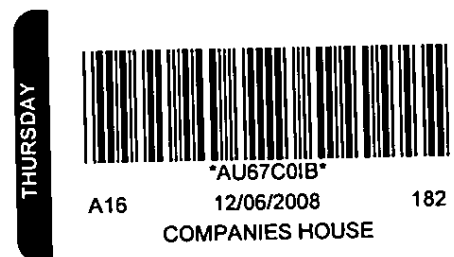


**Scion Direct Services Limited**  
Financial statements  
For the year ended 31 December 2007



**Company No. 04088414**

## Company information

<b>Company registration number</b>	04088414
<b>Registered office</b>	1390 Montpelier Court Gloucester Business Park Brockworth Gloucester GL3 4AH
<b>Director</b>	B R Westran A C M Smith
<b>Secretary</b>	B R Westran
<b>Bankers</b>	Barclays Bank plc 18 Southgate Street Gloucester Gloucestershire GL1 2DH
<b>Solicitors</b>	BPE St James's House St James' Square Cheltenham Gloucestershire GL50 3PR
<b>Auditor</b>	Grant Thornton UK LLP Chartered Accountants Registered Auditors Hartwell House 55 - 61 Victoria Street Bristol BS1 6AD

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## Report of the directors

The director presents his report and the financial statements of the company for the year ended 31 December 2007

### Principal activities and business review

The principal activity of the company during the period was that of facility management services

### Results and dividends

The profit for the year, after taxation, amounted to £67,365 (2006 - £9,888) The director has not recommended a dividend

### Director

The director who served the company during the year was as follows

D J Robertson (resigned 11 March 2008)

B R Westran was appointed as a director on 1 January 2008 A C M Smith was appointed as a director on 11 March 2008

### Director's responsibilities

The director is responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year Under that law the director has elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985 He is 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 director is aware

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

The director is 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

**Small company provisions**

The Report of the Director has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

**Auditor**

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

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'B R Westran', with a long horizontal stroke extending to the right.

B R Westran  
Secretary  
30 April 2008

# Report of the independent auditor to the member of Scion Direct Services Limited

We have audited the financial statements of Scion Direct Services Limited for the year ended 31 December 2007 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's member, 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 member those matters we are required to state to it 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of director and auditor**

The director's responsibilities for preparing the Report of the Director and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of director's 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 and the information given in the Report of the Director is consistent with the financial statements. We also 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 director's remuneration and other transactions is not disclosed.

We read the Report of the Director and consider the implications for our report if we become aware of any apparent misstatements within it.

## **Basis of 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 director 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.

## Report of the independent auditor to the member of Scion Direct Services Limited (continued)

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 December 2007 and of the profit of the company for the year then ended, and
- have been properly prepared in accordance with the Companies Act 1985
- the information given in the Report of the Director is consistent with the financial statements

A handwritten signature in black ink that reads "Grant Thornton UK LLP". The signature is written in a cursive, flowing style.

GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS  
BRISTOL  
30 April 2008

## Principal accounting policies

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with applicable United Kingdom accounting standards. The accounting policies have remained unchanged from the previous year.

### **Cash flow statement**

The director has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that 100% of the voting rights of the company are controlled by its ultimate parent company, which publishes a consolidated cash flow statement.

### **Turnover**

The turnover shown in the profit and loss account represents the value of work done during the period net of VAT and trade discounts.

### **Fixed assets**

All fixed assets are initially recorded at cost.

### **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:

Fixtures and fittings	- 15% Reducing balance
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### **Stocks**

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes materials and direct labour. Provision is made for any foreseeable losses when appropriate.

### **Long-term contracts**

The attributable profit on long-term contracts is recognised once their outcome can be assessed with reasonable certainty. The profit recognised reflects the proportion of work completed to date on the project.

Costs associated with long-term contracts are included within stock to the extent that they cannot be matched with contract work accounted for as turnover.

Full provision is made for losses on any contracts in the period that a loss is 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

### **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 that 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 where it is considered 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

### **Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

## Profit and loss account

	Note	2007 £	2006 £
Turnover	1	2,909,086	872,042
Cost of sales		(2,759,427)	(769,125)
Gross profit		<u>149,659</u>	<u>102,917</u>
Other operating charges	2	(74,489)	(86,638)
<b>Operating profit</b>	3	<u>75,170</u>	<u>16,279</u>
Interest payable and similar charges	5	(7,526)	—
<b>Profit on ordinary activities before taxation</b>		<u>67,644</u>	<u>16,279</u>
Tax on profit on ordinary activities	6	(279)	(6,391)
<b>Profit for the financial year</b>	14	<u><u>67,365</u></u>	<u><u>9,888</u></u>


All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

## Balance sheet

	Note	2007 £	2006 £
<b>Fixed assets</b>			
Tangible assets	7	<u>-</u>	<u>1,977</u>
<b>Current assets</b>			
Debtors	8	<u>651,751</u>	<u>568,515</u>
		<u>651,751</u>	<u>568,515</u>
<b>Creditors: amounts falling due within one year</b>	9	<u>281,929</u>	<u>268,035</u>
<b>Net current assets</b>		<u>369,822</u>	<u>300,480</u>
<b>Total assets less current liabilities</b>		<u>369,822</u>	<u>302,457</u>
<b>Capital and reserves</b>			
Called-up equity share capital	13	<b>1</b>	<b>1</b>
Profit and loss account	14	<u>369,821</u>	<u>302,456</u>
<b>Shareholder's funds</b>	14	<u>369,822</u>	<u>302,457</u>

