

REGISTERED NUMBER: 2894161 (England and Wales)

**MARBANK CONSTRUCTION LIMITED
REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2006**

MARBANK CONSTRUCTION LIMITED

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FOR THE YEAR ENDED 31 JULY 2006**

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MARBANK CONSTRUCTION LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 JULY 2006**

DIRECTORS: Mr M J E Woods
Mr M D Powell
Mr S A Brown
Mrs D Wren
Mr S Jones

SECRETARY: Mr S A Brown

REGISTERED OFFICE: Bessemer House
Bessemer Road
Welwyn Garden City
Hertfordshire
AL7 1HJ

REGISTERED NUMBER: 2894161 (England and Wales)

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

BANKERS: HSBC
33 Park Row
Leeds
West Yorkshire
LS1 1LD

SOLICITORS: 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 2006**

The directors present their report with the financial statements of the company for the year ended 31 July 2006.

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.

DIVIDENDS

An interim dividend of £1.23 per share was paid on 19 May 2006. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 July 2006 will be £308,000.

FUTURE DEVELOPMENTS

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

DIRECTORS

The directors set out in the table below have held office during the whole of the period from 1 August 2005 to the date of this report unless otherwise stated.

Other changes in directors holding office are as follows:

Mrs D Wren - appointed 14.6.06

Mr S Jones - appointed 14.6.06

The directors shown below were in office at 31 July 2006 but did not hold any interest in the Ordinary shares of £1 each at 1 August 2005 (or date of appointment if later) or 31 July 2006.

Mr M J E Woods

Mr M D Powell

Mr S A Brown

Mrs D Wren

Mr S Jones

The company is a wholly owned subsidiary of Mainstreet Holdings Limited. The interests of the group directors are disclosed in the financial statements of the company.

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 43 (2005 37) days' purchases.

POLITICAL AND CHARITABLE CONTRIBUTIONS

Charitable Donations £1,000 (2005 nil).

MARBANK CONSTRUCTION LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JULY 2006**

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 or she ought to have taken as a director in order to make himself or herself 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 in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

Mr S A Brown - Director

11 January 2007

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

We have audited the financial statements of Marbank Construction Limited for the year ended 31 July 2006 on pages five to twelve. 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 three.

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 2006 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

15 January 2007

MARBANK CONSTRUCTION LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2006**

	Notes	31.7.06 £'000	£'000	31.7.05 £'000	£'000
TURNOVER			56,346		37,658
Cost of sales			<u>54,531</u>		<u>35,661</u>
GROSS PROFIT			1,815		1,997
Distribution costs		19		53	
Administrative expenses		<u>1,030</u>		<u>1,043</u>	
			<u>1,049</u>		<u>1,096</u>
OPERATING PROFIT	3		766		901
Interest receivable and similar income			<u>86</u>		<u>56</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			852		957
Tax on profit on ordinary activities	4		<u>252</u>		<u>284</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			<u>600</u>		<u>673</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.

The notes form part of these financial statements

MARBANK CONSTRUCTION LIMITED**BALANCE SHEET
31 JULY 2006**

	Notes	31.7.06 £'000	£'000	31.7.05 £'000	£'000
FIXED ASSETS					
Tangible assets	6		96		96
CURRENT ASSETS					
Stocks	7	-		340	
Debtors	8	11,769		5,511	
Cash at bank and in hand		<u>2,799</u>		<u>2,481</u>	
		14,568		8,332	
CREDITORS					
Amounts falling due within one year	9	<u>12,311</u>		<u>6,364</u>	
NET CURRENT ASSETS			<u>2,257</u>		<u>1,968</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,353		2,064
CREDITORS					
Amounts falling due after more than one year	10		<u>1</u>		<u>4</u>
NET ASSETS			<u>2,352</u>		<u>2,060</u>
CAPITAL AND RESERVES					
Called up share capital	14		250		250
Profit and loss account	15		<u>2,102</u>		<u>1,810</u>
SHAREHOLDERS' FUNDS	19		<u>2,352</u>		<u>2,060</u>

The financial statements were approved by the Board of Directors on 11 January 2007 and were signed on its behalf by:

Mr S A Brown - Director

The notes form part of these financial statements

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 cashflow statement, a group cashflow statement is presented in the consolidated accounts of the parent company, Mainstreet Holdings Limited.

