

BYZAK LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2007



Company Registration Number 1809458

Tenon Limited
Sumner House
St Thomas's Road
Chorley
Lancashire
PR7 1HP

BYZAK LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2007

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BYZAK LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 OCTOBER 2007

The board of directors	P Byrne D Kirton A Cookson
Company secretary	S P N Smith
Business address	Unit 2 Unison Business Park Robson Avenue Urmston Manchester M41 7TG
Registered office	Unit 2 Unison Business Park Robson Avenue Urmston Manchester M41 7TG
Auditor	Tenon Audit Limited Registered Auditor Sumner House St Thomas's Road Chorley Lancashire PR7 1HP
Accountants	Tenon Limited Sumner House St Thomas's Road Chorley Lancashire PR7 1HP

BYZAK LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31 OCTOBER 2007

The directors present their report and the financial statements of the company for the year ended 31 October 2007

Principal activities and business review

The company's principal activity during the year was civil engineering primarily in water related industries

The results for the year are considered satisfactory, turnover has increased to £52.7m and operating profit has increased to £2.5m, with a similar gross profit to prior year. This has improved the company's already healthy working capital. Current assets exceed current liabilities by £7.2m and net assets now stand at £9.4m.

The company adopted FRS 17 in 2006 and is able to report an increase in the surplus attributable to the pension scheme during the year.

The directors believe that these factors put the company in a strong position to capitalise on existing and prospective opportunities that may arise in the company's markets and will continue with the development of its management teams at its Regional Offices in Manchester, Gateshead and Hamilton.

These teams will form the backbone for market share retention and phased future expansion in the civil, electrical and mechanical engineering markets, identified primarily in the utility industries.

The company remains confident that this policy will provide steady and sustained growth in the years to come and will serve to consolidate our strong Northern base.

The results for the current year are expected to be consistent with those achieved at our year ended October 2007.

Results and dividends

The profit for the year, after taxation, amounted to £2,282,000. Particulars of dividends paid are detailed in note 9 to the financial statements.

Financial risk management objectives and policies

The company makes little use of financial instruments other than an operational bank account and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

Directors

The directors who served the company during the year were as follows:

P Byrne
D Kirton
A Cookson

Directors' responsibilities

The directors are responsible for preparing the Annual 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). 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:

BYZAK LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 OCTOBER 2007

- 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 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.

In so far as the directors are, individually, aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Donations

During the year payments of a charitable nature amounted to £16,000 (2006 £17,000). There were no contributions to political organisations.

Disabled employees

The directors endeavour to ensure that as far as possible the training, career development and promotion of disabled persons is the same as other employees. Should employees become disabled, every effort is made to ensure that their employment continues and appropriate retraining is received.

Employee involvement

Regular meetings with employees' representatives are held to inform them of the development of the business.

BYZAK LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 OCTOBER 2007

Auditor

A resolution to re-appoint Tenon Audit Limited as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

Registered office
Unit 2 Unison Business Park
Robson Avenue
Urmston
Manchester
M41 7TG

Signed by order of the directors



S P N Smith
Company Secretary

Approved by the directors on ^(date) 25th January 2008

BYZAK LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BYZAK
LIMITED

YEAR ENDED 31 OCTOBER 2007

We have audited the financial statements of Byzak Limited on pages 7 to 23 for the year ended 31 October 2007. 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 auditor's 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 auditor

As described in the statement of directors' responsibilities on pages 2 to 4, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Directors' Report 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 Directors' Report 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.

BYZAK LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BYZAK
LIMITED *(continued)***

YEAR ENDED 31 OCTOBER 2007

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 October 2007 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 Directors' Report is consistent with the financial statements

Tenon Audit Limited

Tenon Audit Limited
Registered Auditor
Sumner House
St Thomas's Road
Chorley
Lancashire
PR7 1HP

