

**PAYE STONWORK AND
RESTORATION LIMITED**
REPORT AND FINANCIAL STATEMENTS
31 AUGUST 2007

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RESTORATION
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 **Horwath Clark Whitehill**

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PAYE STONework & RESTORATION LIMITED
DIRECTORS AND ADVISERS

DIRECTORS

Adrian P W Paye
Albert F Goodwin
Peter D Lloyd
Paul P Newsam
Martin R Harvey
Matthew J Kember
Robert W Greer

SECRETARY

Martin R Harvey

AUDITORS

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

BANKERS

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89 Mount Pleasant Road
Tunbridge Wells
Kent TN1 1QJ

LEGAL ADVISERS

Cripps Harries Hall
Wallside House
12 Mount Ephraim Road
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PAYE STONWORK & RESTORATION LIMITED

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PAYE STONWORK & RESTORATION LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 AUGUST 2007

The directors present their report together with the financial statements for the year ended 31 August 2007

RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account. Interim dividends of £147,000 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.

BUSINESS REVIEW

Business activities

Trading has continued with many prestigious projects successfully completed. Current work in progress includes projects for the Royal Household including Windsor Castle and also the Savoy Hotel together with numerous other listed and landmark buildings.

The company's reputation as one of the market leaders in the field of conservation, repair and cleaning of listed and historic facades continues to grow, an indication of this being the large percentage of negotiated contracts we secure.

Amongst the charities supported during the year were Breast Cancer Awareness, Cancer Research, Children with Aids and The Willow Foundation.

Review of the business – financial

The company significantly increased its turnover during the year from £15.7million to £19.0million as a number of major projects came on stream. Profitability remains satisfactory.

Position of the business at year end

The financial position of the company at the year end remained healthy helped by sound working capital management. Shareholders' funds decreased to approximately £752,000.

Events since year end

Turnover has continued at similar levels to the previous year since the year end as the result of securing a good number of high value orders and the focus on securing profitable work and tightly controlling overheads remains unchanged.

Future developments

The company will continue its strategy of developing long-term relationships with key clients whilst at the same time fostering new links with organisations seen as being able to provide a steady source of future work.

Research and development

The directors constantly strive to find improved methods for carrying out operations to make them more efficient, effective and environmentally sound and all necessary resources are made available to help achieve this.

PAYE STONework & RESTORATION LIMITED
DIRECTORS' REPORT (CONTINUED)
YEAR ENDED 31 AUGUST 2007

DIRECTORS

The directors who served during the year were

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

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's principal financial instruments comprise a bank overdraft, lease contracts, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the company's operations. The company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The company does not enter into derivative transactions.

It is, and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the company's financial instruments are interest rate risk, commodity price risk, liquidity risk, foreign currency risk, and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The company's exposure to market risk for changes in interest rates relates primarily to the company's short-term debt obligations. The company's policy is to manage its interest cost using variable rate debt. The company's exposure to interest rate fluctuations on its borrowings is managed by the use of floating facilities. The company finances specific vehicle and equipment acquisitions via contract hire and other operating lease arrangements.

Foreign currency risk

The company's overseas operations do not constitute a significant part of activities and foreign currency risk is therefore minimal. Where possible, transactions are denominated in Sterling to eliminate this risk completely.

Commodity price risk

The company's exposure to the price of stone is relatively high, therefore selling prices are monitored regularly to reduce the impact of such risk.

Credit risk

The company derives a major part of its income from trade with recognised, creditworthy third parties. It is company policy that all customers who wish to trade on credit terms are subject to credit vetting procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant.

Liquidity risk

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, contract hire and operating lease contracts.

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.

PAYE STONERWORK & RESTORATION LIMITED
DIRECTORS' REPORT (CONTINUED)
YEAR ENDED 31 AUGUST 2007

STATEMENT OF 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,
- state whether applicable UK 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.

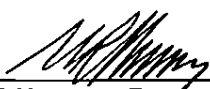
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PROVISION OF INFORMATION TO AUDITORS

The directors at the time when this Directors' report is approved have confirmed that

- So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware and
- each director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

This report was approved by the board on 26th August 2008 and signed on its behalf by



M R Harvey - Director

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

We have audited the financial statements of Paye Stonework and Restoration Limited for the year ended 31 August 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Cash-flow Statement and the related notes 1 to 20. These financial statements have been prepared under 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 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 opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

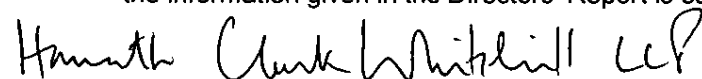
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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.

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 August 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.