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.

Computer equipment	- 100% in year of purchase
Fixtures and fittings	- 100% in year of purchase
Motor vehicles	- 33% on cost

Stocks

Work in progress is valued at the lower of cost or net realisable value. Long term contracts where no appreciable right to income have arisen are included in work in progress at cost.

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

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.

Pensions

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.

At the year end the company had outstanding pension contributions of £1,000 (2005 nil).

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

	31.7.06	31.7.05
	£'000	£'000
Wages and salaries	2,386	1,940
Social security costs	172	144
Other pension costs	82	60
	<u>2,640</u>	<u>2,144</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2006

2. STAFF COSTS - continued

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

	31.7.06	31.7.05
Administrative	4	4
Production	<u>24</u>	<u>18</u>
	<u>28</u>	<u>22</u>

3. OPERATING PROFIT

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

	31.7.06	31.7.05
	£'000	£'000
Hire of plant and machinery	1,069	840
Depreciation - owned assets	61	57
Loss/(Profit) on disposal of fixed assets	1	(6)
Auditors' remuneration	<u>15</u>	<u>23</u>
	31.7.06	31.7.05
	£'000	£'000
Directors' emoluments	298	256
Directors' pension contributions to money purchase schemes	<u>27</u>	<u>25</u>

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

Money purchase schemes	<u>2</u>	<u>2</u>
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Information regarding the highest paid director is as follows:

	31.7.06	31.7.05
	£'000	£'000
Emoluments etc	148	117
Pension contributions to money purchase schemes	<u>16</u>	<u>13</u>

4. TAXATION

Analysis of the tax charge

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

	31.7.06	31.7.05
	£'000	£'000
Current tax:		
UK corporation tax	252	304
Prior year (over)/under provision	<u>5</u>	<u>(10)</u>
Total current tax	257	294
Deferred tax	<u>(5)</u>	<u>(10)</u>
Tax on profit on ordinary activities	<u>252</u>	<u>284</u>

UK corporation tax has been charged at 30%

4. TAXATION - continued

Factors affecting the tax charge

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

	31.7.06	31.7.05
	£'000	£'000
Profit on ordinary activities before tax	<u>852</u>	<u>957</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005 - 30%)	256	287
Effects of:		
Expenses not deductible for tax purposes	9	25
Capital allowances in excess of depreciation	4	4
Marginal relief	(17)	(12)
Prior year (over)/ under provision	5	(10)
	<u> </u>	<u> </u>
Current tax charge	<u>257</u>	<u>294</u>

5. DIVIDENDS

	31.7.06	31.7.05
	£'000	£'000
Interim	<u>308</u>	<u>-</u>

6. TANGIBLE FIXED ASSETS

	Computer equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Totals £'000
COST				
At 1 August 2005	19	12	151	182
Additions	11	1	60	72
Disposals	<u>-</u>	<u>-</u>	<u>(30)</u>	<u>(30)</u>
At 31 July 2006	<u>30</u>	<u>13</u>	<u>181</u>	<u>224</u>
DEPRECIATION				
At 1 August 2005	19	12	55	86
Charge for year	6	1	54	61
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>(19)</u>	<u>(19)</u>
At 31 July 2006	<u>25</u>	<u>13</u>	<u>90</u>	<u>128</u>
NET BOOK VALUE				
At 31 July 2006	<u>5</u>	<u>-</u>	<u>91</u>	<u>96</u>
At 31 July 2005	<u>-</u>	<u>-</u>	<u>96</u>	<u>96</u>

Included within the net book value of £96,000 is £6,000 (2005 £12,000) 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 £6,000 (2005 £6,000).

