

**Company Registration No. 6342552**

**KILLBY & GAYFORD GROUP LIMITED**

**Report and Financial Statements**

**For the period 14th September 2007**

**to 31<sup>st</sup> December 2008**



29-5-09-072.

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**KILLBY & GAYFORD GROUP LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE PERIOD 14TH SEPTEMBER 2007 TO 31ST DECEMBER 2008**

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# **KILLBY & GAYFORD GROUP LIMITED**

## **REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD 14TH SEPTEMBER 2007 TO 31ST DECEMBER 2008**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

R G W Williams \* (Chairman)  
C J Chivers (Chief Executive Officer)  
J P H Vickers  
M J Blake \*

#### **SECRETARY**

Mrs G Williams Hamer

#### **REGISTERED OFFICE**

Osborne House  
9-11 Macaulay Road  
London SW4 0QP

#### **AUDITORS**

Deloitte LLP  
Chartered Accountants and Registered Auditors  
London

\* Non executive Director

## KILLBY & GAYFORD GROUP LIMITED

### CHAIRMAN'S STATEMENT

I am pleased to be able to present my first statement, having been appointed non-executive Chairman from 14 September 2007, when the Group was the subject of a secondary buy-out with backing from Close Growth Capital, HBOS and the management team. We also welcome James Blake as the non-executive Director for Close Growth Capital and would thank him for his positive contribution and support for the Group.

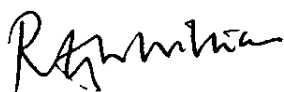
For the fifteen and a half months to December 2008 the Group has produced a strong set of results with a Turnover of £109m and an EBITDA of £4.79m (4.38%). The strong performance enabled early repayment of £2.3m of HBOS debt, which, during a period of uncertainty and change in some of the core markets in which the Group operates, is a singular success.

The Killby & Gayford team, led by CEO Chris Chivers, has great quality and depth of management skills which is a formidable asset when combined with the expertise and commitment of our staff. The implementation of the strategy announced at the 'Vision' meeting held at Merchant Taylors' Hall on 23 April 2008, is progressing well and having a positive impact on the business.

The coming year will be about building on the positive momentum that has been developed since the MBO particularly in demonstrating the value which we deliver to our customers across our focussed business links. I am confident that we are building our market presence and level of service to the benefit of customers, staff and shareholders.

R G W Williams

Chairman



21 May 2009

# **KILLBY & GAYFORD GROUP LIMITED**

## **DIRECTORS REPORT**

The directors present their annual report and audited financial statements for the period ended 31 December 2008

### **INCORPORATION**

The company was incorporated on 14 August 2007 and commenced trading on 14 September 2007. The company passed a special resolution on 26 September 2007 changing its name from Oval (2157) Limited to Killby & Gayford Group Limited.

### **PRINCIPAL ACTIVITIES**

The principal activities of the group during the year were those of building, joinery, electrical and security contractors. The subsidiary undertakings affecting the profits and net assets of the Group are listed in note 10.

### **DIRECTORS**

The directors who have held office during the period from 14 September 2007 to the date of this report are as follows:

R G W Williams	–	appointed 14 September 2007
C J Chivers	–	appointed 11 September 2007
J P H Vickers	–	appointed 11 September 2007
M J Blake	–	appointed 14 September 2007

### **BUSINESS REVIEW**

The Group performed well in a competitive market, increasing sales, operating margin, profit and cash flow enabling the repayment of £2.3m of HBOS term debt by December 2008.

A key feature of our business is to stay ahead by being innovative whilst building on our quality of delivery and service. Developing the Killby & Gayford brand for the future is critical and we have a number of developments in hand to promote this alongside investment in a new Business Development Director.

#### **Key Performance Indicators which are reviewed on a monthly basis**

- Sales of £109.4m
- Operating profit of £3.6m
- Operating margin 3.3%
- Tender success 19.32%
- Order book £53.5m
- Reportable incidents 3
- Cash balance £1.24m

### **Operational**

The Group's strategy of developing in the three key areas of long term associations with valued clients, core business development and sector diversification across Heritage, Financial, Education, Health and Commercial sectors has given a strong order book going into 2009 and beyond.

