

**PAYE STONERWORK AND
RESTORATION LIMITED
REPORT AND FINANCIAL STATEMENTS
31 AUGUST 2005**



Horwath Clark Whitehill

Horwath Clark Whitehill LLP
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PAYE STONWORK & RESTORATION LIMITED
DIRECTORS AND ADVISERS

DIRECTORS

Adrian P W Paye
Albert F Goodwin
Peter D Lloyd
Paul P Newsam
Martin R Harvey

SECRETARY

Martin R Harvey

AUDITORS

Horwath Clark Whitehill LLP
Chartered Accountants
St Bride's House
10 Salisbury Square
London EC4Y 8EH

BANKERS

National Westminster Bank plc
89 Mount Pleasant Road
Tunbridge Wells
Kent TN1 1QJ

LEGAL ADVISERS

Cripps Harries Hall
Wallside House
12 Mount Ephraim Road
Tunbridge Wells
Kent TN1 1EG

PAYE STONWORK & RESTORATION LIMITED
CHAIRMAN'S STATEMENT
YEAR ENDED 31 AUGUST 2005

The seasonal nature of our work was experienced with greater intensity throughout the winter months, new projects being slow to reach the commencement stage in the new year. However, I am pleased to report that trading levels improved quickly and strongly from spring and into the summer months.

Many major projects were successfully undertaken throughout the year including BBC Broadcasting House, Unilever House, Burlington House, 157/159 Fenchurch Street, St Pancras Channel Tunnel Rail Link, The Old Palace in Canterbury, Eton College Chapel, Blackheath Concert Halls, The Tower of London and Knole House in Sevenoaks.

We were pleased to have worked in all the major sectors including ecclesiastical, social housing, high specification residential, commercial, retail, tourist, local authority, leisure, public, education and health.

The continued high proportion of negotiated contracts for repeat clients has resulted from the excellent reputation we enjoy for providing the best technical solutions at the best market rates and for reliability in achieving cost and programme targets.

We are also very pleased to have supported the following charities this year:

Breakthrough Breast Cancer
The Children's Fund
CLIC
British Urological Foundation

I would like to thank my colleagues for their support and hard work over the last year.



ADRIAN P W PAYE, CHAIRMAN

PAYE STONework & RESTORATION LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 AUGUST 2005

The directors present their report together with the financial statements for the year ended 31 August 2005.

RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 6. Interim dividends of £50,000 were paid during the year and no final dividend has been proposed.

PRINCIPAL ACTIVITIES

The company's principal activities during the year were those of cleaning, repairing, extending and adapting historic facades.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The directors have continued to develop the business in the light of prevailing trading conditions and the position at 31 August 2005 is reflected in the financial statements for the year then ended. The present intention is to continue the development of the existing business of the company.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year and their interests in the share capital of the company at the beginning and end of the year were as follows:

	Ordinary shares of £1 each	
	31 August 2005 No.	31 August 2004 No.
Adrian P W Paye	16,500	16,500
Albert F Goodwin	16,500	16,500
Peter D Lloyd	8,500	8,500
Paul P Newsam	8,500	8,500
Martin R Harvey	-	-

AUDITORS

Horwath Clark Whitehill LLP have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted to the forthcoming Annual General Meeting.

By Order of the Board



MARTIN R HARVEY

Director

29.1.2006

PAYE STONERWORK & RESTORATION LIMITED

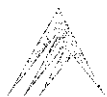
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The purpose of this statement is to distinguish the directors' responsibilities for the financial statements from those of the auditors, as stated in their report.

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the company's state of affairs at the end of the period and of its profit or loss for the period. In preparing those financial statements the directors are required to:

- select suitable accounting policies and 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 assume 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.



INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PAYE STONEWORK & RESTORATION LIMITED

We have audited the financial statements of Paye Stonework & Restoration Limited for the year ended 31 August 2005 set out on pages 6 to 13. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinion 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 law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you 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 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 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 judgments 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.

Unqualified opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 August 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

24 April 2006

Horwath Clark Whitehill LLP
Chartered Accountants and
Registered Auditors

PAYE STONERWORK & RESTORATION LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 AUGUST 2005

	Notes	2005 £	2004 £
TURNOVER	1b)	14,193,620	13,726,495
Cost of sales		<u>(11,796,836)</u>	<u>(10,535,351)</u>
GROSS PROFIT		2,396,784	3,191,144
Administrative expenses		<u>(2,133,609)</u>	<u>(2,781,443)</u>
OPERATING PROFIT	2	263,175	409,701
Interest receivable		7,936	9,401
Interest payable	4	<u>(420)</u>	<u>(499)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		270,691	418,603
Tax on profit on ordinary activities	5	<u>(86,160)</u>	<u>(115,935)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		184,531	302,668
Dividends	6	<u>(50,000)</u>	<u>(250,000)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>134,531</u>	<u>52,668</u>

The profit and loss account contains all the gains and losses recognised in the current and previous year and the retained profit for the year represents the only movement in shareholders' funds during those years.