MARBANK CONSTRUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2006**

7.	STOCKS	31.7.06	31.7.05
		£'000	£'000
	Work-in-progress	<u>-</u>	<u>340</u>
8.	DEBTORS	31.7.06	31.7.05
		£'000	£'000
	Amounts falling due within one year:		
	Trade debtors	8,235	3,488
	Amounts recoverable on contracts	2,678	1,060
	Other debtors	17	8
	Amounts due from group undertakings	327	327
	VAT	-	165
	Deferred tax asset	15	10
	Prepayments and accrued income	<u>219</u>	<u>-</u>
		<u>11,491</u>	<u>5,058</u>
	Amounts falling due after more than one year:		
	Trade debtors	<u>278</u>	<u>453</u>
	Aggregate amounts	<u>11,769</u>	<u>5,511</u>
9.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	31.7.06	31.7.05
		£'000	£'000
	Hire purchase contracts (see note 11)	3	3
	Trade creditors	6,920	3,840
	Corporation tax	252	304
	Social security and other taxes	80	57
	VAT	228	-
	Other creditors	18	25
	Accruals and deferred income	<u>4,810</u>	<u>2,135</u>
		<u>12,311</u>	<u>6,364</u>
10.	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	31.7.06	31.7.05
		£'000	£'000
	Hire purchase contracts (see note 11)	<u>1</u>	<u>4</u>

11. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts	
	31.7.06	31.7.05
	£'000	£'000
Net obligations repayable:		
Within one year	3	3
Between one and five years	<u>1</u>	<u>4</u>
	<u>4</u>	<u>7</u>

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

	Land and buildings		Other operating leases	
	31.7.06	31.7.05	31.7.06	31.7.05
	£'000	£'000	£'000	£'000
Expiring:				
Within one year	28	-	-	1
Between one and five years	<u>-</u>	<u>27</u>	<u>-</u>	<u>-</u>
	<u>28</u>	<u>27</u>	<u>-</u>	<u>1</u>

12. SECURED DEBTS

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

13. DEFERRED TAX

Balance at 1 August 2005	£'000
Depreciation in excess of capital allowances	(10)
	<u>(5)</u>
Balance at 31 July 2006	<u>(15)</u>

14. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:			31.7.06	31.7.05
Number:	Class:	Nominal value:	£'000	£'000
250,000	Ordinary	£1	<u>250</u>	<u>250</u>

MARBANK CONSTRUCTION LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2006****15. RESERVES**

	Profit and loss account £'000
At 1 August 2005	1,810
Profit for the year	600
Dividends	(308)
At 31 July 2006	<u>2,102</u>

16. ULTIMATE PARENT COMPANY

The ultimate parent company is Mainstreet Holdings Limited, a company registered in England and Wales. Copies of the financial statements of Mainstreet Holdings Limited are available from the registered office at Bessemer House, Bessemer Road, Welwyn Garden City, Hertfordshire, AL7 1HJ.

17. 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 31st July 2006 was £1,733,000 (2005 £618,000). The directors do not anticipate there being any call on these bonds.

18. RELATED PARTY DISCLOSURES

In the opinion of the directors there is no controlling party.

The company has taken advantage of the exemptions conferred by FRS8 not to publish related party transactions, these have been disclosed in the consolidated accounts of Mainstreet Holdings Limited. Copies of the financial statements of Mainstreet Holdings Limited are available from the registered office at Bessemer House, Bessemer Road, Welwyn Garden City, Hertfordshire, AL7 1HJ.

During the year the company has undertaken contractual work to the value of £1,166,000 and incurred costs in this regard of £1,100,000 on behalf of Firststone Developments Limited, a company of which Mr M Woods, a director of the company, is a director and shareholder. No amounts have been invoiced during the year to Firststone Developments Limited.

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.7.06 £'000	31.7.05 £'000
Profit for the financial year	600	673
Dividends	(308)	-
Net addition to shareholders' funds	292	673
Opening shareholders' funds	<u>2,060</u>	<u>1,387</u>
Closing shareholders' funds	<u>2,352</u>	<u>2,060</u>
Equity interests	<u>2,352</u>	<u>2,060</u>

