

**REGISTERED NUMBER: 2894161 (England and Wales)**

**MARBANK CONSTRUCTION LIMITED**

**REPORT OF THE DIRECTORS AND**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2008**

**MARBANK CONSTRUCTION LIMITED**

**CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2008**

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**MARBANK CONSTRUCTION LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 JULY 2008**

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<b>DIRECTORS:</b>	Mr M J E Woods Mr M D Powell Mr S A Brown Mr G Wensley
<b>SECRETARY:</b>	Mr S A Brown
<b>REGISTERED OFFICE:</b>	Unit 3 Silver Court Watchmead Welwyn Garden City Hertfordshire AL7 1LT
<b>REGISTERED NUMBER:</b>	2894161 (England and Wales)
<b>AUDITORS:</b>	Rothman Pantall & Co Chartered Accountants & Registered Auditors 24 Park Road South Havant Hampshire PO9 1HB
<b>BANKERS:</b>	HSBC 33 Park Row Leeds West Yorkshire LS1 1LD
<b>SOLICITORS:</b>	W Davies & Son Acorn House 5 Chertsey Road Woking Surrey GU21 5AB

## MARBANK CONSTRUCTION LIMITED

### REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JULY 2008

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

#### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of construction contractors.

#### **REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements.

#### **Business review and principal activities**

Marbank Construction Ltd ("Marbank") is a design and build construction contractor which undertakes construction contracts nationally ranging in value from less than £2 million up to over £10 million. The company is extremely competitive in its field, and has a track record of winning repeat work from existing clients and of retaining new clients.

Marbank achieved pre-tax profits of £1.2 million in the year to 31 July 2008 (2007: £1.7 million) for the year on turnover of £91 million (2007: £63 million). Profits for the year under review were adversely affected by two contracts which performed badly, however these projects both achieved practical completion around the July year end, and all projected costs on those contracts have been written off within the results for the year to 31 July 2008.

At the year end the company was in a strong position with net shareholders' funds of £4.3 million (2007: £3.5 million) and positive bank balances of £4.3 million (2007: £3.2 million). This represents a sound financial position which will benefit the company in the current year's trading conditions.

#### **Research and Development**

The directors believe that investing in the training and development of its staff and in improved information and communication technology are key to the continued development of the company, to retain the loyalty of our existing client base and to attract additional new clients.

#### **Future outlook**

The overall industry and economic background have deteriorated significantly during the past year.

In order to ensure that the group achieves the best results possible from the current difficult circumstances, the directors have implemented a number of changes in order to reduce staff costs and related overheads; improve back office control and efficiency using new technology, including electronic document management systems; and improving contract performance. These, together with the company's already low cost base, have allowed the directors to set a budget to achieve a satisfactory profit in the current year. This budget provides for a significant reduction in annual turnover, combined with aggressive pricing for all work tendered.

Against the current economic background the directors are satisfied with progress so far this year. This, combined with the group's strong cash position and credit management policies, gives the directors confidence that the company will emerge from the current recession in a strong position to resume sustainable growth.

#### **Principal risks and uncertainties**

The management of the company and the execution of the company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the company are considered to relate to the cyclical nature of the construction industry, competition from national and regional contractors, credit risk and key employee retention.

To protect from these risks, and to secure the long term future of the company, the directors work:

- To seek appropriate tendering opportunities for the company, to tender them competitively and accurately, and then to carry them out professionally and on time;
  - To build and maintain strong relations with the company's principal clients, suppliers and subcontractors;
  - To ensure that the company's funding and balance sheet strength, together with its cost base, operational structure and management systems enable it to retain its position as a competitive and competent player in the construction industry, whilst retaining a flexible cost base capable of coping with cyclical market conditions;
  - To develop and implement appropriate credit risk control procedures and insurances;
  - To ensure that remuneration structures are competitive, with good working conditions combined with the provision of appropriate training and personal development opportunities.
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## MARBANK CONSTRUCTION LIMITED

### REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JULY 2008

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#### Key performance indicators ("KPIs")

The directors consider that the principal key performance indicator relevant to the group is the gross percentage return on contracts, which overall is equivalent to the group's gross margin. Whilst the gross margin achieved overall in the year to 31 July 2008 is lower than the directors would target, this reflects the two under-performing contracts referred to above. The directors are confident that the group can achieve satisfactory margins from the contracts being undertaken so far in the current year.

#### DIVIDENDS

No dividends will be distributed for the year ended 31 July 2008.

#### FUTURE DEVELOPMENTS

The directors consider the future prospects of the company to be satisfactory.

#### DIRECTORS

The directors shown below have held office during the whole of the period from 1 August 2007 to the date of this report.