Date *3 March 2008*

BYZAK LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 OCTOBER 2007

	Note	2007 £000	2006 £000
Turnover	2	52,705	38,898
Cost of sales		(47,473)	(33,303)
Gross profit		<u>5,232</u>	<u>5,595</u>
Administrative expenses		(2,698)	(3,000)
Operating profit	3	<u>2,534</u>	<u>2,595</u>
Interest receivable and similar income	6	666	343
Profit on ordinary activities before taxation		<u>3,200</u>	<u>2,938</u>
Tax on profit on ordinary activities	8	(918)	(813)
Profit for the financial year		<u><u>2,282</u></u>	<u><u>2,125</u></u>

All of the activities of the company are classed as continuing

The notes on pages 10 to 23 form part of these financial statements

BYZAK LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31 OCTOBER 2007

	2007 £000	2006 £000
Profit for the financial year		
Attributable to the shareholders	2,282	2,125
Actuarial gain/(loss) in respect of defined benefit pension scheme	1,275	(414)
Deferred tax in respect of defined benefit pension scheme	(383)	124
Loss on disposal of own shares	—	(7)
Proceeds from disposal of own shares	—	21
 Total recognised gains and losses relating to the year	 3,174	 1,849
Prior year adjustment	—	(143)
 Total gains and losses recognised since the last annual report	 <u>3,174</u>	 <u>1,706</u>

The notes on pages 10 to 23 form part of these financial statements

BYZAK LIMITED
BALANCE SHEET
31 OCTOBER 2007

	Note	2007 £000	2006 £000	£000
Fixed assets				
Tangible assets	10		1,135	252
Investments	11		10	10
			<u>1,145</u>	<u>262</u>
Current assets				
Stocks	12	27	27	
Debtors	13	6,738	8,678	
Cash at bank and in hand		12,754	7,780	
		<u>19,519</u>	<u>16,485</u>	
Creditors. Amounts falling due within one year	16	<u>(12,331)</u>	<u>(10,047)</u>	
Net current assets			7,188	6,438
Total assets less current liabilities			<u>8,333</u>	<u>6,700</u>
Net assets excluding pension asset			8,333	6,700
Defined benefit pension scheme asset	18	1,068		56
Net assets including pension asset			<u>9,401</u>	<u>6,756</u>
Capital and reserves				
Called-up share capital	22	50	50	
Other reserves	23	(56)	(26)	
Profit and loss account	24	9,407	6,732	
Shareholders' funds	25	<u>9,401</u>	<u>6,756</u>	

These financial statements were approved by the directors and authorised for issue on ^(DATE) 25th January 2008 and are signed on their behalf by



P Byrne

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The notes on pages 10 to 23 form part of these financial statements

BYZAK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2007

1 Accounting policies

Basis of accounting

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

Group financial statements

The company's subsidiary undertakings are not consolidated in these financial statements, as it is an intermediate company and consolidated accounts are prepared for Globemile Limited, the ultimate parent undertaking

Cash flow statement

The company has adopted the exemption to prepare a cash flow statement under FRS 1, as it is a wholly owned subsidiary of Globemile Limited for which a consolidated cash flow is prepared in the group accounts

Turnover

Turnover represents the invoiced amount of goods sold and services provided less returns and allowances, excluding value added tax. In the case of long term contracts, turnover represents the sales value of work done during the year, including estimates in respect of amounts not invoiced

Fixed assets

All fixed assets are recorded at cost less accumulated depreciation. Cost is defined as the purchase price of the asset plus other directly attributable costs to bring the asset into working condition for its intended use

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Plant & machinery	-	25%-33% straight line
Motor vehicles	-	33% straight line
Office equipment	-	50% straight line

Fixed asset investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost represents the purchase price of raw materials

BYZAK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2007

1. Accounting policies (continued)

Long term contracts

Profit on long term contracts is taken as the work is carried out, if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out by the year end by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract revenue which costs incurred to date bear to total expected costs for that contract. Revenue derived from variations on contracts is only recognised when they have been accepted by the customers. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Operating lease agreements

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.

Pension costs and other post-retirement benefits

The company operates a defined benefit pension scheme for employees. The assets of the scheme are held separately from those of the company.

Pension scheme liabilities are measured on an actuarial basis using a projected unit method and are discounted to their present value using an AA corporate bond rate.

Pension scheme assets are valued at market value at the balance sheet date.