HORWATH CLARK WHITEHILL LLP
Chartered Accountants and Registered Auditors
London

26 August 2008

PAYE STONework & RESTORATION LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 AUGUST 2007

	Notes	2007 £	2006 £
TURNOVER	1b), 2	19,044,482	15,678,451
Cost of sales		<u>(15,836,551)</u>	<u>(12,485,072)</u>
GROSS PROFIT		3,207,931	3,193,379
Administrative expenses		<u>(3,148,586)</u>	<u>(2,706,479)</u>
OPERATING PROFIT	3	59,345	486,900
Interest receivable		11,550	10,710
Interest payable	5	<u>-</u>	<u>(1,230)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		70,895	496,380
Tax on profit on ordinary activities	6	<u>(37,897)</u>	<u>(152,348)</u>
PROFIT FOR THE FINANCIAL YEAR		32,998	344,032
Profit and loss account brought forward		816,178	822,146
Dividends	7	<u>(147,000)</u>	<u>(350,000)</u>
PROFIT AND LOSS ACCOUNT CARRIED FORWARD		<u>702,176</u>	<u>816,178</u>

The profit and loss account contains all the gains and losses recognised in the current and previous year and the profit for the financial year and dividends recorded above represent the only movement in shareholders' funds during those years

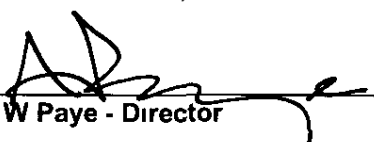
All amounts relate to continuing operations

The related notes 1 to 20 form part of these financial statements.

PAYE STONEWORK & RESTORATION LIMITED
BALANCE SHEET
31 AUGUST 2007

	Notes	2007 £	2006 £
FIXED ASSETS			
Tangible assets	8	<u>31,519</u>	<u>34,589</u>
CURRENT ASSETS			
Stocks	9	485	527
Debtors			
- Amounts falling due within one year	10	4,680,335	4,573,228
- Amounts falling due after more than one year	10	250,495	250,495
Cash at bank and in hand		<u>85,943</u>	<u>45</u>
		5,017,258	4,824,295
CREDITORS: amounts falling due within one year	11	<u>(4,038,961)</u>	<u>(3,992,706)</u>
NET CURRENT ASSETS		978,297	831,589
TOTAL ASSETS LESS CURRENT LIABILITIES		1,009,816	866,178
PROVISIONS FOR LIABILITIES AND CHARGES	12	<u>(257,640)</u>	<u>-</u>
NET ASSETS		<u>752,176</u>	<u>866,178</u>
CAPITAL AND RESERVES			
Called up share capital	13	50,000	50,000
Profit and loss account	14	<u>702,176</u>	<u>816,178</u>
SHAREHOLDERS' FUNDS		<u>752,176</u>	<u>866,178</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26th August 2008


A P W Paye - Director


A F Goodwin - Director

The related notes 1 to 20 form part of these financial statements.

PAYE STONWORK & RESTORATION LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 AUGUST 2007

	Notes	2007 £	2006 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	16	<u>885,355</u>	<u>332,753</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		-	(1,230)
Interest received		<u>11,550</u>	<u>10,710</u>
		<u>11,550</u>	<u>9,480</u>
TAXATION			
UK corporation tax paid		<u>(153,677)</u>	<u>(84,831)</u>
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		<u>(10,397)</u>	<u>(6,697)</u>
EQUITY DIVIDENDS PAID		<u>(147,000)</u>	<u>(350,000)</u>
INCREASE/(DECREASE) IN CASH	17	<u>585,831</u>	<u>(99,295)</u>

The related notes 1 to 20 form part of these financial statements

PAYE STONWORK & RESTORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2007

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

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 straight line 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

g) Deferred Taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation. A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse. Deferred tax assets and liabilities are not discounted

2. TURNOVER

The whole of the turnover is attributable to cleaning, repairing, extending and adapting historic facades

All turnover arose within the United Kingdom, with the exception of £271,212 of turnover relating to two contracts where work was undertaken in Bermuda

PAYE STONWORK & RESTORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 AUGUST 2007

3	OPERATING PROFIT	2007	2006
		£	£
	This is stated after charging		
	Auditors' remuneration as auditors	12,500	13,750
	Depreciation	13,467	13,133
	Operating lease rentals - equipment	1,253,985	1,174,900
	- land and buildings	111,450	80,983

4	EMPLOYEE INFORMATION	2007	2006
		£	£
	Staff costs, including directors costs		
	Wages and salaries	2,771,148	2,673,367
	Social security costs	324,825	315,542
	Other pension costs	157,945	169,722
		3,253,918	3,158,631

The average weekly number of employees during the year was as follows

	No	No
Administrative	15	12
Contracts and site	35	33
	50	45

	£	£
Directors' emoluments		
Fees and salaries	1,038,357	1,136,483
Company contributions to personal pension plans	84,416	100,308
	1,122,773	1,236,791

The highest paid director received fees and salary of £289,215 (2006 £306,883) together with company contributions to his pension plan of £24,000 (2006 £24,000) Four directors had company contributions made into their pension plans

5.	INTEREST PAYABLE	2007	2006
		£	£
	On bank loans, overdrafts and similar loans		
	Repayable otherwise than by instalments	-	1,230

PAYE STONEWORK & RESTORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 AUGUST 2007