These financial statements were approved by the directors on 30 April 2008 and are signed on their behalf by



A C M Smith

## Notes to the financial statements

### 1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company  
The turnover of the company is wholly derived from within the United Kingdom

### 2 Other operating charges

	2007	2006
	£	£
Administrative expenses	<u>74,489</u>	<u>86,638</u>

### 3 Operating profit

Operating profit is stated after charging

	2007	2006
	£	£
Depreciation of owned fixed assets	1,977	349
Auditor's remuneration		
Audit fees	2,500	2,000
Accountancy fees	1,000	—
Operating lease costs		
Other	—	1,613
	<u>          </u>	<u>          </u>

### 4 Employees

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

	2007	2006
	No	No
Number of administrative staff	<u>1</u>	<u>4</u>

The aggregate payroll costs of the above were

	2007	2006
	£	£
Wages and salaries	11,810	119,608
Social security costs	572	12,235
	<u>12,382</u>	<u>131,843</u>

No director's remuneration was paid by this company during the period. The director received any emoluments he was entitled to via the ultimate parent, Mears Group PLC.

**5 Interest payable and similar charges**

	2007	2006
	£	£
Interest payable on bank borrowing	<u>7,526</u>	<u>—</u>

**6 Taxation on ordinary activities**

Analysis of charge in the year

	2007	2006
	£	£
Current tax		
UK Corporation tax based on the results for the year at 30% (2006 - 30%)	279	3,800
Adjustment in respect of prior period	—	2,591
Total current tax	<u>279</u>	<u>6,391</u>

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	2006
	£	£
Profit on ordinary activities before taxation	<u>67,644</u>	<u>16,279</u>
Profit on ordinary activities by rate of tax	20,293	4,884
Expenses not deductible for tax purposes	—	1,124
Depreciation in excess of capital allowances	508	(8)
Group relief	(20,360)	—
Tax rate differences	(162)	(2,200)
Adjustments to tax charge in respect of prior periods	—	2,591
Total current tax	<u>279</u>	<u>6,391</u>

## 7 Tangible fixed assets

	Fixtures & Fittings £
Cost	
At 1 January 2007 and 31 December 2007	<u>4,732</u>
Depreciation	
At 1 January 2007	2,755
Charge for the year	<u>1,977</u>
At 31 December 2007	<u>4,732</u>
Net book value	
At 31 December 2007	—
At 31 December 2006	<u>1,977</u>

## 8 Debtors

	2007 £	2006 £
Trade debtors	72,727	—
Amounts owed by group undertakings	567,240	567,240
Other debtors	<u>11,784</u>	<u>1,275</u>
	<u>651,751</u>	<u>568,515</u>

## 9 Creditors: amounts falling due within one year

	2007 £	2006 £
Bank overdraft	155,081	208,080
Trade creditors	—	11,853
Amounts owed to group undertakings	46,962	4,183
Corporation tax	279	3,800
Social security and other taxes	581	1,454
Accruals and deferred income	<u>79,026</u>	<u>38,665</u>
	<u>281,929</u>	<u>268,035</u>

The overdraft is secured against the assets of the company

## 10 Financial instruments

The company uses financial instruments, other than derivatives, comprising borrowings, cash and various items such as inter company balances, trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to finance the company's operations.

The main risk arising from the company's financial instruments is liquidity risk. The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The company has no interests in the trade of financial instruments, interest rate swaps or forward interest rate agreements.

**11 Contingent liabilities**

Scion Direct Services Limited and the other companies in the group headed by Mears Group PLC have entered into a Composite Accounting Agreement with the Bank, whereby each company has provided a guarantee to the Bank and, under the terms of the guarantees, the Bank is authorised to allow set-off for interest purposes and in certain circumstances to set-off debit and credit balances within the Composite Accounting System. The Bank has a fixed and floating charge over the assets of the company in respect of this arrangement.

**12 Related party transactions**

As a wholly owned subsidiary of Scion Group Limited which in turn is wholly owned by Mears Group PLC, the company is exempt from the requirements of Financial Reporting Standard No 8 Related Party Disclosures to disclose transactions with other members of the group headed by Mears Group PLC on the grounds that group accounts are publicly available.

**13 Share capital**

Authorised share capital

	2007	2006
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid

	2007		2006
	No	£	No
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>

**14 Reconciliation of shareholder's funds and movement on reserves**

	Share capital	Profit and loss account	Total share- holders' funds
	£	£	£
At 1 January 2006	1	292,568	292,569
Profit for the year	—	9,888	9,888
At 31 December 2006 and 1 January 2007	<u>1</u>	<u>302,456</u>	<u>302,457</u>
Profit for the year	—	67,365	67,365
At 31 December 2007	<u>1</u>	<u>369,821</u>	<u>369,822</u>

**15 Ultimate parent company**

The immediate parent company is Scion Group Limited, by virtue of its 100% ownership of this company's issued share capital. The ultimate parent undertaking and controlling related party is Mears Group PLC by virtue of its 100% ownership of the issued share capital of Scion Group Limited.

The largest group and smallest group of undertakings for which group accounts have been drawn up is that headed by Mears Group PLC. The group accounts are available from The Company Secretary, Mears Group PLC, 1390 Montpellier Court, Gloucester Business Park, Brockworth, Gloucester GL3 4AH.