Ongoing success depends on continuing development of the resources upon which the Group's reputation, viability and profitability have been achieved. Investment in infrastructure, training and the development of people will therefore remain key to Group strategy going forward and the achievement of future corporate goals and objectives.

### **Market Place**

Work in the financial market place in particular has suffered from the global effects of the credit crunch. We continue to develop framework and other arrangements with key blue chip customers whilst looking to expand work in sectors we had previously only touched briefly.

## **DIRECTORS REPORT**

### **RISKS AND UNCERTAINTIES**

Currently the Group considers its principal risks to comprise of the following

#### **Liquidity**

The ongoing financial crisis has put extra pressure on cashflows and there remains a risk that liquidity could become tight. The Group manages this by imposing strict review processes at project commencement, tight credit and cash control during the project to support proactive project management. Additionally, the Group repaid £2.3m of the £3m loan from HBOS by December 2008 reducing the Company's dependence on external bank borrowing.

#### **Going Concern Basis**

The group meets its day to day working capital requirements through the use of existing funds and an overdraft facility of £3m which is due for renewal on 28<sup>th</sup> October 2009. The current economic conditions create uncertainty particularly over (a) the level of demand for the group's products and (b) the availability of bank finance in the foreseeable future. For details of loans made to the group, please refer to note 15.

The group's forecasts and projections, taking account of reasonable, possible changes in trading performance, show that the group should be able to operate within the level of its current facility. The group will open renewal negotiations with the bank in due course and has at this stage not sought any written commitment that the facility will be renewed. However, the group has held discussion with its bankers about its future borrowing needs and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue to adopt the going concern basis in preparing the annual report and accounts.

#### **Health, Safety and Environment**

The Group operates in potentially hazardous environments from large scale fit out projects to isolated areas in which lone working is potentially unsafe. We face the risk of human loss, injury, litigation and damage to reputation arising from incidents. Safety is our first priority and we constantly monitor and strengthen our Group through a Health and Safety management system, the Group's written Health and Safety Policy and ongoing input from the London Building Safety Group.

#### **Group Growth**

The Group continues to grow and there is a risk that the rate of change will outpace the business and management systems needed to manage the expanding organisation. Regular business review, financial management including tight fiscal control, upgraded IT systems and succession planning help reduce this risk.

#### **Competition**

An increase or improvement in competitive activity has the potential to put pressure on framework allocations from our customers and increase the risk of losing competitive bids leading to a reduction in market share. The ability to deliver to the customers' satisfaction is now taken as a standard requirement and we must continue to exceed expectations.

#### **Delivery**

Our reputation will suffer if we fail to deliver to customer expectations on time, cost, quality and innovation leading to a potential reduction in work allocated across the Group. We recognise the importance of the supply chain in achieving the standards set by our customers and have invested significantly in IT and other infrastructure to ensure these are met.

#### **People**

The availability of the calibre of the people we require remains challenging. Whilst the current climate has reduced some of the pressures we have in place HR support and systems to help streamline and control the process.

#### **Information Technology**

The Group makes extensive use of IT for communications, knowledge, sharing and project management. There exists an effective IT infrastructure and the intranet is being developed, but IT failures, in particular data loss, theft or alteration, remain a potential risk to the business. However, the back up and disaster recovery systems in place and the review of the robustness and adequacy of our IT systems ensure that new IT solutions are developed to meet our ongoing business and technical needs.

# **KILLBY & GAYFORD GROUP LIMITED**

## **DIRECTORS REPORT**

### **FUTURE DEVELOPMENTS**

#### **Dividends**

The directors do not propose the payment of any dividends

### **CHARITABLE DONATIONS**

The Group's charitable donations for the period amounted to £13,232

### **ENVIRONMENTAL**

The environment is viewed as an essential corporate responsibility and the Group's policy is to conduct its operations in an environmentally responsible manner, in compliance with all relevant legislation and regulations and with due regard to the efficient use of sustainable resources, to minimise waste and conserve energy

### **EMPLOYMENT**

The Group is committed to equal opportunities in its employment practices and in the services it provides and to establishing and maintaining a working environment in which recruitment, terms and conditions, appraisal, training and promotion within the Group are based upon merit, free from discrimination, this includes those who are or who may become disabled