Mr M J E Woods

Mr M D Powell

Mr S A Brown

Mr G Wensley

#### COMPANY'S POLICY ON PAYMENT OF CREDITORS

The company's current policy concerning the payment of trade creditors is:

- to settle the terms of payment with suppliers when agreeing the terms of each transaction;
- to ensure that suppliers are made aware of the terms of payment, and;
- to abide by the terms of payment;

On average, trade creditors at the year end represented 29 (2007 39) days' purchases.

#### FINANCIAL INSTRUMENTS

The company's principal financial instruments comprise bank balances, bank overdrafts, trade creditors, trade debtors, loans to the company and finance lease agreements. The main purpose of these instruments is to raise funds for the company's operations and to finance the company's operations.

As noted above, the company's financial position is strong, with net bank balances of £4.3 million as at 31 July 2008 (2007: £3.2 million). Cash generated by Marbank's contracting business during the year, allowed the company to pay off all bank and other loans.

Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. The company makes use of money market deposit facilities where funds are available.

In respect of loans these comprise loans from financial institutions. The interest rates on the loans are variable, and flexibility is maintained in respect of repayments. The company manages the liquidity risk by ensuring that there are sufficient funds to meet the payments.

Whilst there are no assets currently subject to finance leases, from time to time, the company is a lessee in respect of finance leased assets. The liquidity risk in respect of these is managed in the same way as the loans above.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

#### POLITICAL AND CHARITABLE CONTRIBUTIONS

Charitable Donations £nil (2007: £4,000).

**MARBANK CONSTRUCTION LIMITED**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 JULY 2008**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing 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

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Rothman Pantall & Co, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

Mr S A Brown - Secretary

Date: 22 December 2008

## **REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF MARBANK CONSTRUCTION LIMITED**

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We have audited the financial statements of Marbank Construction Limited for the year ended 31 July 2008 on pages six to fourteen. These financial statements have been prepared under the accounting policies set out therein.

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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page four.

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 Report of the Directors 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 Report of the Directors 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.

### **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 July 2008 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 Report of the Directors is consistent with the financial statements.

Rothman Pantall & Co  
Chartered Accountants & Registered Auditors  
24 Park Road South  
Havant  
Hampshire  
PO9 1HB

Date: 23 December 2008

**MARBANK CONSTRUCTION LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 JULY 2008**

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	Notes	2008 £'000	£'000	2007 £'000	£'000
<b>TURNOVER</b>			<b>90,732</b>		62,849
Cost of sales			<u><b>87,874</b></u>		<u>59,807</u>
<b>GROSS PROFIT</b>			<b>2,858</b>		3,042
Distribution costs		<b>48</b>		34	
Administrative expenses		<u><b>1,783</b></u>		<u>1,469</u>	
			<u><b>1,831</b></u>		<u>1,503</u>
<b>OPERATING PROFIT</b>	3		<b>1,027</b>		1,539
Interest receivable and similar income			<u><b>176</b></u>		<u>119</u>
			<b>1,203</b>		1,658
Interest payable and similar charges	4		<u><b>6</b></u>		<u>1</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			<b>1,197</b>		1,657
Tax on profit on ordinary activities	5		<u><b>345</b></u>		<u>532</u>
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>			<u><u><b>852</b></u></u>		<u><u>1,125</u></u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profits for the current year or previous year.

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The notes form part of these financial statements

**MARBANK CONSTRUCTION LIMITED****BALANCE SHEET  
31 JULY 2008**

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	Notes	2008 £'000	£'000	2007 £'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	6		123		42
Investments	7		<u>-</u>		<u>-</u>
			123		42
<b>CURRENT ASSETS</b>					
Debtors	8	20,887		12,964	
Cash at bank		<u>4,347</u>		<u>3,469</u>	
		25,234		16,433	
<b>CREDITORS</b>					
Amounts falling due within one year	9	<u>21,028</u>		<u>12,821</u>	
<b>NET CURRENT ASSETS</b>			<u>4,206</u>		<u>3,612</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			4,329		3,654
<b>CREDITORS</b>					
Amounts falling due after more than one year	10		<u>-</u>		<u>177</u>
<b>NET ASSETS</b>			<u>4,329</u>		<u>3,477</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		250		250
Profit and loss account	15		<u>4,079</u>		<u>3,227</u>
<b>SHAREHOLDERS' FUNDS</b>	21		<u>4,329</u>		<u>3,477</u>

The financial statements were approved by the Board of Directors on 22 December 2008 and were signed on its behalf by:

Mr S A Brown - Director

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2008

1. ACCOUNTING POLICIES

**Accounting convention**

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

**Financial Reporting Standard Number 1**

The company has not prepared a cash flow statement on the basis that a group cash flow statement is presented in the consolidated accounts of the parent company, Boxtrent Limited.

**Exemption from preparing consolidated financial statements**

The financial statements contain information about Marbank Construction Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 228 of the Companies Act 1985 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Boxtrent Limited, a company registered in.