The notes on pages 9 to 13 form part of these financial statements.

PAYE STONERWORK & RESTORATION LIMITED
BALANCE SHEET
31 AUGUST 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Tangible assets	7	<u>41,025</u>	<u>44,397</u>
CURRENT ASSETS			
Stocks	8	475	550
Debtors			
- Amounts falling due within one year	9	4,636,300	3,441,379
- Amounts falling due after more than one year	9	250,495	250,495
Cash at bank and in hand		<u>436</u>	<u>203,276</u>
		4,887,706	3,895,700
CREDITORS: amounts falling due within one year	10	<u>(4,056,585)</u>	<u>(3,202,482)</u>
NET CURRENT ASSETS		<u>831,121</u>	<u>693,218</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>872,146</u>	<u>737,615</u>
CAPITAL AND RESERVES			
Called up share capital	11	50,000	50,000
Profit and loss account		<u>822,146</u>	<u>687,615</u>
SHAREHOLDERS' FUNDS		<u>872,146</u>	<u>737,615</u>

Approved by the Board on
and signed on its behalf by:

ADRIAN P W PAYE

ALBERT F GOODWIN

21.1.2006

AD Payne

AG

} Directors

The notes on pages 9 to 13 form part of these financial statements.

PAYE STONWORK & RESTORATION LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 AUGUST 2005

	Notes	2005 £	2004 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	12	<u>(429,691)</u>	<u>976,929</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(420)	(499)
Interest received		<u>7,936</u>	<u>9,401</u>
		<u>7,516</u>	<u>8,902</u>
TAXATION			
UK corporation tax paid		<u>(121,280)</u>	<u>(56,858)</u>
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		<u>(10,415)</u>	<u>(13,301)</u>
EQUITY DIVIDENDS PAID		<u>(50,000)</u>	<u>(325,000)</u>
(DECREASE)/INCREASE IN CASH	13	<u>(603,870)</u>	<u>590,672</u>

The notes on pages 9 to 13 form part of these financial statements.

PAYE STONERWORK & RESTORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2005

1. ACCOUNTING POLICIES

a) Basis of Accounting

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

b) Turnover

This represents the invoiced amounts of goods sold and services provided, net of value added tax. All turnover arose in the UK and relates entirely to the company's principal activity.

c) Depreciation of Tangible Fixed Assets

Provision is made for depreciation on all tangible fixed assets at rates calculated to write off the cost less estimated residual value, of each asset over its expected useful life, as follows:

Motor vehicles	25% per annum on a straight line basis
Computer equipment	33% per annum on a straight line basis
Fixtures, fittings and office equipment	20% per annum on a reducing balance basis

d) Stock and Long Term Contracts

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

Amounts recoverable on long-term contracts are stated at cost plus attributable profits less provision for any known or anticipated losses and payments on account and are included in debtors. Payments on account in excess of amounts recoverable on contracts are included in creditors.

e) Pension Costs

The company operates funded defined contribution pension schemes for its employees. Contributions are charged to the profit and loss account as they accrue.

f) Finance and Operating Leases

Finance leases, where substantially all the rights and rewards of ownership are transferred to the lessee, are capitalised in tangible fixed assets at their fair value and depreciated over their useful lives.

Operating lease rentals are charged to the profit and loss account in the period they accrue.

PAYE STONEWORK & RESTORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 AUGUST 2005

2. OPERATING PROFIT	2005	2004
	£	£
This is stated after charging		
Auditors' remuneration: as auditors	15,000	8,500
Depreciation	13,787	16,148
Operating lease rentals - equipment	1,042,742	538,225
- land and buildings	75,419	65,744
	<u>75,419</u>	<u>65,744</u>

3. EMPLOYEE INFORMATION

Staff costs:		
Wages and salaries	2,077,330	2,625,597
Social security costs	245,141	317,021
Other pension costs	160,104	165,506

<u>2,482,575</u>	<u>3,108,124</u>
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The average weekly number of employees during the year was as follows:

	No.	No.
Administrative	11	10
Contracts and site	33	32
	<u>44</u>	<u>42</u>

Directors' emoluments:	£	£
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Fees and salaries	645,750	1,276,322
Company contributions to personal pension plans	97,040	96,939

<u>742,790</u>	<u>1,373,261</u>
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The highest paid director received fees and salary of £188,724 (2004: £353,183) together with company contributions to his pension plan of £45,064 (2004: £4,000). Four directors had company contributions made into their pension plans.