The Group seeks to consult openly and fairly with employees on matters concerning them, using various media, to enable them to understand the financial, economic and strategic developments, which affect the business and to allow them to benefit from its positive financial performance through bonus and profit sharing schemes

#### **Disclosure of information to auditors**

Each of the persons who are directors of the company at the date when this report was approved confirms that

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

### **AUDITORS**

Deloitte LLP have been appointed as Auditors. In accordance with section 384 of the Companies Act 1985, a resolution proposing their appointment as auditors of the Company will be put to the Annual General Meeting

Approved by the Board of Directors  
and signed on behalf of the Board



G Williams Hamer

Secretary

21st May 2009

## **KILLBY & GAYFORD GROUP LIMITED**

### **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 the 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 the Group and of the profit or loss of the Group 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KILLBY & GAYFORD GROUP LIMITED**

We have audited the group and parent company financial statements (the "financial statements") of Killby & Gayford Group Limited for the period ended 31 December 2008, which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the notes to the consolidated cash flow statement and the related notes 1 to 26. 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 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 members 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 Annual Report and 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 Group's and 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 Group's and the parent company's affairs as at 31 December 2008 and of the Group's loss for the period 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.



Deloitte LLP  
Chartered Accountants and Registered Auditors  
London  
United Kingdom  
21st May 2009

# KILLBY & GAYFORD GROUP LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the period 14th September 2007 to 31st December 2008

	Note	2008 £
<b>TURNOVER</b>		
Continuing operations		-
Acquisitions	1	109,404,143
Cost of sales		-
Continuing operations		-
Acquisitions		(89,987,376)
<b>GROSS PROFIT</b>		
Continuing operations		-
Acquisitions		19,416,767
Administrative expenses		(55,534)
Continuing operations		(15,103,321)
Acquisitions		(680,972)
Amortisation of Goodwill	9	(15,839,827)
<b>OPERATING PROFIT/ (LOSS)</b>		
Continuing operations	2	(55,534)
Acquisitions	2	3,632,474
		3,576,940
Interest receivable and similar income	5	95,864
Interest payable and similar charges	5	(3,199,459)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		473,345
Tax on profit on ordinary activities	6	(665,271)
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>	20	(191,926)

All transactions derive from continuing operations

There are no recognised gains or losses for the current financial period other than as stated in the profit and loss account  
Accordingly, no statement of total recognised gains and losses is required

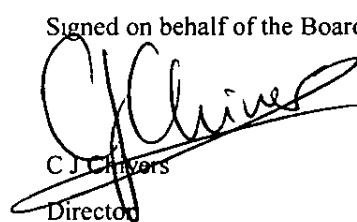
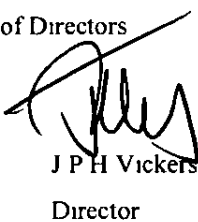
# KILLBY & GAYFORD GROUP LIMITED

## CONSOLIDATED BALANCE SHEET As at 31 December 2008

	Note	2008 £
<b>FIXED ASSETS</b>		
Tangible assets	8	5,154,645
Intangible assets	9	9,828,743
		<u>14,983,388</u>
<b>CURRENT ASSETS</b>		
Stocks	11	767,481
Debtors	12	15,061,448
Cash at bank and in hand		1,236,088
		<u>17,065,017</u>
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(17,137,557)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(72,540)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		14,910,848
<b>CREDITORS: amounts falling due after more than one year</b>	14	<u>(14,702,774)</u>
<b>NET ASSETS</b>		<u>208,074</u>
<b>CAPITAL AND RESERVES</b>		
Called up share capital	18	400,000
Profit and loss account	20	(191,926)
<b>TOTAL SHAREHOLDERS' FUNDS</b>	21	<u>208,074</u>