The pension scheme surplus (to the extent that it can be recovered)/(deficit) is recognised in full on the balance sheet.

The deferred tax relating to a defined benefit asset/liability is offset against the defined benefit asset/liability and not included with other deferred tax assets or liabilities.

The company also 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.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

BYZAK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2007

1. Accounting policies (continued)

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Employee benefit trusts

The company has established a trust for the benefit of employees. Monies held in these trusts are held by independent trustees and managed at their discretion.

Where the company retains future economic benefit from, and has de facto control of the assets and liabilities of the trust, they are accounted for as assets and liabilities of the company until the earlier of the date that an allocation of trust funds to employees in respect of past services is declared and the date that assets of the trust vest in identified individuals.

Where monies held in a trust are determined by the company on the basis of employees' past services to the business and the company can obtain no future economic benefit from those monies, such monies, whether in the trust or accrued for by the company are charged to the profit and loss account in the period to which they relate.

2 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2007	2006
	£000	£000
United Kingdom	52,705	38,692
Overseas	-	206
	<u>52,705</u>	<u>38,898</u>

BYZAK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2007

3 Operating profit

Operating profit is stated after charging/(crediting)

	2007	2006
	£000	£000
Depreciation of owned fixed assets	343	180
Profit on disposal of fixed assets	(23)	(70)
Operating lease rentals - land and buildings	227	211
Auditor's remuneration	13	13
	<u> </u>	<u> </u>

	2007	2006
	£000	£000
Auditor's remuneration - audit of the financial statements	13	13
	<u> </u>	<u> </u>

Fees paid to the company's auditor, Tenon Audit Limited and its associates for services other than the statutory audit of the company are not disclosed in Byzak Limited's accounts since the consolidated accounts of Byzak Limited's parent, Globemile Limited, are required to disclose non-audit fees on a consolidated basis

4. Particulars of employees

The average number of staff employed by the company during the financial year amounted to

	2007	2006
	No	No
Production	246	215
Administration	30	25
	<u> </u>	<u> </u>
	276	240

The aggregate payroll costs of the above were

	2007	2006
	£000	£000
Wages and salaries	9,940	7,888
Social security costs	978	757
Other pension costs	407	683
	<u> </u>	<u> </u>
	11,325	9,328

Other pension costs are amounts charged to operating profit and do not include amounts credited to finance income (see note 6) and amounts recognised in the statement of recognised gains and losses

BYZAK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2007

5. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were

	2007	2006
	£000	£000
Emoluments receivable	520	536
Value of company pension contributions to money purchase schemes	54	422
	<u>574</u>	<u>958</u>

Emoluments of highest paid director:

	2007	2006
	£000	£000
Total emoluments (excluding pension contributions)	241	251
Value of company pension contributions to money purchase schemes	36	404
	<u>277</u>	<u>655</u>

Benefits are accruing under a defined benefits pension scheme and, at the year end the accrued pension amounted to £Nil (2006 - £32,000)

The number of directors on whose behalf the company made pension contributions was as follows

	2007	2006
	No	No
Money purchase schemes	1	-
Defined benefit schemes	<u>2</u>	<u>3</u>

6. Interest receivable and similar income

	2007	2006
	£000	£000
Bank interest receivable	538	269
Net finance income in respect of defined benefit pension schemes	128	74
	<u>666</u>	<u>343</u>

7. Pension costs

The total cost of retirement benefits for the company was £73,000 (2006 £101,000) under FRS 17 of which £201,000 (2006 £175,000) has been charged against operating profit and £128,000 (2006 £74,000) credited within interest receivable and other similar income

The company also makes contributions to a money purchase group personal pension plan for the benefit of its employees. During the year, contributions to such schemes amounted to £206,000 (2006 £508,000)

BYZAK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2007

8 Taxation on ordinary activities

(a) Analysis of charge in the year

	2007 £000	2006 £000
In respect of the year		
UK Corporation tax	756	715
Deferred tax		
Origination and reversal of timing differences	162	98
Tax on profit on ordinary activities	<u>918</u>	<u>813</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2006 - 30%)

