGUST 2007

The directors present their report and the financial statements of the company for the year ended 31 August 2007

Principal activities and business review

The main activity of the company is unchanged and is principally that of mechanical services engineering and electrical contractors

Turnover for the year was slightly lower at £40.8m, but pre-tax profit held up well at £1.17m. The results are a little disappointing but problems encountered in 2006 were still prevalent, particularly in the early part of 2007.

The customer base has been broadened, and the company delivered several successful projects in the Education and Telecoms sectors. The Commercial Office sector was also good in 2007.

The small works and maintenance divisions both enjoyed controlled growth and produced solid performances.

We were awarded the RoSPA Gold Award for Health & Safety for the fourth consecutive year.

Cash at the Bank grew to £11.7m, and net assets stand at £4.8m.

Results and dividends

The profit for the year, after taxation, amounted to £840,186. Particulars of dividends paid are detailed in note 8 to the financial statements.

Financial risk management objectives and policies

The company makes little use of financial instruments other than an operational bank account and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

Directors

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

M S Sheldon
M G Townsend
J I Derry
S G Burley

Directors' responsibilities

The directors are responsible for preparing the Annual 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

DERRY BUILDING SERVICES LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 AUGUST 2007

Directors' responsibilities *(continued)*

- select suitable accounting policies and then 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 company 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 company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are, individually, aware

- there is no relevant audit information of which the company'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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

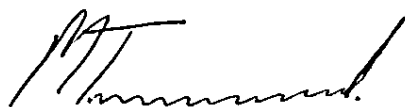
Auditor

A resolution to re-appoint Tenon Audit Limited as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed on behalf of the directors



M S Sheldon
Director



Approved by the directors on 24 January 2008

Tenon audit

DERRY BUILDING SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF DERRY BUILDING SERVICES LIMITED

YEAR ENDED 31 AUGUST 2007

We have audited the financial statements of Derry Building Services Limited on pages 6 to 15 for the year ended 31 August 2007. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As described in the statement of directors' responsibilities on pages 2 to 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 company 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 other transactions 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 of whether the accounting policies are appropriate to the company's circumstances, 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.

Tenon audit

DERRY BUILDING SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF DERRY BUILDING SERVICES LIMITED *(continued)*

YEAR ENDED 31 AUGUST 2007

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 company's affairs as at 31 August 2007 and of its 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

Tenon Audit Limited

Tenon Audit Limited
Registered Auditor
Charnwood House
Gregory Boulevard
Nottingham
NG7 6NX

3 March 2008

DERRY BUILDING SERVICES LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 AUGUST 2007**

	Note	2007 £	2006 £
Turnover	2	40,849,102	43,015,891
Cost of sales		(35,758,683)	(38,264,116)
Gross profit		<u>5,090,419</u>	<u>4,751,775</u>
Administrative expenses		(4,124,572)	(3,723,226)
Operating profit	3	<u>965,847</u>	<u>1,028,549</u>
Interest receivable and similar income	6	202,915	126,316
Profit on ordinary activities before taxation		<u>1,168,762</u>	<u>1,154,865</u>
Tax on profit on ordinary activities	7	(328,576)	(334,850)
Profit for the financial year		<u>840,186</u>	<u>820,015</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 8 to 15 form part of these financial statements

