

BYZAK LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2008

Company Registration Number 1809458

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

WEDNESDAY



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BYZAK LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2008

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BYZAK LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 OCTOBER 2008

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 2008

The directors present their report and the financial statements of the company for the year ended 31 October 2008.

Principal activities and business review

The Company's principal activity during the year remained primarily within the UK water industry for works utilising our civil, electrical and mechanical expertise.

The results for the year are considered satisfactory before taking into account the costs associated with the closure to future accrual of the Byzak Defined Benefit Pension Scheme. These costs amounted to £1.50 million.

The Directors believe that the decision to close the Scheme will help to mitigate the risk of increasing costs and benefits and will enable the Company to plan with confidence its future commitments and cash flows.

The Company continues to consolidate its regional offices in Manchester, Gateshead and Hamilton, and firmly believes that these established centres will continue to grow and be successful in the years to come.

Our primary Clients, being the privatised water companies in the UK, are currently planning their procurement policies for the next phase of their Asset Management Plan going forward from April 2010 (AMP5) and the Company is hopeful that it will retain its frameworks and workloads generated by these works.

We expect that the results for our current year will be consistent with those achieved over the past few years.

Results and dividends

The profit for the year, after taxation, amounted to £872,000. 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:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

BYZAK LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 OCTOBER 2008

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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 £21,000 (2007: £16,000). 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.

Auditor

A resolution to re-appoint Tenon Audit Limited as auditor for the ensuing year will be proposed at the annual general meeting.

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 *30th January 2009.*

BYZAK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BYZAK LIMITED

YEAR ENDED 31 OCTOBER 2008

We have audited the financial statements of Byzak Limited on pages 6 to 21 for the year ended 31 October 2008. 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 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 2008

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 2008 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: *30 January 2009*

BYZAK LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 OCTOBER 2008

	Note	2008 £000	2007 £000
Turnover	2	40,220	52,705
Cost of sales		(35,358)	(47,473)
Gross profit		<u>4,862</u>	<u>5,232</u>
Administrative expenses		(4,327)	(2,698)
Operating profit	3	<u>535</u>	<u>2,534</u>
Attributable to:			
Operating profit before exceptional items		2,331	2,534
Exceptional items	3	(1,796)	-
		<u>535</u>	<u>2,534</u>
Interest receivable and similar income	6	682	666
Profit on ordinary activities before taxation		<u>1,217</u>	<u>3,200</u>
Tax on profit on ordinary activities	8	(345)	(918)
Profit for the financial year transferred to reserves	25	<u><u>872</u></u>	<u><u>2,282</u></u>

All of the activities of the company are classed as continuing.

The notes on pages 9 to 21 form part of these financial statements.

BYZAK LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 OCTOBER 2008

	2008 £000	<i>2007</i> <i>£000</i>
Profit for the financial year attributable to the shareholders	872	2,282
Actuarial gain/(loss) in respect of defined benefit pension scheme	(768)	1,275
Deferred tax in respect of defined benefit pension scheme	226	(383)
Total gains and losses recognised since the last annual report	<u>330</u>	<u>3,174</u>

The notes on pages 9 to 21 form part of these financial statements.

BYZAK LIMITED
BALANCE SHEET
31 OCTOBER 2008

	Note	2008 £000	2007 £000
Fixed assets			
Intangible assets	10	—	—
Tangible assets	11	744	1,135
Investments	12	10	10
		<u>754</u>	<u>1,145</u>
Current assets			
Stocks	13	27	27
Debtors	14	5,233	6,738
Cash at bank and in hand		10,934	12,754
		<u>16,194</u>	<u>19,519</u>
Creditors: Amounts falling due within one year	16	<u>(7,433)</u>	<u>(12,331)</u>
Net current assets		8,761	7,188
Total assets less current liabilities		<u>9,515</u>	<u>8,333</u>
Net assets excluding pension asset		9,515	8,333
Defined benefit pension scheme asset	19	—	1,068
Net assets including pension asset		<u>9,515</u>	<u>9,401</u>
Capital and reserves			
Called-up share capital	23	50	50
Other reserves	24	—	(56)
Profit and loss account	25	9,465	9,407
Shareholders' funds	26	<u>9,515</u>	<u>9,401</u>

These financial statements were approved by the directors and authorised for issue on and are signed on their behalf by:

30th January 2009



Mr P Byrne

The notes on pages 9 to 21 form part of these financial statements.

BYZAK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2008

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 parent 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. Turnover has been derived from civil engineering primarily in water related industries.

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.

BYZAK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2008

1. Accounting policies *(continued)*

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.