The Board of Directors approved these financial statements on 21st May 2009

Signed on behalf of the Board of Directors

	
C J Chivers	J P H Vickers
Director	Director

# KILLBY & GAYFORD GROUP LIMITED

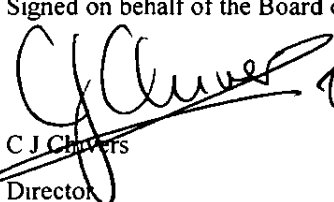
## COMPANY BALANCE SHEET

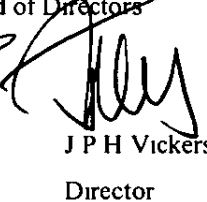
As at 31 December 2008

	Note	2008 £
<b>FIXED ASSETS</b>		
Investments in group undertakings	10	<u>17,520,835</u>
<b>CURRENT ASSETS</b>		
Debtors	12	747,884
Cash at bank and in hand		<u>201,355</u>
		949,239
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(5,727,907)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(4,778,668)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		12,742,167
<b>CREDITORS: amounts falling due after more than one year</b>	14	<u>(14,702,774)</u>
<b>NET LIABILITIES</b>		<u><u>(1,960,607)</u></u>
<b>CAPITAL AND RESERVES</b>		
Called up share capital	18	400,000
Profit and loss account	20	<u>(2,360,607)</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u><u>(1,960,607)</u></u>

The Board of Directors approved these financial statements on 21st May 2009

Signed on behalf of the Board of Directors

  
C J Chivers  
Director

  
J P H Vickers  
Director

# KILLBY & GAYFORD GROUP LIMITED

## CONSOLIDATED CASH FLOW STATEMENT

For the period 14th September 2007 to 31st December 2008

	Note	£	£
Net cash inflow from operating activities	22		3,951,882
<b>Returns on investments and servicing of finance</b>			
Interest received		95,864	
Interest paid		(1,796,775)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			(1,700,911)
<b>Taxation</b>			
UK corporation tax paid		(1,001,763)	
			(1,001,763)
<b>Capital expenditure and financial investments</b>			
Purchase of tangible fixed assets		(10,509,715)	
Purchase of intangible fixed assets		(5,714,952)	
Sale of tangible fixed assets		22,995	
Disposal of investment		120,150	
<b>Net cash outflow from capital expenditure and financial investments</b>			(16,081,522)
<b>Net cash outflow before financing</b>			(14,832,314)
<b>Financing</b>			
Issue of ordinary share capital		400,000	
Increase in borrowings		17,027,019	
Repayment of secured loan		(2,300,000)	
			15,127,019
<b>Net cash inflow in the year</b>	23		294,705

# KILLBY & GAYFORD GROUP LIMITED

## NOTES TO THE ACCOUNTS

For the period 14th September 2007 to 31st December 2008

### 1. ACCOUNTING POLICIES

The following accounting policies have been used consistently unless otherwise noted below throughout the current financial period in dealing with items which are considered material in relation to the Group and Company's accounts. For discussion on going concern, please refer to the directors report on page 3.

#### Basis of consolidation

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries from the date control passes to the group to the parent's period ended 31<sup>st</sup> December 2008. All subsidiaries' prepare accounts to 31 December and adopt uniform accounting policies to that of the Group.

In accordance with section 230 of the Companies Act 1985 a separate profit and loss account has not been presented for the Company. The profit for the Company is given in Note 7.

#### Goodwill

Goodwill arising on acquisition is capitalised on the balance sheet and written off over twenty years. Provision is made for any impairment.

#### Investments

Investments held as fixed assets are stated at cost less provision for impairment.

#### Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and provision for any impairment.

Depreciation is provided on tangible fixed assets, apart from freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, which is reviewed annually. The following rates have been used:

Freehold property	2% straight line basis
Motor vehicles	20% straight line basis
Computer equipment	25% straight line basis
Plant and machinery	15% reducing balance basis
Fixtures and fittings	10% reducing balance basis

#### Stocks

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

#### Long-term contracts

Long-term contract balances are stated at cost plus, where the outcome can be assessed with reasonable certainty, estimated profits attributable to the stage of completion, less provision for any known or expected losses and progress payments receivable on account, and are included as amounts recoverable on contracts under debtors.

Advance and progress payments are included under creditors to the extent that they exceed the related long-term contract balances.

# KILLBY & GAYFORD GROUP LIMITED

## NOTES TO THE ACCOUNTS

For the period 14th September 2007 to 31st December 2008

### 1. ACCOUNTING POLICIES (continued)

#### Taxation

Current UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred taxation is provided on all timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### Turnover

Group turnover is the amount of accounts rendered (excluding value added tax) after adjusting for the value of work in progress at the beginning and the end of the year in the UK.