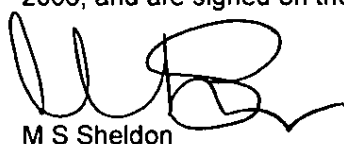
DERRY BUILDING SERVICES LIMITED

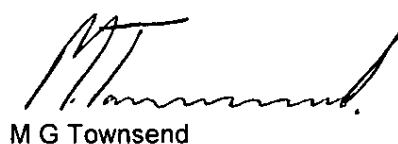
BALANCE SHEET

31 AUGUST 2007

	Note	2007 £	£	2006 £	£
Fixed assets					
Tangible assets	9		275,155		296,292
Current assets					
Debtors	10	4,546,531		5,129,743	
Cash at bank and in hand		11,695,757		6,145,893	
		<u>16,242,288</u>		<u>11,275,636</u>	
Creditors: Amounts falling due within one year	11	<u>(11,701,474)</u>		<u>(7,189,779)</u>	
Net current assets			4,540,814		4,085,857
Total assets less current liabilities			<u>4,815,969</u>		<u>4,382,149</u>
Provisions for liabilities					
Deferred taxation	13		(4,634)		(11,000)
			<u>4,811,335</u>		<u>4,371,149</u>
Capital and reserves					
Called-up share capital	18		10,000		10,000
Profit and loss account	19		4,801,335		4,361,149
Shareholder's funds	20		<u>4,811,335</u>		<u>4,371,149</u>

These financial statements were approved by the directors and authorised for issue on 24 January 2008, and are signed on their behalf by


M S Sheldon


M G Townsend

The notes on pages 8 to 15 form part of these financial statements

DERRY BUILDING SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2007

1. Accounting policies

Basis of accounting

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

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

Turnover

Turnover, which is net of value added tax, represents the value of work done in the year

Tangible fixed assets and 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

Plant and equipment	4-5 years (straight line)
Leasehold improvements	4%
Fixtures, fittings and equipment	10 - 33 1/3%

Tangible fixed assets are stated at original cost less accumulated depreciation. The cost of tangible fixed assets is their purchase price, together with any incidental costs of acquisition

Operating leases

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

Pensions

The company participates in the Bowmer & Kirkand Limited Pension and Life Assurance Scheme which is a funded defined benefit scheme. The assets of the scheme are held in separate trustee administered funds. More than one employer participates in the defined benefit scheme. Derry Building Services Limited is unable to identify its share of the underlying assets and liabilities in the scheme on a constant and reasonable basis. The contributions to the scheme have therefore been accounted for as if it were a defined contribution scheme and are charged to the profit and loss account in the year in which they become payable.

Contributions payable for the year to the group defined contribution scheme are charged in the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date which are expected to result in an obligation to pay more tax in future periods, or a right to pay less tax in future periods.

Deferred tax is measured at the undiscounted average tax rates expected to apply in the periods in which the timing differences are expected to reverse.

DERRY BUILDING SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2007

1. Accounting policies (continued)

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Contract work in progress

In accordance with SSAP9, amounts recoverable on contracts, which are included in debtors, are stated at cost less progress payments receivable plus an appropriate amount of profit in the case of long term contracts.

Provisions are made for contingencies and losses incurred or anticipated in bringing contracts to completion.

For contracts where progress payments exceed the book value of work done, the excess is included in creditors as payments on account.

Dividends

In accordance with Financial Reporting Standard 21 "Events after the Balance Sheet date", dividends declared prior to the balance sheet date are recognised as liabilities in the financial statements at the balance sheet date. If the company declares dividends after the balance sheet date, the company does not recognise those dividends as a liability at the balance sheet date.

2. Turnover

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

An analysis of turnover is given below.

	2007	2006
	£	£
United Kingdom	<u>40,849,102</u>	<u>43,015,891</u>

3. Operating profit

Operating profit is stated after charging

	2007	2006
	£	£
Depreciation of owned fixed assets	99,259	71,995
Auditors remuneration	<u>12,000</u>	<u>7,896</u>

Fees payable to the company's auditor for other services have not been disclosed as the relevant information is given in the accounts of Bowmer & Kirkland Limited, the ultimate parent company.

DERRY BUILDING SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2007

4 Particulars of employees

The average number of persons employed by the company during the financial year, including the directors, amounted to 222 (2006 - 223)

The aggregate payroll costs of the above were

	2007 £	2006 £
Wages and salaries	7,056,270	7,007,285
Social security costs	641,985	667,877
Other pension costs	508,347	524,182
	<u>8,206,602</u>	<u>8,199,344</u>

5 Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were

	2007 £	2006 £
Emoluments receivable	<u>414,895</u>	<u>406,056</u>

Emoluments of highest paid director

	2007 £	2006 £
Total emoluments (excluding pension contributions)	<u>186,058</u>	<u>166,775</u>

Benefits are accruing under a defined benefit pension scheme and, at the year end the accrued pension amounted to £26,567 (2006 - £20,440)

