

Company Registration No. 628491

**KILLBY & GAYFORD LIMITED**

**Report and Financial Statements**

**Year ended 31 December 2004**



**KILLBY & GAYFORD LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2004**

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# **KILLBY & GAYFORD LIMITED**

## **REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2004**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

T L Smith            (Chairman)  
C J Chivers        (Managing Director)  
R B Adcock  
C A Boyle  
J P H Vickers  
T W Warton

#### **SECRETARY**

G Williams Hamer

#### **REGISTERED OFFICE**

Osborne House  
9-11 Macaulay Road  
London SW4 0QP

#### **AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
London

# **KILLBY & GAYFORD LIMITED**

## **DIRECTORS' REPORT**

The directors present their report and audited financial statements for the year ended 31 December 2004.

### **BUSINESS REVIEW**

The activities of the Company during the year were those of building, joinery, electrical and security contractors.

The Company performed solidly throughout the year in difficult trading conditions, producing an operating profit of £1,573,237 (2003 - £1,931,041) on a turnover of £58,913,816 (2003 - £65,598,959).

Repeat business opportunities continue to feature significantly in the Company's portfolio, as a result of which a substantial order book has been secured, paving the way for future progress.

### **RESULTS AND DIVIDENDS**

The profit for the year after taxation was £1,083,274 (2003 - £1,331,248). The directors recommend that a dividend of £50.00 per ordinary share be paid (2003 - £50.00).

### **DIRECTORS AND THEIR INTERESTS**

The members of the Board throughout the year are shown on page 1.

J R Coles and R J Poulton were appointed as directors on 1 February 2005.

None of the directors had any interests in the Company's shares during the year. T L Smith, C J Chivers and J P H Vickers are also directors of Killby & Gayford Group Limited, the ultimate parent company, and their interests in the share capital of that company are shown in that company's financial statements. The interests of the remaining directors of Killby & Gayford Limited in the share capital of Killby & Gayford Group Limited are shown below:

	<b>31 December 2004</b>	<b>1 January 2004</b>
	<b>£1 Ordinary Shares</b>	<b>£1 Ordinary Shares</b>
<b>C A Boyle</b>	34,500	34,500
<b>T W Warton</b>	34,500	34,500

None of the directors had any interests in the shares of any other group companies.

### **HEALTH AND SAFETY**

It is the policy of the Group to ensure the health, safety and welfare of everyone involved in, or affected by its activities, in compliance with all current legislation.

The London Building Safety Group act as Safety Advisers to the Group, supporting in house management by regularly inspecting sites, works and offices and providing advice, training and guidance to promote greater awareness of health and safety.

Safety Committees, representing all aspects of the business, meet regularly to monitor the effectiveness of management of the Group's Health and Safety Policy and ultimately report to the Board.

### **ENVIRONMENTAL**

The Board recognises that concern for the environment is an essential corporate responsibility.

The policy of the Company is to conduct its operations in an environmentally responsible manner, in compliance with relevant legislation and regulations and with due regard to the efficient use of natural and sustainable resources to minimise waste and conserve energy.

# KILLBY & GAYFORD LIMITED

## DIRECTORS' REPORT

### EMPLOYMENT

It is Company policy to provide equal employment opportunities for all, based on merit, free from discrimination. The Company gives high priority to career development and promotion and provides appropriate training opportunities for all employees, including those who may become disabled.

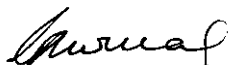
In communicating with its employees the Company seeks to be open and fair. Employees are consulted on issues which affect their interests and are informed of significant economic, financial or strategic developments affecting the performance of the business through meetings, or the circulation of memoranda and company newsletters.

All employees, who are not entitled to overtime payments, are incentivised through participation in profit sharing.

### AUDITORS

At an Extraordinary General Meeting held on 16 December 1994, the Company adopted a resolution under the terms of Section 379A, Companies Act 1985 (as amended) to take advantage of procedural relaxations permitted by that provision. Accordingly, no Annual General Meeting is to be held, the financial statements will not be laid before the members and the auditors, Deloitte & Touche LLP, will continue to hold office without the necessity to seek re-election.

