

Company Registration No. 628491

KILLBY & GAYFORD LIMITED

Report and Financial Statements

Year ended 31 December 2003



KILLBY & GAYFORD LIMITED

REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2003

CONTENTS

Page

Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes to the accounts	8

KILLBY & GAYFORD LIMITED

REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2003

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 2003.

BUSINESS REVIEW

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

After the disappointment of 2002, the Company produced a strong performance in a competitive market, increasing turnover to £ 65,598,959 (2002 - £44,832,382) and operating profit to £1,931,041 (2002 - £914,078).

The Company has secured a substantial order book going forward and continues to attract a high volume of repeat business, enabling it to look forward progressively and with confidence.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £1,331,248 (2002 - £614,552). The directors recommend that a dividend of £ 50.00 per ordinary share be paid (2002 - £50.00).

DIRECTORS AND THEIR INTERESTS

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

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:

	31 December 2003 £1 Ordinary Shares	1 January 2003 £1 Ordinary Shares
C A Boyle	34,500	34,500
T W Warton	34,500	34,500

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

HEALTH AND SAFETY

The Group's policy is to ensure the health, safety and welfare of everyone involved in, or affected by its activities, in compliance with all current legislation and to continuously promote greater awareness of health and safety through seminars and training courses held during the year.

The London Building Safety Group continues to act as Safety Advisers to the Group and to regularly inspect our sites, works and offices. The in-house management of our Health and Safety Policy was reviewed during the year and a new structure and terms of reference adopted for Safety Committees representing all aspects of the business. The Safety Committees meet regularly 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.

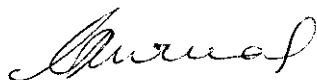
In communicating with its employees the Company seeks to be open and fair. Employees are consulted on issues which affect their interests and are informed of significant economic, financial or strategic developments affecting the performance of the business through meetings, or the circulation of memoranda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

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

AUDITORS

On 1 August 2003 Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP under the provisions of section 26(5) of the Companies Act 1989. The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of section 386(2) of the Companies Act 1985.

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



G Williams Hamer

Secretary

28 April 2004

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 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. 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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
28 April 2004

KILLBY & GAYFORD LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2003

	Note	2003 £	2002 £
TURNOVER	1	65,598,959	44,832,382
Cost of sales		<u>(55,109,493)</u>	<u>(36,199,363)</u>
Gross profit		10,489,466	8,633,019
Administrative expenses		<u>(8,558,425)</u>	<u>(7,718,941)</u>
OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	1,931,041	914,078
Tax charge on profit on ordinary activities	5	<u>(599,793)</u>	<u>(299,526)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,331,248	614,552
Equity dividends	6	<u>(1,000,000)</u>	<u>(1,000,000)</u>
Retained profit/(loss) for the financial year		331,248	(385,448)
Retained profit brought forward		<u>3,403,035</u>	<u>3,788,483</u>
Retained profit carried forward		<u><u>3,734,283</u></u>	<u><u>3,403,035</u></u>

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 2003

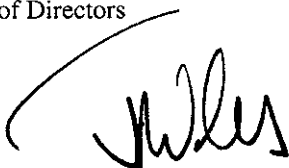
	Note	2003 £	2002 £
CURRENT ASSETS			
Stocks	7	788,340	731,764
Debtors	8	25,435,899	23,037,296
Cash at bank and in hand		<u>1,494,628</u>	<u>919,256</u>
		27,718,867	24,688,316
CREDITORS: amounts falling due within one year	9	<u>(23,979,584)</u>	<u>(21,280,281)</u>
NET ASSETS		<u><u>3,739,283</u></u>	<u><u>3,408,035</u></u>
CAPITAL AND RESERVES			
Called up share capital	10	5,000	5,000
Profit and loss account		<u>3,734,283</u>	<u>3,403,035</u>
EQUITY SHAREHOLDERS' FUNDS		<u><u>3,739,283</u></u>	<u><u>3,408,035</u></u>

These financial statements were approved by the Board of Directors on 28 April 2004.

Signed on behalf of the Board of Directors



T L Smith
Director



J P H Vickers
Director

KILLBY & GAYFORD LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2003

1. ACCOUNTING POLICIES

The following accounting policies have been used consistently 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

	2003 £	2002 £
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration – audit services	35,288	35,288
Management charge payable to the parent company	<u>1,324,531</u>	<u>1,191,183</u>

KILLBY & GAYFORD LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2003

3. DIRECTORS' EMOLUMENTS

	2003 £	2002 £
Total directors' emoluments as executives including benefits in kind	462,679	408,994
Pension contributions	33,135	29,954
	<u>495,814</u>	<u>438,948</u>
Highest paid director:		£
Remuneration	130,262	100,063
Pension contributions	8,158	7,209
	<u>138,420</u>	<u>107,272</u>

Four other directors accrued benefits under defined contribution pension schemes (2002 – four).

4. PARTICULARS OF EMPLOYEES

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

Category	2003 No.	2002 No.
Production	184	162
Administration and management	95	103
	<u>279</u>	<u>265</u>
Their total remuneration was:	£	£
Wages, salaries and bonus	9,541,731	7,916,067
Social security costs	1,001,288	804,411
Other pension costs	164,741	186,440
	<u>10,707,760</u>	<u>8,906,918</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 2003

5. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

Analysis of tax charge on ordinary activities

	2003 £	2002 £
UK corporation tax at 30% (2002 - 30%)	479,058	144,412
Group relief	118,696	143,228
Adjustment in respect of prior years	2,039	11,886
	<u>599,793</u>	<u>299,526</u>

Factors affecting tax charge for the current period

	2003 £	2002 £
Profit on ordinary activities before tax	<u>1,931,041</u>	<u>914,078</u>
Tax @ 30% thereon	579,312	274,223
Effects of:		
Expenses not deductible for tax purposes	19,767	25,385
Capital allowances in excess of depreciation	(1,325)	464
Group relief – prior period adjustment	-	(12,432)
Prior period adjustments	2,039	11,886
Current tax charge	<u>599,793</u>	<u>299,526</u>

6. DIVIDENDS

	2003 £	2002 £
On ordinary shares – final proposed £50.00 per share (2002 – £50.00p per share)	<u>1,000,000</u>	<u>1,000,000</u>

7. STOCKS

	2003 £	2002 £
Raw materials and consumables	<u>788,340</u>	<u>731,764</u>

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

KILLBY & GAYFORD LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2003

8. DEBTORS

	2003 £	2002 £
Amounts recoverable on contracts	10,202,699	10,844,550
Trade debtors	3,871,107	2,607,027
Amounts owed by group undertakings	11,272,747	9,432,625
Corporation tax recoverable	31,324	1,374
Other debtors	58,022	151,720
	<u>25,435,899</u>	<u>23,037,296</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Trade creditors	11,337,056	10,693,130
Amounts owed to group undertakings	11,002,774	9,329,597
Corporation tax	340,063	19,412
Proposed dividends	1,000,000	1,000,000
Other creditors	299,691	238,142
	<u>23,979,584</u>	<u>21,280,281</u>

10. CALLED UP SHARE CAPITAL

	2003 £	2002 £
Authorised:		
20,000 ordinary shares of 25p each	<u>5,000</u>	<u>5,000</u>
Called up, allotted and fully paid:		
20,000 ordinary shares of 25p each	<u>5,000</u>	<u>5,000</u>

11. 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.

KILLBY & GAYFORD LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2003

12. 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.