

Company Registration No. 2894161 (England and Wales)

MARBANK CONSTRUCTION LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2010

MARBANK CONSTRUCTION LIMITED

COMPANY INFORMATION

Directors	M J E Woods S A Brown G Wensley
Secretary	S A Brown
Company number	2894161
Registered office	St George's House 24 Queens Road Weybridge Surrey KT13 9UX
Auditors	HW Sterling House 5 Buckingham Place Bellfield Road West High Wycombe Buckinghamshire HP13 5HQ
Bankers	HSBC Bank PLC 33 Park Row Leeds West Yorkshire LS1 1LD

MARBANK CONSTRUCTION LIMITED

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MARBANK CONSTRUCTION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2010

The directors present their report and financial statements for the year ended 31 July 2010.

Principal activities and review of the business

The principal activity of the company continued to be that of design and build construction contractor.

Marbank Construction Ltd ("Marbank") is a design and build construction contractor. The company undertakes construction contracts nationally ranging in value from less than £1 million to over £10 million. It is extremely competitive in its market, and works to develop lasting and close working relationships with its key clients. Projects undertaken in recent years cover a wide range of commercial, industrial and residential projects.

At a time when major industry players have failed, we are pleased to record that the company has remained profitable throughout the year under review, and into the current year, and remains well funded, with net cash and bank balances at 31 July 2010 slightly exceeding the 2009 figure.

However, the recovery in volumes in the first quarter of 2009, which we commented on last year, turned out to be a false dawn. Whilst pricing activity has remained at a high level throughout 2010, our primarily private sector client base has struggled to secure funding to allow projects to progress to the construction phase.

Whatever the causes, the value of new orders declined after Quarter 1 of 2010 until recently. This in turn resulted in a further decline in turnover for the year to 31 July 2010 to £5.3 million (2009: £40.1 million) and in profitability to £95,000 (2009: £399,000).

The company has demonstrated its flexibility and resilience in adapting to lower volumes, whilst retaining its capacity to resume growth at the first opportunity. We have also recruited in order to strengthen management and enhance our key design capability.

Financially, the company was in a strong position at the year end with net shareholders' funds of £4.7 million (2009: £4.6 million) and positive bank balances of £2.6 million (2009: £2.6 million). The directors are confident that the company's current level of funding will be more than sufficient to support the company's operations as trading recovers during coming months and years.

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.

Given the current economic background, the directors do not expect any rapid return to the levels and growth rates of turnover and profitability enjoyed up to 2008. However, current tendering levels support the view that we have experienced the full extent of the decline, and that growth will start again in the current year.

In the longer run, the directors consider that the principal key performance indicator relevant to the company is the gross percentage return on contracts, which overall is equivalent to the company's gross margin. Attention is also focused on maintaining a tight control of working capital and bank balances, which has certainly helped the company to weather the recession which is now hopefully ending.

MARBANK CONSTRUCTION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2010

Results and dividends

The results for the year are set out on page 6.

Research and development

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

Future developments

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

Directors

The following directors have held office since 1 August 2009:

M J E Woods

S A Brown

G Wensley

Financial instruments

Treasury operations and 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.

Liquidity risk

As noted above, the company's financial position is strong, with net bank balances of £2.6 million as at 31 July 2010 (2009: £2.6 million)

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.

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

Credit risk

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.

MARBANK CONSTRUCTION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2010

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 accounting estimates that are reasonable and prudent;
- 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 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

S A Brown

Director

25 January 2011

MARBANK CONSTRUCTION LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MARBANK CONSTRUCTION LIMITED

We have audited the financial statements of Marbank Construction Limited for the year ended 31 July 2010 set out on pages 6 to 16. 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 set out on pages 1 - 3, 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 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other 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.