#### Pensions

Payments are made on behalf of various employees to money purchase pension schemes. These payments are charged to the profit and loss account as they fall due.

#### Capital Instruments

Capital instruments are classified as liabilities if they contain an obligation to transfer economic benefits and are classified as shareholders' funds if they do not. The finance cost of capital instruments other than equity shares is recognised in the profit and loss account over the term of the instrument at a constant rate on the carrying amount. In order to provide a true and fair view the company has decided not to adopt fair value accounting rules and has decided to account for capital instruments using FRS25 and FRS 4 in conjunction with FRS 13.

### 2. OPERATING PROFIT

	2008 £
Operating profit is stated after charging/(crediting)	
Depreciation of fixed assets	529,496
Amortisation of goodwill	680,972
Net profit on disposal of fixed assets	7,348
The analysis of auditors' remuneration is as follows	
Fees payable to the company's auditors for the audit of the company's financial statements	60,000
Fees payable to the company's auditors and their associates for other services to the group	
- Tax services	20,900

# KILLBY & GAYFORD GROUP LIMITED

## NOTES TO THE ACCOUNTS

For the period 14th September 2007 to 31st December 2008

### 3 DIRECTORS' EMOLUMENTS

	2008 £
Total directors' emoluments as executives including benefits in kind	1,214,225
Pension contributions	109,173
	<u>1,323,398</u>
Highest paid director	
Remuneration	285,215
Pension contributions	15,618
	<u>300,833</u>

Nine directors of other group companies accrued benefits under defined contribution pension schemes

### 4. PARTICULARS OF EMPLOYEES

The average number of employees of the Group (including directors) during the period was

	No.
Production	178
Administration and management	126
	<u>304</u>
Staff costs (including directors) during the period amounted to	£
Wages, salaries and bonus	17,530,342
Social security costs	1,829,949
Other pension costs	408,387
	<u>19,768,678</u>

The Killby & Gayford Group contributes to a number of defined contribution pension schemes. The assets of these schemes are held independently from those of the Group and are independently administered. The costs incurred on behalf of the employees of the Group are shown above under 'other pension costs'. Unpaid contributions included in the balance sheet amounted to £nil.



# KILLBY & GAYFORD GROUP LIMITED

## NOTES TO THE ACCOUNTS

For the period 14th September 2007 to 31st December 2008

### 5 INTEREST RECEIVABLE AND PAYABLE

	2008 £
Interest receivable and similar income	
Bank interest	95,864

	2008 £
Interest payable and similar charges	
Bank overdraft, loans and other interest	3,199,459

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

#### Analysis of tax charge on ordinary activities

	2008 £
UK corporation tax at 28.84%	652,385
Adjustment in respect of prior years	
Deferred tax charge (see Note 17)	12,886
Timing differences, origination and reversal	
	665,271

#### Factors affecting tax charge for the current period

	2008 £
Profit on ordinary activities before tax	473,345
Tax at 28.84 % thereon	136,632
Effects of	
Expenses not deductible for tax purposes	526,072
Depreciation in excess of capital allowances	3,421
Movements in short term differences	
Effect of tax rates	(15,743)
Loss on disposal of fixed assets	1,622
Balancing Charges	381
	652,385
Current tax charge	

# KILLBY & GAYFORD GROUP LIMITED

## NOTES TO THE ACCOUNTS

For the period 14th September 2007 to 31st December 2008

### 7. PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY

The loss for the financial period, dealt with in the accounts of the parent company was £2,360,607 in accordance with section 230 of the Companies Act 1985 a separate profit and loss account has not been presented for the company