Approved by the Board of Directors  
and signed on behalf of the Board



G Williams Hamer

Secretary

26 April 2005

## **KILLBY & GAYFORD LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period. In preparing those 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; and
- 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 the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KILLBY & GAYFORD LIMITED**

We have audited the financial statements of Killby & Gayford Limited for the year ended 31 December 2004, which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. 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**

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the Company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom auditing standards 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 of the state of the Company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche LLP*

Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
London  
26 April 2005

# KILLBY & GAYFORD LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 31 December 2004

	Note	2004 £	2003 £
<b>TURNOVER</b>	1	58,913,816	65,598,959
Cost of sales		(48,256,195)	(55,109,493)
<b>Gross profit</b>		10,657,621	10,489,466
Administrative expenses		(9,084,384)	(8,558,425)
<b>OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	1,573,237	1,931,041
Tax charge on profit on ordinary activities	5	(489,963)	(599,793)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		1,083,274	1,331,248
Equity dividends	6	(1,000,000)	(1,000,000)
<b>Retained profit for the financial year</b>	11	83,274	331,248
Retained profit brought forward		3,734,283	3,403,035
<b>Retained profit carried forward</b>		3,817,557	3,734,283

All transactions derive from continuing operations.

There are no recognised gains or losses for the current and preceding financial year other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses is required.



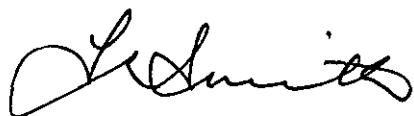
# KILLBY & GAYFORD LIMITED

## BALANCE SHEET 31 December 2004

	Note	2004 £	2003 £
<b>CURRENT ASSETS</b>			
Stocks	7	651,980	788,340
Debtors	8	25,620,118	25,556,436
Cash at bank and in hand		1,946,931	1,494,628
		<u>28,219,029</u>	<u>27,839,404</u>
<b>CREDITORS: amounts falling due within one year</b>	9	(24,396,472)	(24,100,121)
<b>NET ASSETS</b>		<u>3,822,557</u>	<u>3,739,283</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	5,000	5,000
Profit and loss account	11	3,817,557	3,734,283
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>3,822,557</u>	<u>3,739,283</u>

These financial statements were approved by the Board of Directors on 26 April 2005.

Signed on behalf of the Board of Directors



T L Smith  
Director



J P H Vickers  
Director

**NOTES TO THE ACCOUNTS**

**Year ended 31 December 2004**

**1. ACCOUNTING POLICIES**

The following accounting policies have been used consistently throughout the current and preceding financial years in dealing with items which are considered material in relation to the Company's accounts.

**Basis of accounting**

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

**Stocks**

Stocks are valued at the lower of cost and net realisable value.

**Long-term contracts**

Long-term contract balances are stated at cost, plus where the outcome can be assessed with reasonable certainty, estimated profits attributable to the stage of completion, less provision for any known or expected losses and progress payments receivable on account and are included as amounts recoverable on contracts under debtors.

Advance and progress payments are included under creditors to the extent that they exceed the related long term contract balances.

**Turnover**

Turnover is the amount of accounts rendered (excluding value added tax) after adjusting for the value of work in progress at the beginning and the end of the year in the UK.

**Pensions**

Payments are made on behalf of various employees to money purchase pension schemes. These payments are charged to the profit and loss account as they fall due.

**Deferred taxation**

Deferred taxation is provided on all timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	2004	2003
	£	£
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration - audit services	35,288	35,288
- non audit services	6,562	5,481
Management charge payable to the parent company	<u>1,344,907</u>	<u>1,324,531</u>

# **KILLBY & GAYFORD LIMITED**

## **NOTES TO THE ACCOUNTS** **Year ended 31 December 2004**

### **3. DIRECTORS' EMOLUMENTS**

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Total directors' emoluments as executives including benefits in kind	463,161	462,679
Pension contributions	34,862	33,135
	<u>498,023</u>	<u>495,814</u>
Highest paid director:		
Remuneration	133,449	130,262
Pension contributions	9,135	8,158
	<u>142,584</u>	<u>138,420</u>

Four other directors accrued benefits under defined contribution pension schemes (2003 – four).