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TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007	2006
	£	£
UK Corporation Tax		
- Current year	37,897	153,677
- Over provision in previous year	-	(1,329)
	37,897	152,348
Factors affecting the tax charge for the year		
The tax for the year is higher than (2006 - higher than) the standard rate of corporation tax in the UK. The differences are explained below		
Profit on ordinary activities before taxation	70,895	496,380
Profit on ordinary activities before taxation multiplied by the rate standard of UK corporation tax of 19.42% (2006: 30.00%)	13,768	148,914
Effects of		
Expenses not deductible for tax purposes	24,380	29,236
Capital allowances in excess of depreciation	(251)	409
Movements in short-term timing differences	-	-
Small companies relief	-	(24,882)
	37,897	153,677
There are no factors that may affect future tax charges		

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DIVIDENDS

	2007	2006
	£	£
Interim dividends paid £2.94 per share (2006: £7 per share)	147,000	350,000

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TANGIBLE FIXED ASSETS

	Motor Vehicles	Fixtures, Fittings And Office Equipment	Total
	£	£	£
Cost			
1 September 2006	8,453	124,929	133,382
Additions	-	10,397	10,397
31 August 2007	8,453	135,326	143,779
Depreciation			
1 September 2006	4,401	94,392	98,793
Charge for year	2,113	11,354	13,467
31 August 2007	6,514	105,746	112,260
Net book value			
31 August 2007	1,939	29,580	31,519
31 August 2006	4,052	30,537	34,589

PAYE STONework AND RESTORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 AUGUST 2007

9. STOCKS	2007	2006
	£	£
Raw materials and consumables	<u>485</u>	<u>527</u>
10. DEBTORS	2007	2006
	£	£
Amounts falling due within one year		
Trade debtors	201,280	475,018
Amounts recoverable on contracts	4,416,443	4,055,985
Other debtors	42,371	37,815
Prepayments and accrued income	<u>20,241</u>	<u>4,410</u>
	<u>4,680,335</u>	<u>4,573,228</u>
Amounts falling due after more than one year		
Prepayments and accrued income	<u>250,495</u>	<u>250,495</u>
11 CREDITORS: Amounts falling due within one year	2007	2006
	£	£
Bank overdraft	-	499,933
Trade creditors	3,330,560	2,520,908
Corporation tax	37,897	153,677
Other taxes and social security costs	261,736	194,689
Accruals	405,289	616,825
Other creditors	<u>3,479</u>	<u>6,674</u>
	<u>4,038,961</u>	<u>3,992,706</u>

The company's bank overdraft facilities are secured by a fixed and floating charge over the assets of the company

12. PROVISIONS FOR LIABILITIES AND CHARGES

	2007	2006
	£	£
At 1 September 2006	-	-
Profit and loss account	<u>257,640</u>	-
At 31 August 2007	<u>257,640</u>	-

A provision of £257,640 has been made in the year in respect of a claim against the company for loss of profits following fire damage to the claimant's premises. It is expected that the claim will settle in 2008 or 2009. The provision has been based on the claimant's best estimate for the loss of profits. The estimated costs have not been discounted.

PAYE STONWORK AND RESTORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 AUGUST 2007

13	SHARE CAPITAL	2007	2006
		£	£
	Authorised 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>
14	RESERVES	2007	2006
		£	£
	At 1 September	816,178	822,126
	Profit for the year	32,998	344,032
	Dividends	<u>(147,000)</u>	<u>(350,000)</u>
	At 31 August	<u>702,176</u>	<u>816,178</u>
15	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2007	2006
		£	£
	Opening shareholders' funds	866,178	872,126
	Profit for the year	32,998	344,032
	Dividends	<u>(147,000)</u>	<u>(350,000)</u>
	Closing shareholders' funds	<u>752,176</u>	<u>866,178</u>
16.	RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2007	2006
		£	£
	Operating profit	59,345	486,900
	Depreciation of tangible fixed assets	13,467	13,133
	(Increase)/decrease in stock	42	(52)
	(Increase)/decrease in debtors	(107,107)	63,072
	Increase/(decrease) in creditors	<u>919,608</u>	<u>(230,300)</u>
	NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>885,355</u>	<u>332,753</u>
17.	ANALYSIS OF NET FUNDS		
		<i>At 1 September</i>	<i>At 31 August</i>
		<i>2006</i>	<i>2007</i>
		£	£
	Cash at bank in hand	45	85,943
	Bank overdraft	<u>(499,933)</u>	<u>-</u>
		<u>(499,888)</u>	<u>85,943</u>

PAYE STONWORK AND RESTORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 AUGUST 2007

18 OPERATING LEASE COMMITMENTS

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

Operating leases which expire	2007		2006	
	Land and buildings £	Other £	Land and Buildings £	Other £
Within one year	3,000	-	-	2,501
Within two to five years	49,542	40,698	3,000	26,466
After more than five years	80,000	-	77,000	-
	<u>132,542</u>	<u>40,698</u>	<u>80,000</u>	<u>28,967</u>

19. 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 £1,172,057 (2006 £579,791) was charged during the year by the partnership to the company for goods and services provided At 31 August 2007 the company was owed £451,775 (2006 £725,513) 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

20. CONTROL

Throughout the year the company was controlled by its directors, who between them own the entire share capital of the company The directors consider that there is no one ultimate controlling party