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 2008

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:

	2008 £000	2007 £000
United Kingdom	39,451	52,705
Europe	769	—
	<u>40,220</u>	<u>52,705</u>

3. Operating profit

Operating profit is stated after charging/(crediting):

	2008 £000	2007 £000
Depreciation of owned fixed assets	447	343
Profit on disposal of fixed assets	(91)	(23)
Operating lease rentals	257	227
Auditor's remuneration	14	13
	<u>270</u>	<u>—</u>
Non-recurring costs	270	—
Curtailment loss following closure of pension scheme to future accrual	<u>1,526</u>	<u>—</u>

During the year, the company incurred exceptional costs amounting to £270,000 relating to specific projects of a non-recurring nature undertaken by the company during the year. This exceptional item reduced the current tax charge by £45,000.

During the year, the company's defined benefit pension scheme was closed to future accrual. This resulted in the derecognition of the defined benefit pension scheme surplus of £2,829,000 of which £1,526,000 was charged to operating profit, £72,000 was charged to other interest receivable and £1,231,000 was charged to retained profits. These exceptional items had no current tax impact.

BYZAK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2008

3. Operating profit (continued)

	2008 £000	2007 £000
Auditor's remuneration - audit of the financial statements	<u>14</u>	<u>13</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:

	2008 No	2007 No
Production	234	246
Administration and management	33	30
	<u>267</u>	<u>276</u>

The aggregate payroll costs of the above were:

	2008 £000	2007 £000
Wages and salaries	9,866	9,940
Social security costs	1,000	978
Other pension costs	317	407
	<u>11,183</u>	<u>11,325</u>

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.

5. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2008 £000	2007 £000
Emoluments receivable	516	520
Value of company pension contributions to money purchase schemes	54	54
	<u>570</u>	<u>574</u>

Emoluments of highest paid director:

	2008 £000	2007 £000
Total emoluments (excluding pension contributions)	242	241
Value of company pension contributions to money purchase schemes	36	36
	<u>278</u>	<u>277</u>

BYZAK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2008

5. Directors' emoluments (continued)

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

	2008 No	2007 No
Money purchase schemes	1	1
Defined benefit schemes	2	2
	<u>2</u>	<u>2</u>

6. Interest receivable and similar income

	2008 £000	2007 £000
Bank interest receivable	572	538
Net finance income in respect of defined benefit pension schemes	110	128
	<u>682</u>	<u>666</u>

7. Pension costs

The total cost of retirement benefits for the company was £Nil (2007: £73,000) under FRS 17 of which £110,000 (2007: £201,000) has been charged against operating profit and £110,000 (2007: £128,000) 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 £153,000 (2007: £152,000).

8. Taxation on ordinary activities

(a) Analysis of charge in the year

	2008 £000	2007 £000
In respect of the year:		
UK Corporation tax	614	756
Double taxation relief	(37)	-
	<u>577</u>	<u>756</u>
Deferred tax:		
Origination and reversal of timing differences	(232)	162
Tax on profit on ordinary activities	<u>345</u>	<u>918</u>

BYZAK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2008

8. Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than (2007: lower than) the standard rate of corporation tax in the UK of 28% (2007 - 30%).

	2008	2007
	£000	£000
Profit on ordinary activities before taxation	<u>1,217</u>	<u>3,200</u>
Profit on ordinary activities by rate of tax	341	960
Effects of:		
Expenses not deductible for tax purposes	54	33
Difference arising between depreciation and capital allowances	(11)	(75)
Tax chargeable at higher rates	18	-
'FRS 17 - Retirement benefits' adjustment	212	(51)
Timing difference on pension payment	-	(111)
Double tax relief	(37)	-
Total current tax (note 8(a))	<u>577</u>	<u>756</u>

9. Dividends

Equity dividends

	2008	2007
	£000	£000
Paid during the year		
Equity dividends on Ordinary A shares	<u>250</u>	<u>500</u>

Dividends were paid at £0.65 per share (2007: £1.30 per share).

BYZAK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2008

10. Intangible fixed assets

	Patents £000
Cost	
Additions	4
Disposals	(4)
At 31 October 2008	<u>—</u>
Amortisation	
At 1 November 2007 and 31 October 2008	<u>—</u>
Net book value	
At 31 October 2008	<u>—</u>
At 31 October 2007	<u>—</u>

11. Tangible fixed assets

	Plant & machinery £000	Motor vehicles £000	Office equipment £000	Total £000
Cost				
At 1 November 2007	7,063	709	169	7,941
Additions	8	36	13	57
Disposals	(221)	(68)	(3)	(292)
At 31 October 2008	<u>6,850</u>	<u>677</u>	<u>179</u>	<u>7,706</u>
Depreciation				
At 1 November 2007	6,296	411	99	6,806
Charge for the year	226	170	51	447
On disposals	(221)	(67)	(3)	(291)
At 31 October 2008	<u>6,301</u>	<u>514</u>	<u>147</u>	<u>6,962</u>
Net book value				
At 31 October 2008	<u>549</u>	<u>163</u>	<u>32</u>	<u>744</u>
At 31 October 2007	<u>767</u>	<u>298</u>	<u>70</u>	<u>1,135</u>