MARBANK CONSTRUCTION LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF MARBANK CONSTRUCTION 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Gary Heywood (Senior Statutory Auditor)
for and on behalf of HW

27 January 2011

Chartered Accountants
Statutory Auditor

Sterling House
5 Buckingham Place
Bellfield Road West
High Wycombe
Buckinghamshire
HP13 5HQ

MARBANK CONSTRUCTION LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JULY 2010

	Notes	2010 £'000	2009 £'000
Turnover	2	5,299	40,148
Cost of sales		(4,412)	(37,144)
Gross profit		887	3,004
Administrative expenses		(796)	(2,677)
Operating profit	3	91	327
Other interest receivable and similar income	4	4	73
Interest payable and similar charges	5	-	(1)
Profit on ordinary activities before taxation		95	399
Tax on profit on ordinary activities	6	(40)	(134)
Profit for the year	14	55	265

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

MARBANK CONSTRUCTION LIMITED

BALANCE SHEET

AS AT 31 JULY 2010

		2010		2009	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	7		24		17
Investments	8		502		502
			<u>526</u>		<u>519</u>
Current assets					
Debtors: amounts falling due within one year	9	2,026		4,524	
Debtors: amounts falling due after more than one year	9	4,595		4,714	
Cash at bank and in hand		2,635		2,607	
		<u>9,256</u>		<u>11,845</u>	
Creditors: amounts falling due within one year	10	<u>(5,133)</u>		<u>(7,524)</u>	
Net current assets			<u>4,123</u>		<u>4,321</u>
Total assets less current liabilities			<u>4,649</u>		<u>4,840</u>
Provisions for liabilities	11		-		(246)
			<u>4,649</u>		<u>4,594</u>
Capital and reserves					
Called up share capital	13		250		250
Profit and loss account	14		4,399		4,344
Shareholders' funds	15		<u>4,649</u>		<u>4,594</u>

Approved by the Board and authorised for issue on 25 January 2011

S A Brown
Director

Company Registration No. 2894161

MARBANK CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2010

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that a group cash flow statement is prepared in the consolidated accounts of the parent company, Boxtrent Limited.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract.

1.4 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 less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	10% on cost
Computer equipment	50% on cost
Fixtures, fittings & equipment	50% on cost
Motor vehicles	33% on cost

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Investments

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

1.7 Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

1.8 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

MARBANK CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2010

1 Accounting policies **(continued)**

1.9 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit	2010	2009
	£'000	£'000
Operating profit is stated after charging:		
Depreciation of tangible assets	23	111
Operating lease rentals		
- Plant and machinery	274	911
- Other assets	63	63
Auditors' remuneration (including expenses and benefits in kind)	15	25
and after crediting:		
Profit on disposal of tangible assets	(7)	(5)
	<u> </u>	<u> </u>

4 Investment income	2010	2009
	£'000	£'000
Bank interest	4	73
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

5 Interest payable	2010	2009
	£'000	£'000
On overdue tax	-	1
	<u> </u>	<u> </u>

MARBANK CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2010

6 Taxation	2010	2009
	£'000	£'000
Domestic current year tax		
U.K. corporation tax	24	140
Adjustment for prior years	-	4
	<hr/>	<hr/>
Current tax charge	24	144
Deferred tax		
Deferred tax charge/credit current year	16	(10)
	<hr/>	<hr/>
	40	134
	<hr/> <hr/>	<hr/> <hr/>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	95	399
	<hr/> <hr/>	<hr/> <hr/>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.00% (2009 - 28.00%)	20	112
	<hr/>	<hr/>
Effects of:		
Non deductible expenses	11	20
Capital allowances in excess of depreciation	(7)	8
Adjustments to previous periods	-	4
	<hr/>	<hr/>
	4	32
	<hr/>	<hr/>
Current tax charge	24	144
	<hr/> <hr/>	<hr/> <hr/>

MARBANK CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2010

7 Tangible fixed assets

	Land and buildings Leasehold £'000	Plant and machinery £'000	Fixtures, fittings & equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 August 2009	31	129	29	109	298
Additions	-	2	-	28	30
Disposals	-	-	-	(51)	(51)
At 31 July 2010	31	131	29	86	277
Depreciation					
At 1 August 2009	31	126	29	95	281
On disposals	-	-	-	(51)	(51)
Charge for the year	-	4	-	19	23
At 31 July 2010	31	130	29	63	253
Net book value					
At 31 July 2010	-	1	-	23	24
At 31 July 2009	-	3	-	14	17

8 Fixed asset investments

	Unlisted investments £'000
Cost	
At 1 August 2009 & at 31 July 2010	502
Net book value	
At 31 July 2010	502
At 31 July 2009	502