### **4. PARTICULARS OF EMPLOYEES**

The average number of persons employed by the Company (including directors) during the year was:

<b>Category</b>	<b>2004</b>	<b>2003</b>
	<b>No.</b>	<b>No.</b>
Production	177	184
Administration and management	104	95
	<u>281</u>	<u>279</u>
Their total remuneration was:	<b>£</b>	<b>£</b>
Wages, salaries and bonus	9,675,072	9,541,731
Social security costs	1,043,468	1,001,288
Other pension costs	172,563	164,741
	<u>10,891,103</u>	<u>10,707,760</u>

The Killby & Gayford Group contributes to a number of defined contribution pension schemes. The assets of these schemes are held independently from those of the group and are independently administered. The costs incurred on behalf of the employees of the Company are shown above under 'other pension costs'.

# KILLBY & GAYFORD LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2004

### 5. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

#### Analysis of tax charge on ordinary activities

	2004 £	2003 £
UK corporation tax at 30% (2003 - 30%)	395,411	479,058
Group relief	94,552	118,696
Adjustment in respect of prior years	-	2,039
	<u>489,963</u>	<u>599,793</u>

#### Factors affecting tax charge for the current period

	2004 £	2003 £
Profit on ordinary activities before tax	<u>1,573,237</u>	<u>1,931,041</u>
Tax @ 30% thereon	471,971	579,312
Effects of:		
Expenses not deductible for tax purposes	18,986	19,767
Capital allowances in excess of depreciation	(994)	(1,325)
Prior period adjustments	-	2,039
Current tax charge	<u>489,963</u>	<u>599,793</u>

### 6. DIVIDENDS

	2004 £	2003 £
On ordinary shares – final proposed £50.00p per share (2003 – £50.00p per share)	<u>1,000,000</u>	<u>1,000,000</u>

### 7. STOCKS

	2004 £	2003 £
Raw materials and consumables	<u>651,980</u>	<u>788,340</u>

The directors do not consider there to be a material difference between the carrying value and replacement cost of stocks.

# KILLBY & GAYFORD LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2004

### 8. DEBTORS

	2004 £	2003 £
Amounts recoverable on contracts	10,633,487	10,202,699
Trade debtors	3,481,595	3,871,107
Amounts owed by group undertakings	11,342,880	11,272,747
Corporation tax recoverable	-	31,324
Other debtors	155,367	178,559
Prepayments	6,789	-
	<u>25,620,118</u>	<u>25,556,436</u>

### 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Trade creditors	11,463,254	11,337,056
Amounts owed to group undertakings	11,002,774	11,002,774
Corporation tax	229,902	340,063
Proposed dividends	1,000,000	1,000,000
Other creditors	700,542	420,228
	<u>24,396,472</u>	<u>24,100,121</u>

### 10. CALLED UP SHARE CAPITAL

	2004 £	2003 £
<b>Authorised:</b>		
20,000 ordinary shares of 25p each	<u>5,000</u>	<u>5,000</u>
<b>Called up, allotted and fully paid:</b>		
20,000 ordinary shares of 25p each	<u>5,000</u>	<u>5,000</u>

### 11. STATEMENT OF MOVEMENT ON RESERVES

	Profit and Loss Account £
Balance at 1 January 2004	3,734,283
Retained profit	<u>83,274</u>
Balance at 31 December 2004	<u>3,817,557</u>

## **KILLBY & GAYFORD LIMITED**

### **NOTES TO THE ACCOUNTS**

**Year ended 31 December 2004**

#### **12. RELATED PARTY TRANSACTIONS**

No related party transactions have been disclosed between this Company and the other Group companies as permitted by Section 17 of the Financial Reporting Standard No. 8 – Related Party Disclosures. The names of the other Group companies are shown in the accounts of Killby & Gayford Group Limited.

#### **13. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The ultimate parent undertaking and controlling party is Killby & Gayford Group Limited, a company incorporated in Great Britain and registered in England and Wales.

Killby & Gayford Group Limited is the parent undertaking of the largest group, of which Killby & Gayford Limited is a member and for which group accounts are drawn up. Copies of the group accounts have been delivered to, and are available from, the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

Killby & Gayford (Holdings) Limited is the parent undertaking of the smallest group of which Killby & Gayford Limited is a member and for which group accounts are drawn up. Copies of those accounts are available from the above address.

#### **14. CASH FLOW STATEMENT**

The company is a wholly owned subsidiary of Killby & Gayford Group Limited and the cash flows of the company are included in the consolidated cash flow statement of Killby & Gayford Group Limited. Consequently the company is exempt under Financial Reporting Standard No 1 (Revised) from the requirement to prepare a cash flow statement.