**Turnover**

Turnover represents the value of goods and services supplied, excluding value added tax.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	- 10% on cost
Computer equipment	- 50% on cost
Fixtures and fittings	- 50% on cost
Motor vehicles	- 33% on cost

**Deferred tax**

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

**Leasing commitments**

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.

**Hire purchase commitments**

Assets purchased under hire purchase contracts are capitalised at their cost price. Interest payable under hire purchase commitments is charged to the profit and loss account on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

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 Profit and Loss Account.

**Long term contracts**

Amounts recoverable on contracts are included in debtors and are valued inclusive of profit, at work done less payment on account. Profit on long term contracts is recognised once the outcome can be assessed with reasonable certainty. Full provision is made for anticipated future losses. Where contract payments received exceed amounts recoverable the amounts are included within creditors.

2. STAFF COSTS

	2008	2007
	£'000	£'000
Wages and salaries	2,910	2,866
Social security costs	208	189
Other pension costs	<u>186</u>	<u>133</u>
	<u><b>3,304</b></u>	<u><b>3,188</b></u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2008

2. STAFF COSTS - continued

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

	2008	2007
Directors	4	4
Administrative	<u>31</u>	<u>26</u>
	<u>35</u>	<u>30</u>

3. OPERATING PROFIT

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

	2008 £'000	2007 £'000
Hire of plant and machinery	1,974	1,501
Depreciation - owned assets	72	68
(Profit)/Loss on disposal of fixed assets	(6)	1
Auditors' remuneration	<u>32</u>	<u>19</u>

	2008 £'000	2007 £'000
Directors' emoluments	559	359
Directors' pension contributions to money purchase schemes	<u>142</u>	<u>85</u>

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

Money purchase schemes	<u>4</u>	<u>4</u>
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Information regarding the highest paid director is as follows:

	2008 £'000	2007 £'000
Emoluments etc	188	130
Pension contributions to money purchase schemes	<u>16</u>	<u>16</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £'000	2007 £'000
Other interest	<u>6</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2008

5. TAXATION

**Analysis of the tax charge**

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

	<b>2008</b>	2007
	<b>£'000</b>	£'000
Current tax:		
UK corporation tax	<b>361</b>	543
Prior year (over)/under provision	<u>(19)</u>	<u>(3)</u>
Total current tax	<b>342</b>	540
Deferred tax	<u>3</u>	<u>(8)</u>
Tax on profit on ordinary activities	<u><b>345</b></u>	<u>532</u>

UK corporation tax has been charged at 30% (2007 - 30%).

**Factors affecting the tax charge**

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

	<b>2008</b>	2007
	<b>£'000</b>	£'000
Profit on ordinary activities before tax	<u><b>1,197</b></u>	<u>1,657</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2007 - 30%)	<b>359</b>	497
Effects of:		
Expenses not deductible for tax purposes	<b>13</b>	37
Capital allowances in excess of depreciation	<b>(2)</b>	9
Change in taxation rates	<b>(8)</b>	-
Prior year (over)/ under provision	<b>(19)</b>	(3)
Rounding	<u>(1)</u>	<u>-</u>
Current tax charge	<u><b>342</b></u>	<u>540</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2008

6. TANGIBLE FIXED ASSETS

	Improvements to property £'000	Computer equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Totals £'000
<b>COST</b>					
At 1 August 2007	-	50	13	163	226
Additions	31	74	16	33	154
Disposals	-	-	-	(31)	(31)
At 31 July 2008	<u>31</u>	<u>124</u>	<u>29</u>	<u>165</u>	<u>349</u>
<b>DEPRECIATION</b>					
At 1 August 2007	-	40	13	131	184
Charge for year	3	37	8	24	72
Eliminated on disposal	-	-	-	(30)	(30)
At 31 July 2008	<u>3</u>	<u>77</u>	<u>21</u>	<u>125</u>	<u>226</u>
<b>NET BOOK VALUE</b>					
At 31 July 2008	<u>28</u>	<u>47</u>	<u>8</u>	<u>40</u>	<u>123</u>
At 31 July 2007	<u>-</u>	<u>10</u>	<u>-</u>	<u>32</u>	<u>42</u>

Included within the net book value of £123,000 is £nil (2007: £nil) relating to assets held under hire purchase contracts and finance lease agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £nil (2007: £5,000).