MARBANK CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2010

9 Debtors	2010	2009
	£'000	£'000
Trade debtors	2,117	3,684
Amounts recoverable on long term contracts	-	914
Amounts owed by parent and fellow subsidiary undertakings	4,470	4,470
Other debtors	-	140
Prepayments and accrued income	20	-
Deferred tax asset (see note 11)	14	30
	<u>6,621</u>	<u>9,238</u>

Amounts falling due after more than one year and included in the debtors above are:

	2010	2009
	£'000	£'000
Trade debtors	125	244
Amounts owed by group undertakings	4,470	4,470
	<u>4,595</u>	<u>4,714</u>

10 Creditors: amounts falling due within one year	2010	2009
	£'000	£'000
Payments received on account	1,348	-
Trade creditors	2,546	3,684
Amounts owed to subsidiary undertakings	1	1
Corporation tax	24	140
Other taxes and social security costs	233	41
Other creditors	2	10
Accruals and deferred income	979	3,648
	<u>5,133</u>	<u>7,524</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 undertakings both present and future dated 10 January 2007.

The bank has also been provided with personal guarantees totalling £225,000 from the directors.

MARBANK CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2010

11 Provisions for liabilities

	Other £'000
Balance at 1 August 2009	246
Profit and loss account	(246)
	<hr/>
Balance at 31 July 2010	-
	<hr/> <hr/>

The above provision is in relation to contracts completed before the year end but where the company expects to incur additional costs post year end rectifying certain issues.

The deferred tax asset (included in debtors, note 9) is made up as follows:

	2010 £'000
Balance at 1 August 2009	(30)
Profit and loss account	16
	<hr/>
Balance at 31 July 2010	(14)
	<hr/> <hr/>

	2010 £'000	2009 £'000
Decelerated capital allowances	(14)	(30)
	<hr/> <hr/>	<hr/> <hr/>

12 Pension and other post-retirement benefit commitments

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £19,000 (2009- £41,000). Contributions totalling £nil (2009- £6,000) were payable to the fund at the year end and are included in creditors. In addition, the company paid contributions to the personal pension schemes of the three directors amounting to £57,000 (2009: contributions to personal pension schemes amounted to £4,000 for two directors and two employees).

	2010 £'000	2009 £'000
Contributions payable by the company for the year	76	45
	<hr/> <hr/>	<hr/> <hr/>

MARBANK CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2010

13 Share capital	2010	2009
	£'000	£'000
Allotted, called up and fully paid		
250,000 Ordinary shares of £1 each	250	250

14 Statement of movements on profit and loss account

	Profit and loss account
	£'000
Balance at 1 August 2009	4,344
Profit for the year	55
Balance at 31 July 2010	4,399

15 Reconciliation of movements in shareholders' funds	2010	2009
	£'000	£'000
Profit for the financial year	55	265
Opening shareholders' funds	4,594	4,329
Closing shareholders' funds	4,649	4,594

16 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 2010 was £27,000 (2009: £240,000). The directors do not anticipate there being any call on these bonds.

17 Financial commitments

At 31 July 2010 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 July 2011:

	Land and buildings	
	2010	2009
	£'000	£'000
Operating leases which expire:		
Between two and five years	63	63

MARBANK CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2010

18 Directors' remuneration	2010	2009
	£'000	£'000
Remuneration for qualifying services	329	727
Company pension contributions to defined contribution schemes	57	2
	<u>386</u>	<u>729</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2009 - 4).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	140	224
Company pension contributions to defined contribution schemes	16	-
	<u>156</u>	<u>224</u>

19 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2010	2009
	Number	Number
Directors	3	4
Administrative	9	29
	<u>12</u>	<u>33</u>

Employment costs

	2010	2009
	£'000	£'000
Wages and salaries	637	2,344
Social security costs	73	166
Other pension costs	76	45
	<u>786</u>	<u>2,555</u>

MARBANK CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2010

20 Control

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 St Georges House, 24 Queens Road, Weybridge, Surrey, KT13 9UX.

21 Related party relationships and transactions

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 consultancy costs (included within legal and professional fees) amounting to £nil (2009: £2,000) for services provided by close relations of Mr M Woods, a director.