4. INTEREST PAYABLE	2005	2004
	£	£
On bank loans, overdrafts and similar loans:		
Repayable otherwise than by instalments	420	499
	<u>420</u>	<u>499</u>

PAYE STONWORK & RESTORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 AUGUST 2005

5. TAX ON PROFIT ON ORDINARY ACTIVITIES	2005 £	2004 £
UK Corporation Tax on the taxable profit for the year (see below)	86,160	121,280
Over provision in previous year	<u>-</u>	<u>(5,345)</u>
	<u>86,160</u>	<u>115,935</u>

Factors affecting the tax charge for the year

The tax for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below:

Profit on ordinary activities before taxation	<u>270,691</u>	<u>418,603</u>
Profit on ordinary activities before taxation multiplied by the rate standard of UK corporation tax of 30%	81,207	125,581
Effects of:		
Expenses not deductible for tax purposes	36,006	35,661
Capital allowances in excess of depreciation	(502)	(359)
Movements in short-term timing differences	-	(12,000)
Small companies relief	<u>(30,551)</u>	<u>(27,603)</u>
	<u>86,160</u>	<u>121,280</u>

6. DIVIDENDS

Interim dividends paid: £1 per share (2004: £5 per share)	<u>50,000</u>	<u>250,000</u>
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7. TANGIBLE FIXED ASSETS

	Motor Vehicles £	Fixtures, Fittings And Office Equipment £	Total £
Cost			
At 1 September 2004	8,453	107,817	116,270
Additions	<u>-</u>	<u>10,415</u>	<u>10,415</u>
At 31 August 2005	<u>8,453</u>	<u>118,232</u>	<u>126,685</u>
Depreciation			
At 1 September 2004	176	71,697	71,873
Charge for year	<u>2,112</u>	<u>11,675</u>	<u>13,787</u>
At 31 August 2005	<u>2,288</u>	<u>83,372</u>	<u>85,660</u>
Net book value			
At 31 August 2005	<u>6,165</u>	<u>34,860</u>	<u>41,025</u>
At 31 August 2004	<u>8,277</u>	<u>36,120</u>	<u>44,397</u>

PAYE STONWORK AND RESTORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 AUGUST 2005

8. STOCKS	2005	2004
	£	£
Raw materials and consumables	<u>475</u>	<u>550</u>
9. DEBTORS		
Amounts falling due within one year:		
Trade debtors	340,389	188,301
Amounts recoverable on contracts	4,258,832	3,143,553
Other debtors	31,176	96,111
Prepayments and accrued income	<u>5,903</u>	<u>13,414</u>
	<u>4,636,300</u>	<u>3,441,379</u>
Amounts falling due after more than one year:		
Prepayments and accrued income	<u>250,495</u>	<u>250,495</u>
10. CREDITORS: Amounts falling due within one year		
Bank overdraft	401,029	-
Trade creditors	2,584,646	1,844,549
Corporation tax	86,160	121,280
Other taxes and social security costs	259,130	342,431
Accruals	725,201	894,020
Other creditors	<u>419</u>	<u>202</u>
	<u>4,056,585</u>	<u>3,202,482</u>
The company's bank overdraft facilities are secured by a fixed and floating charge over the assets of the company.		
11. SHARE CAPITAL		
Authorised share capital		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

PAYE STONework AND RESTORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 AUGUST 2005

12. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2005 £	2004 £
Operating profit	263,175	409,701
Depreciation of tangible fixed assets	13,787	16,148
Decrease in stock	75	650
(Increase)/decrease in debtors	(1,194,921)	425,392
Increase in creditors	488,193	125,038
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	(429,691)	976,929

13. ANALYSIS OF NET FUNDS

	At 1 September 2004 £	Cash Flow £	At 31 August 2005 £
Cash at bank in hand	203,276	(603,870)	(400,594)

14. OPERATING LEASE COMMITMENTS

At 31 August 2005, the company had annual commitments under non-cancellable operating leases as set out below.

Operating leases which expire:

	2005		2004	
	Land and buildings £	Other £	Land and Buildings £	Other £
Within one year	-	12,556	600	12,965
Within two to five years	3,000	11,960	-	28,325
After more than five years	77,000	-	65,000	-
	80,000	24,516	65,600	41,290

15. RELATED PARTY TRANSACTIONS/DIRECTORS' MATERIAL INTERESTS IN CONTRACTS

A P W Paye and A F Goodwin are directors of the company and partners of the Goodwin Paye partnership. £658,210 (2004: £447,392) was charged during the year by the partnership to the company for goods and services provided. At 31 August 2005 the company was owed £590,884 (2004: £442,858) by the Goodwin Paye partnership. The balance owed principally constitutes the whole of the trade debtors due within one year balance and the whole of the prepayments due after more than one year balance.

16. CONTROL

Throughout the year the company was controlled by its directors, details of their interest in the ordinary share capital of the company can be found in the directors' report.