	2007 £000	2006 £000
Profit on ordinary activities before taxation	3,200	2,938
Profit on ordinary activities by rate of tax	960	881
Effects of		
Expenses not deductible for tax purposes	33	18
Difference arising between depreciation and capital allowances	(75)	(86)
'FRS 17 - Retirement benefits' adjustment	(51)	(209)
Timing difference on pension payment	(111)	111
Total current tax (note 8(a))	<u>756</u>	<u>715</u>

9 Dividends

Equity dividends

	2007 £000	2006 £000
Paid during the year		
Equity dividends on ordinary shares	<u>500</u>	<u>300</u>

Dividends were paid at £1 30 (2006 £0 78) per share during the year

BYZAK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2007

10 Tangible fixed assets

	Plant & machinery £000	Motor vehicles £000	Office equipment £000	Total £000
Cost				
At 1 November 2006	6,192	708	75	6,975
Additions	987	231	94	1,312
Disposals	(116)	(230)	—	(346)
At 31 October 2007	<u>7,063</u>	<u>709</u>	<u>169</u>	<u>7,941</u>
Depreciation				
At 1 November 2006	6,187	462	74	6,723
Charge for the year	148	170	25	343
On disposals	(39)	(221)	—	(260)
At 31 October 2007	<u>6,296</u>	<u>411</u>	<u>99</u>	<u>6,806</u>
Net book value				
At 31 October 2007	<u>767</u>	<u>298</u>	<u>70</u>	<u>1,135</u>
At 31 October 2006	<u>5</u>	<u>246</u>	<u>1</u>	<u>252</u>

11 Investments

	Shares in group undertakings £000
Cost	
At 1 November 2006 and 31 October 2007	<u>10</u>
Net book value	
At 31 October 2007	<u>10</u>
At 31 October 2006	<u>10</u>

The company owns 100% of the issued share capital of the following company

	2007 £000	2006 £000
Aggregate capital and reserves		
Byzak Contractors (Scotland) Limited, registered in Scotland (dormant)	10	10
Profit and (loss) for the year		
Byzak Contractors (Scotland) Limited, registered in Scotland (dormant)	—	—

BYZAK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2007

12. Stocks

	2007 £000	2006 £000
Raw materials and consumables	<u>27</u>	<u>27</u>

13 Debtors

	2007 £000	2006 £000
Trade debtors	693	289
Amounts owed by group undertakings	1,142	880
Amounts recoverable on contracts	4,530	6,906
Other debtors	79	116
Prepayments and accrued income	294	376
Deferred taxation (note 14)	-	111
	<u>6,738</u>	<u>8,678</u>

The debtors above include the following amounts falling due after more than one year

	2007 £000	2006 £000
Amounts recoverable on contracts	<u>458</u>	<u>365</u>

14. Deferred taxation

The deferred tax included in the Balance sheet is as follows

	2007 £000	2006 £000
Included in debtors (note 13)	<u>-</u>	<u>111</u>

The movement in the deferred taxation account during the year was

	2007 £000	2006 £000
At 1 November 2006	111	-
Profit and loss account movement arising during the year	<u>(111)</u>	<u>111</u>
At 31 October 2007	<u>-</u>	<u>111</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2007 Provided £000	Unprovided £000	2006 Provided £000	Unprovided £000
Excess of depreciation over taxation allowances	-	178	-	256
Other timing differences	-	-	111	-
	<u>-</u>	<u>178</u>	<u>111</u>	<u>256</u>

BYZAK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2007

14 Deferred taxation (continued)

No provision has been made in the accounts for the deferred tax asset of £178,000 (2006 £256,000) because in the directors opinion it may not be recoverable in the foreseeable future

15 Cash at bank and in hand

Cash at bank and in hand includes £168,000 (2006 £169,000) which is held in trust for the beneficiaries of the Employee Benefit Trust

16. Creditors: Amounts falling due within one year

	2007	2006
	£000	£000
Payments received on account	1,504	408
Trade creditors	2,785	4,487
Amounts owed to group undertakings	6	12
Corporation tax	606	595
Other taxation and social security	1,621	732
Other creditors	334	251
Accruals and deferred income	5,475	3,562
	<u>12,331</u>	<u>10,047</u>