### 8. TANGIBLE FIXED ASSETS

The Group	Freehold property £	Motor vehicles £	Computer equipment £	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost:</b>						
Additions	1,542,225	770,062	744,448	75,286	225,156	3,357,177
Revaluations	2,357,775	-	-	-	-	2,357,775
Disposals	-	(221,447)	(18,138)	(4,243)	-	(243,828)
At 31 December 2008	<u>3,900,000</u>	<u>548,615</u>	<u>726,310</u>	<u>71,043</u>	<u>225,156</u>	<u>5,471,124</u>
<b>Accumulated depreciation:</b>						
Charge for period	48,678	210,734	160,686	20,353	27,984	468,435
Adjustments on revaluations	61,061	-	-	-	-	61,061
Disposals	-	(191,877)	(18,138)	(3,002)	-	(213,017)
At 31 December 2008	<u>109,739</u>	<u>18,857</u>	<u>142,548</u>	<u>17,351</u>	<u>27,984</u>	<u>316,479</u>
<b>Net book value.</b>						
At 31 December 2008	<u>3,790,261</u>	<u>529,758</u>	<u>583,762</u>	<u>53,692</u>	<u>197,172</u>	<u>5,154,645</u>

### 9. GOODWILL

The Group	£
<b>Cost:</b>	
Additions (Note 26)	10,509,715
At 31 December 2008	<u>10,509,715</u>
<b>Amortisation:</b>	
Charge for the period	680,972
At 31 December 2008	<u>680,972</u>
<b>Net book value:</b>	
At 31 December 2008	<u>9,828,743</u>

# KILLBY & GAYFORD GROUP LIMITED

## NOTES TO THE ACCOUNTS

For the period 14th September 2007 to 31st December 2008

### 10. INVESTMENT

	£
<b>Company</b>	
Shares in group undertakings at cost	
Additions	<u>17,520,835</u>
At 31 December 2008	<u>17,520,835</u>

The subsidiary undertakings are as follows:	% of shares and voting rights held	Principal activities
<b>Killby &amp; Gayford (Consolidation) Limited</b>		
342,000 ordinary shares of £1 each	100	Holding Company
198,000 'A' ordinary shares of £1 each		
<b>Subsidiaries of Killby &amp; Gayford (Consolidation) Limited</b>		
<b>Killby &amp; Gayford (Holdings) Limited</b>		
30,000 management shares of £1 each (voting)	100	Building, joinery, electrical and security contractors
26,207 cumulative preference shares of £1 each (non- voting)	100	
<b>Killby &amp; Gayford (Building) Limited</b>		
23,335 ordinary shares of £1 each	100	Dormant company
<b>Crownedge Limited</b>		
2 ordinary shares of £1 each	100	Trustee of employee incentive trust
<b>Subsidiaries of Killby &amp; Gayford (Holdings) Limited</b>		
<b>Killby &amp; Gayford Limited</b>		Building, and specialist contractors
20,000 management shares of 25p each (voting)	100	
<b>Killby &amp; Gayford (Joinery &amp; Security) Limited</b>		
2,513 4 2% cumulative preference shares of £1 each		Dormant company
500 ordinary shares of £1 each	100	
<b>Killby &amp; Gayford (Electrical &amp; Mechanical) Limited</b>		
10,000 ordinary shares of £1 each	100	Dormant company
<b>Killby &amp; Gayford (Developments) Limited</b>		
2 ordinary shares of £1 each	100	Dormant company
<b>Comsec Security Systems Limited</b>		
100 ordinary shares of £1 each	100	Dormant company
<b>Killby-Tann Limited</b>		
3,000 ordinary shares of £1 each	100	Dormant company

All of the above undertakings are incorporated in Great Britain and registered in England and Wales

# KILLBY & GAYFORD GROUP LIMITED

## NOTES TO THE ACCOUNTS

For the period 14th September 2007 to 31st December 2008

### 11. STOCKS

	Group 2008 £	Company 2008 £
Raw materials and consumables	767,481	-

The directors do not consider there to be a material difference between the carrying value and replacement cost of stocks

### 12. DEBTORS

	Group 2008 £	Company 2008 £
Amounts recoverable on contracts	11,002,992	-
Trade debtors	3,043,660	-
Other debtors	299,225	6,707
Prepayments and accrued income	712,380	3,639
Corporation Tax	-	737,538
Deferred tax asset	3,191	-
	15,061,448	747,884

Amounts owed by group undertakings are repayable on demand No interest is charged on intergroup balances