12. Investments

	Shares in group undertakings £000
Cost	
At 1 November 2007 and 31 October 2008	<u>10</u>
Net book value	
At 31 October 2008	<u>10</u>
At 31 October 2007	<u>10</u>

BYZAK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2008

12. Investments (continued)

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

	2008 £000	<i>2007</i> <i>£000</i>
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)	—	—

Under the provision of section 228 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

13. Stocks

	2008 £000	<i>2007</i> <i>£000</i>
Raw materials and consumables	<u>27</u>	<u>27</u>

14. Debtors

	2008 £000	<i>2007</i> <i>£000</i>
Trade debtors	892	693
Amounts owed by group undertakings	835	1,142
Amounts owed by related undertakings	59	—
Amounts recoverable on contracts	3,051	4,530
Other debtors	91	79
Prepayments and accrued income	<u>305</u>	<u>294</u>
	<u>5,233</u>	<u>6,738</u>

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

	2008 £000	<i>2007</i> <i>£000</i>
Amounts recoverable on contracts	<u>362</u>	<u>458</u>

15. Cash at bank and in hand

Cash at bank and in hand includes £194,000 (2007: £168,000) which is held in trust for the beneficiaries of the Employee Benefit Trust.

BYZAK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2008

16. Creditors: Amounts falling due within one year

	2008 £000	2007 £000
Payments received on account	1,271	1,504
Trade creditors	2,228	2,785
Amounts owed to group undertakings	27	6
Corporation tax	453	606
Other taxation and social security	595	1,621
Other creditors	231	334
Accruals and deferred income	2,628	5,475
	<u>7,433</u>	<u>12,331</u>

17. Deferred taxation

The movement in the deferred taxation provision during the year was:

	2008 £000	2007 £000
At 1 November 2007	-	(111)
Profit and loss account movement arising during the year	-	111
At 31 October 2008	<u>-</u>	<u>-</u>

No provision has been made in the financial statements and the amounts unprovided at the end of the year are as follows:

	2008 £000	2007 £000
Excess of depreciation over taxation allowances	<u>173</u>	<u>178</u>

No provision has been made in the accounts for the deferred tax asset of £173,000 (2007: £178,000) because in the directors opinion it may not be recoverable in the foreseeable future.

18. Derivatives

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

19. Pensions and other post retirement benefits

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 2008 the employer paid contributions of 15% (2007: 15%) of pensionable salaries amounting to £148,000 (2007: £190,000). In addition, the employer paid a special contribution of £620,000 (2007: £54,000). Members contributed at the rate of 6% (2007: 6%) of pensionable salaries.

Group contributions are based upon advice from an independent qualified actuary who assessed the rates at 31 October 2008 using attained age method.

The most recent actuarial valuation of the Scheme has been updated by SBJ Benefit Consultants to 31 October 2008 to take account of the requirements of FRS 17.

BYZAK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2008

19. Pensions and other post retirement benefits (continued)

The amounts recognised in the profit and loss account are as follows:

	2008	2007
	£000	£000
Amounts charged to operating profit:		
Current service cost	110	201
Total operating charge	<u>110</u>	<u>201</u>
Amounts included in other finance income:		
Expected return on scheme assets	(514)	(478)
Interest on scheme liabilities	404	350
Other finance income	<u>(110)</u>	<u>(128)</u>
Total charge to the profit and loss account	<u>-</u>	<u>73</u>
Actual return on scheme assets	<u>(684)</u>	<u>1,099</u>

The total operating charge/(credit) is recognised in the following line items in the profit and loss account:

	2008	2007
	£000	£000
Cost of sales	29	145
Administrative expenses	81	56
Total operating charge/(credit)	<u>110</u>	<u>201</u>

Other finance income is included in the profit and loss account within interest receivable and similar income.

The amounts recognised in the balance sheet are as follows:

	2008	2007
	£000	£000
Present value of funded obligations	(5,624)	(6,981)
Fair value of scheme assets	8,453	8,507
	<u>2,829</u>	<u>1,526</u>
Other amounts not recognised as an asset	(2,829)	-
Related deferred tax liability	-	(458)
Net pension asset	<u>-</u>	<u>1,068</u>

Changes in the present value of the defined benefit obligation scheme are as follows:

	2008	2007
	£000	£000
Opening defined benefit obligation	6,981	7,014
Current service cost	110	201
Interest on scheme liabilities	404	350
Actuarial gain	(1,308)	(654)
Contributions by scheme participants	53	76
Benefits paid	(191)	(6)
Curtailment gain	(425)	-
Closing defined benefit obligation	<u>5,624</u>	<u>6,981</u>