17 Derivatives

The company has no financial instruments that fall to be disclosed as derivatives

18 Pension commitments

The company ("the employer") operates the Byzak Pension Scheme ("the scheme"), a funded defined benefit pension scheme, for its employees. The most recent formal valuation was carried out as at 31 October 2007. For the year ended 31 October 2007 the employer paid contributions of 15% (2006 15%) of pensionable salaries amounting to £190,000 (2006 £199,000). In addition, the employer paid a special contribution of £54,000 (2006 £600,000). Members contributed at the rate of 6% (2006 6%) of pensionable salaries.

Group contributions are based upon advice from an independent qualified actuary who assessed the rates at 31 October 2007 using attained age method.

The most recent actuarial valuation of the Scheme has been updated by S G Ingram Actuary Limited to 31 October 2007 to take account of the requirements of FRS 17.

	2007	2006	2005
	%	%	%
Rate of increase in salaries	4.3	4.0	4.0
Rate of increase in pensions in payment	2.5	2.5	2.8
Discount rate	5.8	4.9	5.1
Inflation assumption	3.3	3.0	2.8

BYZAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2007

18. Pension commitments *(continued)*

The fair value of the scheme assets and the expected rate of return, the present value of the scheme liabilities and the resulting surplus/(deficit) are

		2007		2006		2005
	Long-term rate of return expected %	Value £000	Long-term rate of return expected %	Value £000	Long-term rate of return expected %	Value £000
Equities	7.0	6,458	7.0	5,155	7.0	4,118
Bonds	4.9	696	4.9	615	5.1	471
Others	5.8	1,353	5.8	1,324	5.5	926
Total market value of assets		8,507		7,094		5,515
Present value of scheme liabilities		(6,981)		(7,014)		(5,719)
Surplus/(Deficit) in the scheme		1,526		80		(204)
Related deferred tax (liability)/asset		(458)		(24)		61
Net pension asset/(liability)		1,068		56		(143)

An analysis of the movements in surplus/(deficit) during the year are shown below

	2007 £000	2006 £000
At 1 November	80	(204)
Total operating charge	(201)	(175)
Total other finance income	128	74
Actuarial gain/(loss)	1,275	(414)
Contributions	244	799
At 31 October	1,526	80

An analysis of the defined benefit cost follows

Analysis of the amount charged to operating profit

	2007 £000	2006 £000
Current service cost	(201)	(175)
Total operating charge	(201)	(175)

BYZAK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2007

18. Pension commitments *(continued)*

Analysis of the amount credited to finance income

	2007	2006
	£000	£000
Other finance costs expected return on assets in the scheme	478	371
Other finance costs interest costs	(350)	(297)
Total finance income	<u>128</u>	<u>74</u>

Analysis of the amount recognised in statement of total recognised gains and losses

	2007	2006
	£000	£000
STRGL difference between expected and actual return on assets	621	382
STRGL experience gains/(losses) arising from scheme liabilities	–	(5)
STRGL effect of changes in assumptions underlying the present value of scheme liabilities	654	(791)
Actuarial gains/(losses)	<u>1,275</u>	<u>(414)</u>

A history of experience gains and losses is shown below

	2007	2006	2005	2004
Difference between the expected and actual return on scheme assets				
- amount (£000)	621	382	604	(242)
- % of scheme assets	7	5	11	(6)
Experience (losses)/gains on scheme liabilities				
- amount (£000)	–	(5)	(1)	44
- % of the present value of scheme liabilities	–	–	–	1
Total amount recognised in statement of total recognised gains and losses				
- amount (£000)	1,275	(414)	146	(198)
- % of the present value of scheme liabilities	18	(6)	3	(4)

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19. Commitments under operating leases

At 31 October 2007 the company had annual commitments under non-cancellable operating leases as set out below

	<i>Land & buildings</i>	
	2007	2006
	£000	£000
Operating leases which expire		
Within 2 to 5 years	257	65
After more than 5 years	-	140
	<u>257</u>	<u>205</u>