### 13. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2008 £	Company 2008 £
Bank overdraft	941,383	-
Trade creditors	13,118,345	-
Amounts owed to group undertakings	-	4,395,807
Other taxes and social security costs	618,433	-
Corporation tax	58,577	-
Other creditors	42,992	-
Accruals and deferred income	1,307,827	282,100
Bank loans due within one year	300,000	300,000
Other loans due within one year	750,000	750,000
	17,137,557	5,727,907

Amounts owed to group undertakings are repayable on demand No interest is charged on intergroup balances

# KILLBY & GAYFORD GROUP LIMITED

## NOTES TO THE ACCOUNTS

For the period 14th September 2007 to 31st December 2008

### 14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Note	Group 2008 £	Company 2008 £
Bank loans	15	366,413	366,413
Other loans	15	14,336,361	14,336,361
		<u>14,702,774</u>	<u>14,702,774</u>

### 15 LOANS

Borrowings are repayable as follows

	Group 2008 £	Company 2008 £
Bank Loans		
Between one and two years	325,000	325,000
Between two and five years	41,413	41,413
After five years	-	-
	<u>366,413</u>	<u>366,413</u>

Bank Loans

The Bank of Scotland made a bank loan of £3,000,000 on 14 September 2007. Subsequently, £2,300,000 has been repaid. The remainder is being repaid quarterly (£75,000 per quarter) at a variable rate. The rate in effect at 31/12/08 was 4.76%. The loan is due to be fully repaid by 14 March 2011.

	Group 2008 £	Company 2008 £
Other Loans		
Between one and two years	1,187,500	1,187,500
Between two and five years	3,750,000	3,750,000
After five years	9,398,861	9,398,861
	<u>14,336,361</u>	<u>14,336,361</u>

Other Loans

Close Brothers Growth Capital Ltd made two loans on 14 September 2007

The first loan, for £10,170,000 will be repaid in quarterly payments of £250,000 from 14 April 2009. These repayments will increase to £312,500 from 30 April 2010. Interest is charged at 14%. 5% Interest is rolled into the loan balance and 9% Interest is paid to Close Brothers on a quarterly basis. The loan is due to be fully repaid on 31 October 2014.

The second loan was for £3,000,000 and Interest is charged at 14%. 5% Interest is rolled into the loan balance and 9% Interest is paid to Close Brothers on a quarterly basis. The full amount of the loan is due to be repaid on 31 October 2014.

A number of directors provided finance in the form of Loan Notes totalling £1,280,000. Interest is accrued at 8.5% pa. The loan notes fall due for payment on the later of the date on which external financing has been repaid or 31 December 2014.

# KILLBY & GAYFORD GROUP LIMITED

## NOTES TO THE ACCOUNTS

For the period 14th September 2007 to 31st December 2008

### 16. SECURED DEBTS

The following amounts are secured against the freehold properties as included within creditors falling due within and after one year

	<b>Group 2008 £</b>	<b>Company 2008 £</b>
Bank loans	666,413	666,413
Other loans	15,086,362	15,086,362
	<u>15,752,775</u>	<u>15,752,775</u>

### 17 DEFERRED TAX

<b>Group</b>	<b>Deferred tax £</b>
Deferred tax asset at 14/09/07	16,077
Released in period	(12,886)
Balance at 31 December 2008	<u>3,191</u>

The amounts of deferred taxation provided in the accounts are as follows

	<b>2008 £</b>
<b>Deferred taxation</b>	
Accelerated capital allowances	3,191
Other timing differences	-
	<u>3,191</u>

### 18 CALLED UP SHARE CAPITAL

	<b>2008 £</b>
<b>Authorised:</b>	
220,000 ordinary shares of £1 each	220,000
180,000 'A' ordinary shares of £1 each	180,000
	<u>400,000</u>
<b>Called up, allotted and fully paid:</b>	
220,000 ordinary shares of £1 each	220,000
180,000 'A' ordinary shares of £1 each	180,000
	<u>400,000</u>

Both the ordinary shares and 'A' ordinary shares carry one vote per share

220,000 ordinary shares and 180,000 'A' ordinary shares were allotted at par during the period

# KILLBY & GAYFORD GROUP LIMITED

## NOTES TO THE ACCOUNTS

For the period 14th September 2007 to 31st December 2008

### 19. CALLED UP SHARE CAPITAL (continued)

#### Capital repayment

In the event of a capital repayment the amounts available for payment to shareholders will be the subscription price on each share in the following order

- (a) 'A' ordinary shares
- (b) Ordinary shares

The surplus goes to 'A' ordinary and ordinary shares as if the shares were the same class. If any share has dividend arrears these must be cleared prior to return of capital or an equivalent sum added to the amount of capital returned.