7. FIXED ASSET INVESTMENTS

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

**Templar Court (Basingstoke) Limited**

Nature of business: Dormant

Class of shares:	% holding
Ordinary	100.00

8. DEBTORS

	2008 £'000	2007 £'000
Amounts falling due within one year:		
Trade debtors	9,780	5,770
Amounts recoverable on contracts	5,675	4,089
Other debtors	6	9
Amounts due from group undertakings	4,471	2,431
Deferred tax asset	20	23
Prepayments and accrued income	30	-
	<u>19,982</u>	<u>12,322</u>

MARBANK CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2008

8.	<b>DEBTORS - continued</b>	<b>2008</b>	2007
		<b>£'000</b>	£'000
	Amounts falling due after more than one year:		
	Trade debtors	<u>905</u>	<u>642</u>
	Aggregate amounts	<u><b>20,887</b></u>	<u>12,964</u>
9.	<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>2008</b>	2007
		<b>£'000</b>	£'000
	Bank loans and overdrafts (see note 11)	-	43
	Hire purchase contracts (see note 12)	-	1
	Trade creditors	<b>6,913</b>	6,239
	Corporation tax	<b>361</b>	543
	Social security and other taxes	<b>122</b>	84
	VAT	<b>264</b>	460
	Other creditors	-	31
	Accruals and deferred income	<u><b>13,368</b></u>	<u>5,420</u>
		<u><b>21,028</b></u>	<u>12,821</u>
10.	<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	<b>2008</b>	2007
		<b>£'000</b>	£'000
	Bank loans (see note 11)	<u>-</u>	<u>177</u>
11.	<b>LOANS</b>		
	An analysis of the maturity of loans is given below:		
		<b>2008</b>	2007
		<b>£'000</b>	£'000
	Amounts falling due within one year or on demand:		
	Bank loans	<u>-</u>	<u>43</u>
	Amounts falling due between one and two years:		
	Bank loans	<u>-</u>	<u>47</u>
	Amounts falling due between two and five years:		
	Bank loans	<u>-</u>	<u>130</u>
12.	<b>OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES</b>		
			<b>Hire purchase contracts</b>
		<b>2008</b>	2007
		<b>£'000</b>	£'000
	Net obligations repayable:		
	Within one year	<u>-</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2008

12. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

The following operating lease payments are committed to be paid within one year:

	<b>Land and buildings</b>	
	<b>2008</b>	2007
	<b>£'000</b>	£'000
Expiring:		
In more than five years	<u>63</u>	<u>63</u>

13. SECURED DEBTS

The following secured debts are included within creditors:

	<b>2008</b>	2007
	<b>£'000</b>	£'000
Bank loans	-	220
Hire purchase contracts	<u>-</u>	<u>1</u>
	<u>-</u>	<u>221</u>

The company has an overdraft facility secured by HSBC Bank PLC by debenture including fixed charge over all present freehold and leasehold property; first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and first floating charge over all assets and undertaking both present and future dated 10 January 2007.

The bank has also been provided with personal guarantees totalling £200,000 from the directors.

Obligations under hire purchase agreements were secured upon the assets to which they relate.

14. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	<b>2008</b>	2007
			<b>£'000</b>	£'000
250,000	Ordinary	£1	<u>250</u>	<u>250</u>

15. RESERVES

	<b>Profit and loss account</b>
	<b>£'000</b>
At 1 August 2007	3,227
Profit for the year	<u>852</u>
At 31 July 2008	<u>4,079</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2008**

16. **PENSION COMMITMENTS**

The company operates a defined contribution pension scheme for the benefit of the directors and employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The total contributions paid to the scheme during the year amounted to £186,000 (2007: £133,000). At the year end the company had prepaid pension contributions of £6,000 (2007: £5,000).

17. **ULTIMATE PARENT COMPANY**

The immediate parent company is Mainstreet Holdings Limited.

The ultimate parent company is Boxtrent Limited.

Copies of the financial statements of Boxtrent Limited are available from the registered office at Unit 3, Silver Court, Watchmead, Welwyn Garden City, Hertfordshire, AL7 1LT.

18. **CONTINGENT LIABILITIES**

The company has given performance bonds in the ordinary course of trade. The total of these bonds outstanding in respect of these guarantees at 31 July 2008 was £2,884,000 (2007: £3,588,000). The directors do not anticipate there being any call on these bonds.

There is a group unlimited multilateral guarantee dated 8 January 2007 in favour of the bank in respect of group loans totalling nil (2007: £2,229,103).

19. **RELATED PARTY DISCLOSURES**

Related party transactions with parent and fellow subsidiary undertakings have not been disclosed in accordance with the exemption conferred by Financial Reporting Standard Number 8.

During the year the company has incurred relocation costs amounting to £13,000 and consultancy costs (included within legal and professional fees) amounting to £1,000 for services provided by close relations of Mr Mark Woods, the managing director.

20. **ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is Mr M Woods, managing director of the company.

21. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2008</b>	2007
	<b>£'000</b>	£'000
Profit for the financial year	<u>852</u>	<u>1,125</u>
<b>Net addition to shareholders' funds</b>	<b>852</b>	1,125
Opening shareholders' funds	<u>3,477</u>	<u>2,352</u>
<b>Closing shareholders' funds</b>	<u><b>4,329</b></u>	<u>3,477</u>