The number of directors on whose behalf the company made pension contributions was as follows

	2007 No	2006 No
Defined benefit schemes	<u>3</u>	<u>3</u>

6. Interest receivable and similar income

	2007 £	2006 £
Bank interest receivable	191,630	126,316
Other loan interest receivable	25	-
Other similar income receivable	11,260	-
	<u>202,915</u>	<u>126,316</u>

DERRY BUILDING SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2007

7. Tax on profit on ordinary activities

(a) Analysis of charge in the year

	2007 £	2006 £
In respect of the year		
UK Corporation tax	346,141	345,016
Over provision in prior year	(11,199)	(11,666)
	<u>334,942</u>	<u>333,350</u>
Deferred tax		
Origination and reversal of timing differences	(6,366)	1,500
Tax on profit on ordinary activities	<u>328,576</u>	<u>334,850</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 30% (2006 - 30%)

	2007 £	2006 £
Profit on ordinary activities before taxation	<u>1,168,762</u>	<u>1,154,865</u>
Profit on ordinary activities by rate of tax	350,629	346,460
Effects of		
Expenses not deductible for tax purposes	3,480	145
Capital allowances for period in excess of depreciation	-	(1,589)
Capital allowances less than depreciation	6,701	-
Transfer pricing adjustment	(14,669)	-
Adjustments to tax charge in respect of previous periods	(11,199)	(11,666)
Total current tax (note 7(a))	<u>334,942</u>	<u>333,350</u>

8. Dividends

Equity dividends

	2007 £	2006 £
Paid during the year		
Equity dividends on ordinary shares	<u>400,000</u>	<u>375,000</u>

DERRY BUILDING SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2007

9. Tangible fixed assets

	Leasehold Improvements £	Plant and Equipment £	Total £
Cost			
At 1 September 2006	21,107	884,505	905,612
Additions	–	78,122	78,122
At 31 August 2007	<u>21,107</u>	<u>962,627</u>	<u>983,734</u>
Depreciation			
At 1 September 2006	13,574	595,746	609,320
Charge for the year	844	98,415	99,259
At 31 August 2007	<u>14,418</u>	<u>694,161</u>	<u>708,579</u>
Net book value			
At 31 August 2007	<u>6,689</u>	<u>268,466</u>	<u>275,155</u>
At 31 August 2006	<u>7,533</u>	<u>288,759</u>	<u>296,292</u>

10 Debtors

	2007 £	2006 £
Trade debtors	2,298,561	970,219
Amounts owed by group undertakings	364,391	608,540
Amounts recoverable on contracts	1,831,603	3,456,110
Other debtors	14,720	30,784
Prepayments and accrued income	37,256	64,090
	<u>4,546,531</u>	<u>5,129,743</u>

The debtors above include the following amounts falling due after more than one year

	2007 £	2006 £
Trade debtors	238,898	30,941
Amounts owed by group undertakings	163,320	190,473
	<u>402,218</u>	<u>221,414</u>

11. Creditors: Amounts falling due within one year

	2007 £	2006 £
Payments received on account	941,974	416,892
Trade creditors	8,364,877	4,346,811
Amounts owed to group undertakings	607,500	843,500
Corporation tax	346,141	333,350
Other taxation and social security	1,181,002	956,815
Accruals and deferred income	259,980	292,411
	<u>11,701,474</u>	<u>7,189,779</u>

DERRY BUILDING SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2007

12. Pensions

The company participates in the Bowmer & Kirkland Limited Pension and Life Assurance Scheme which is a funded defined benefit scheme. The assets of the scheme are held in separate trustee administered funds.

More than one employer participates in the defined benefit scheme. Derry Building Services Limited is unable to identify its share of the underlying assets and liabilities in the scheme on a constant and reasonable basis.

The contributions to the scheme of £395,667 (2006 £408,016) have therefore been accounted for as if it were a defined contribution scheme and are charged to the profit and loss account in the year in which they become payable.

At the date of the latest full actuarial valuation on 6 April 2006 the market value of the assets of the scheme was £ 52.63 million and the actuarial value of the assets was sufficient to cover 61.2% of the benefits which had accrued to members.