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19. Pensions and other post retirement benefits (continued)

Changes in the fair value of scheme assets are as follows:

	2008 £000	2007 £000
Opening fair value of scheme assets	8,507	7,094
Expected return on scheme assets	586	478
Contributions by employer	768	244
Contributions by scheme participants	53	76
Actuarial (loss)/gain	(1,270)	621
Benefits paid	(191)	(6)
Closing fair value of scheme assets	<u>8,453</u>	<u>8,507</u>

The fair value of the major categories of scheme assets as a percentage of total scheme assets are as follows:

	2008 %	2007 %
Equities	-	76
Bonds	92	8
Others	8	16

The principal actuarial assumptions as at the balance sheet date were:

	2008 %	2007 %
Discount rate	7	6
Expected return on scheme assets	6	7
Rate of increase in salaries	-	4
Inflation	4	3

During the year ended 31 October 2008, the expected return on scheme assets was £586,000. This has been restricted to £514,000 in accordance with FRS 17, as there is a restriction on the recognition of any defined benefit scheme surplus.

Amounts for the current and previous four periods are as follows:

	2008 £000	2007 £000	2006 £000	2005 £000	2004 £000
Defined benefit obligation	(5,624)	(6,981)	(7,014)	(5,719)	(4,759)
Fair value of scheme assets	8,453	8,507	7,094	5,515	4,236
Surplus/(deficit) in the scheme	<u>2,829</u>	<u>1,526</u>	<u>80</u>	<u>(204)</u>	<u>(523)</u>

20. Commitments under operating leases

At 31 October 2008 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings 2008 £000	Land and buildings 2007 £000
Operating leases which expire:		
Within 2 to 5 years	<u>277</u>	<u>257</u>

21. Contingencies

At 31 October 2008 the company had performance bonds amounting to £1,293,000 (2007: £3,175,000).

BYZAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2008

22. 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 £115,000 (2007: £95,000) to the company. In addition the company made recharges to Kaleida Limited of £27,000 (2007: £27,000).

Included in amounts owed to group undertakings was a trading balance for the year ended 31 October 2008 of £27,000 (2007: £6,000) owed to Kaleida Limited.

Included in amounts owed from group undertakings was a trading balance for the year ended 31 October 2008 of £629,000 (2007: £936,000) due from Kaleida Limited, and £206,000 (2007: £206,000) due from Globemile Limited.

Included in amounts owed from related parties was a balance for the year ended 31 October 2008 of £59,000 (2007: £Nil) due from Retroflo Limited, a company with common directors and shareholders.

23. Share capital

Authorised share capital:

	2008 £000	2007 £000
385,000 Ordinary A shares of £0.10 each	39	39
115,000 Ordinary B shares of £0.10 each	11	11
	<u>50</u>	<u>50</u>

Allotted, called up and fully paid:

	2008 No	2008 £000	2007 No	2007 £000
Ordinary A shares of £0.10 each	385,000	39	385,000	39
Ordinary B shares of £0.10 each	115,000	11	115,000	11
	<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.

24. Other reserves

	2008 £000	2007 £000
Balance brought forward	(56)	(26)
Additions to own shares	—	(30)
Disposals of own shares	56	—
	<u>—</u>	<u>(56)</u>

The other reserve represents an investment in own shares relating to Nil% (2007: 3%) of the company's share capital which was acquired by The Byzak Contractors Limited Employee Benefit Trust. The movement in the investment reflects the sale of shares to qualifying employees.

BYZAK LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2008****25. Profit and loss account**

	2008	2007
	£000	£000
Balance brought forward	9,407	6,732
Profit for the financial year	872	2,282
Equity dividends	(250)	(500)
Defined pension benefit scheme	(542)	893
(Loss)/profit on disposal of own shares	(22)	—
Balance carried forward	<u>9,465</u>	<u>9,407</u>

26. Reconciliation of movements in shareholders' funds

	2008	2007
	£000	£000
Profit for the financial year	872	2,282
Equity dividends	(250)	(500)
Defined benefit pension scheme	(542)	893
(Loss)/profit on disposal of own shares	(22)	—
Additions to own shares	—	(30)
Disposals of own shares	56	—
Net addition to shareholders' funds	<u>114</u>	<u>2,645</u>
Opening shareholders' funds	9,401	6,756
Closing shareholders' funds	<u>9,515</u>	<u>9,401</u>

27. 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 £420,000 (2007: £360,000).

In accordance with FRS 5 - "Reporting the substance of transactions", trust assets of £251,000 (2007: £209,000) have been incorporated into the company's balance sheet.

Trust assets totalling £420,000 (2007: £360,000) have been allocated to the beneficiaries of the trust during the year and therefore have been included in the profit and loss account.

28. Control

Due to the structure described in note 23, 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, Maindy, Cardiff, CF4 3UZ.