### 20. STATEMENT OF MOVEMENT ON RESERVES

Group	Profit and loss account £	Total £
Retained loss for period	(191,926)	(191,926)
Dividends paid	-	-
At 31 December 2008	<u>(191,926)</u>	<u>(191,926)</u>
<b>Company</b>		
Retained loss for period	<u>(2,360,607)</u>	<u>(2,360,607)</u>
At 31 December 2008	<u>(2,360,607)</u>	<u>(2,360,607)</u>

### 21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £
Loss for the financial period	(191,926)
New shares issued	<u>400,000</u>
Net addition to shareholders' funds	<u>208,074</u>
Closing shareholders' funds	<u>208,074</u>

# KILLBY & GAYFORD GROUP LIMITED

## NOTES TO THE ACCOUNTS

For the period 14th September 2007 to 31st December 2008

### 22. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2008 £
Operating profit	3,576,940
Depreciation of fixed assets	529,496
Amortisation of goodwill	680,972
Loss on disposal of fixed assets	7,348
Increase in creditors	14,981,256
(Increase) in debtors	(15,056,649)
(Increase) in stocks	(767,481)
Net cash inflow from operating activities	<u>3,951,882</u>

### 23 ANALYSIS OF NET DEBT

	Cash flow £	Accrued Interest £	31 December 2008 £
Cash at bank	1,236,088	-	1,236,088
Overdraft	(941,383)	-	(941,383)
	<u>294,705</u>	<u>-</u>	<u>294,705</u>
Debt due after one year	(13,677,018)	(1,025,756)	(14,702,774)
Debt due within one year	(1,050,000)	-	(1,050,000)
Net Debt	<u>(14,432,313)</u>	<u>(1,025,756)</u>	<u>(15,458,069)</u>

### 24. CAPITAL COMMITMENTS

There were no capital commitments contracted for but not provided for at 31 December 2008

### 25 RELATED PARTY TRANSACTIONS

Transactions or balances between group entities that have been eliminated on consolidation are not reported as permitted by Section 17 of the Financial Reporting No 8 – Related Party Disclosure

A number of directors across the Group have provided finance to the company in way of loan notes totalling £1,280,000. The loan notes are on normal commercial terms with interest accruing at a rate of 8.5% per annum calculated on a daily basis. The loan notes fall due for payment on the later of the date on which external financing has been repaid or 31 December 2014.



# KILLBY & GAYFORD GROUP LIMITED

## NOTES TO THE ACCOUNTS

For the period 14th September 2007 to 31st December 2008

### 26. AQUISITION

The acquisition during the year has been incorporated using the acquisition method of accounting

On 14<sup>th</sup> September 2007 the company purchased 100% of the share capital in Killby & Gayford (Consolidation) Limited

Provisional details of the assets and liabilities acquired are set out below

	£
Fixed Assets	
Tangible assets	2,491,232
Stocks	755,391
Debtors and WIP	19,941,437
Creditors due within one year	(18,283,634)
Provisions for liabilities and charges	(1,009)
Net assets	4,903,417
Fair value adjustment arising on Freehold Properties	2,357,775
Any other significant fair value adjustments	
Exceptional charge relating to disposal of shares in the Employee Incentive Trust	(761,872)
Gain on investment in own shares	702,184
Investment in own shares	(190,384)
Net assets acquired	7,011,120
Fair value of consideration	(17,520,835)
Goodwill arising on acquisition	10,509,715

The consideration was settled in cash during the period ended 31 December 2008

Details of the summarised profit and loss account from 1 January 2007 to 14<sup>th</sup> September 2007 are set out below

	£
Turnover	53,646,005
Operating profit	2,109,979
Profit before taxation	2,049,255
Taxation	629,894
Profit after taxation	1,419,361