During the year ended 31 August 2006, a special contribution of £34,300,000 was made by the parent company, Bowmer & Kirkland Limited to eliminate the deficit reported in the 6 April 2006 actuarial valuation. Further information about the pension scheme and the full disclosure under Financial Reporting Standard 17 "Retirement Benefits" are included in the financial statements of the parent company.

The fair value of the scheme assets and the present value of the scheme liabilities at 31 August 2007 and 2006 were as follows:

	2007 £'000	2006 £'000
Equities	22,573	24,276
Bonds	57,481	57,696
Property	8,449	3,847
Cash	2,769	560
Other (secured pensions)	57	56
	<u>91,329</u>	<u>86,435</u>
Assets		
Liabilities	(81,786)	(80,421)
	<u>9,543</u>	<u>6,014</u>
Net asset before deferred tax		
Related deferred tax liability	(2,863)	(1,804)
	<u>6,680</u>	<u>4,210</u>
Net asset		

The company also contributed to a group defined contribution scheme, contributions in the year were £112,680 (2006 £116,166).

13. Deferred taxation

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

	2007 £	2006 £
At 1 September 2006	11,000	9,500
Profit and loss account movement arising during the year	(6,366)	1,500
	<u>4,634</u>	<u>11,000</u>
At 31 August 2007		

DERRY BUILDING SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2007

13 Deferred taxation (continued)

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2007		2006	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	4,634	-	11,000	335
	<u>4,634</u>	<u>-</u>	<u>11,000</u>	<u>335</u>

14. Derivatives

The company has no financial instruments that fall to be classified as derivatives

The company makes little use of financial instruments other than an operational bank account and so its exposure to price risk, credit risk, liquidity, and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the group

15. Commitments under operating leases

At 31 August 2007 the company had annual commitments under non-cancellable operating leases as set out below

	<i>Land & buildings</i>	
	2007	2006
	£	£
Operating leases which expire Within 2 to 5 years	<u>50,000</u>	<u>50,000</u>

16. Contingencies

Unlimited multilateral bank guarantees have been given by Bowmer & Kirkland Limited, the company and certain other subsidiary companies to secure these overdrafts

17. Related parties

The company has taken advantage of the exemption within Financial Reporting Standard 8 not to disclose transactions or balances with Bowmer & Kirkland Limited on the grounds that the company is a wholly owned subsidiary of Bowmer & Kirkland Limited. The company has also taken advantage of the exemption not to disclose transactions or balances with other subsidiaries of Bowmer & Kirkland Limited where at least 90% of the voting rights are controlled within the group

During the year there were the following transactions required to be disclosed

		2007	2006
		£	£
Derry Pension Fund	Rent paid	50,000	50,000

Control relationships

J I Derry is a member of the Derry Pension Fund

DERRY BUILDING SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2007

18. Share capital

Authorised share capital

	2007	2006
	£	£
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

Allotted, called up and fully paid

	2007		2006	
	No	£	No	£
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

19 Profit and loss account

	2007	2006
	£	£
Balance brought forward	4,361,149	3,916,134
Profit for the financial year	840,186	820,015
Equity dividends	(400,000)	(375,000)
Balance carried forward	<u>4,801,335</u>	<u>4,361,149</u>

20. Reconciliation of movements in shareholder's funds

	2007	2006
	£	£
Profit for the financial year	840,186	820,015
Equity dividends	(400,000)	(375,000)
Net addition to shareholder's funds	440,186	445,015
Opening shareholder's funds	<u>4,371,149</u>	<u>3,926,134</u>
Closing shareholder's funds	<u>4,811,335</u>	<u>4,371,149</u>

21. Ultimate parent company

The company is a wholly owned subsidiary of Bowmer & Kirkland Limited, a company registered in England and Wales

The largest and smallest group in which the results of the company are consolidated is that headed by Bowmer & Kirkland Limited

The financial statements of Bowmer & Kirkland Limited can be obtained from Companies House

The directors consider the ultimate controlling party to be the Kirkland Family Trusts