20. Contingencies

At 31 October 2007 the company had performance bonds amounting to £3,175,000 (2006 £1,976,000)

21 Related party transactions

The company has taken the exemption provided by FRS 8 from disclosing related party transactions with Globemile Limited on the grounds that the company is 100% wholly owned and its results are consolidated within Globemile Limited's accounts

During the year Kaleida Limited, a fellow subsidiary undertaking of Globemile Limited made sales of £95,000 (2006 £75,000) to the company. In addition the company made recharges to Kaleida Limited of £27,000 (2006 £27,000)

Included in amounts owed to group undertakings was a trading balance for the year ended 31 October 2007 of £6,000 (2006 £12,000) owed to Kaleida Limited

Included in amounts owed from group undertakings was a trading balance for the year ended 31 October 2007 of £936,000 (2006 £675,000) due from Kaleida Limited, and £206,000 (2006 £205,000) due from Globemile Limited

22. Share capital

Authorised share capital:

	2007	2006
	£000	£000
385,000 Ordinary A shares of £0.10 each	39	39
115,000 Ordinary B shares of £0.10 each	12	12
	<u>50</u>	<u>50</u>

Allotted, called up and fully paid:

	2007		2006	
	No	£000	No	£000
Ordinary A shares of £0.10 each	385,000	39	385,000	39
Ordinary B shares of £0.10 each	115,000	12	115,000	12
	<u>500,000</u>	<u>50</u>	<u>500,000</u>	<u>50</u>

The Ordinary B shares carry no voting rights and no rights to dividends

BYZAK LIMITED
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23. Other reserves

	2007	2006
	£000	£000
Balance brought forward	(26)	(47)
Additions to own shares	(30)	-
Disposals of own shares	-	21
	<u>(56)</u>	<u>(26)</u>

The other reserve represents an investment in own shares relating to 3% (2006 1%) of the company's share capital which was acquired by The Byzak Contractors Limited Employee Benefit Trust. The movement in the investment reflects the additions to shares upon an employee leaving.

24. Profit and loss account

	2007	2006
	£000	£000
Balance brought forward as previously reported	6,732	5,347
Prior year adjustment	-	(143)
Balance brought forward restated	6,732	5,204
Profit for the financial year	2,282	2,125
Equity dividends	(500)	(300)
Defined pension benefit scheme	893	(290)
Loss on disposal of own shares	-	(7)
Balance carried forward	<u>9,407</u>	<u>6,732</u>

25 Reconciliation of movements in shareholders' funds

	2007	2006
	£000	£000
Profit for the financial year	2,282	2,125
Equity dividends	(500)	(300)
Defined benefit pension scheme	893	(290)
Loss on disposal of own shares	-	(7)
Additions to own shares	(30)	-
Disposals of own shares	-	21
Net addition to shareholders' funds	<u>2,645</u>	<u>1,549</u>
Opening shareholders' funds	6,756	5,350
Prior year adjustment	-	(143)
Closing shareholders' funds	<u>9,401</u>	<u>6,756</u>

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26 Employee Benefit Trust

The company has established an Employee Benefit Trust with the objective of promoting employee loyalty and goodwill. Contributions for the year totalled £360,000 (2006 £300,000).

In accordance with FRS 5 - "Reporting the substance of transactions", trust assets of £209,000 (2006 £227,000) have been incorporated into the company's balance sheet.

Trust assets totalling £360,000 (2006 £300,000) have been allocated to the beneficiaries of the trust during the year and therefore have been included in the profit and loss account.

27 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £Nil (2006 - £675,000).

28 Control

Due to the structure described in note 22, the company is effectively a 100% subsidiary of Globemile Limited. The company was ultimately controlled by P J Byrne, the director of Globemile Limited, who is also a director of this company, and controlled the whole of its issued ordinary share capital.

29. Ultimate parent company

The directors consider the ultimate parent undertaking to be Globemile Limited which is the only undertaking that prepares group accounts including the financial statements of the company.

Copies of the group accounts of Globemile Limited will be delivered to, and will be available from, The Registrar of Companies, Companies Registration Office, Companies House, Mandy, Cardiff, CF4 3UZ.