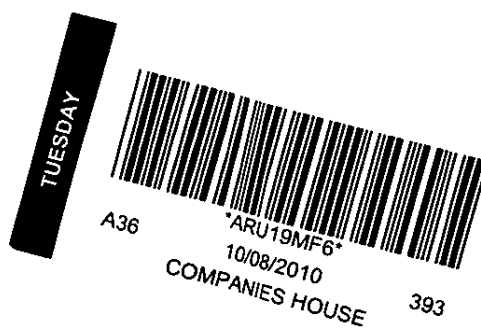


Company Registration No. 6342552

KILLBY & GAYFORD GROUP LIMITED

Report and Financial Statements

Year ended 31 December 2009



KILLBY & GAYFORD GROUP LIMITED

**REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009**

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KILLBY & GAYFORD GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2009

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 Statutory Auditors
London

* Non executive Director

KILLBY & GAYFORD GROUP LIMITED

CHAIRMAN'S STATEMENT

I present my second statement as non-executive Chairman for the twelve month period to December 2009 against a background of the most challenging business conditions seen for decades

Despite these conditions the Group produced a Turnover of £73.8m (£87.5m 12 month equivalent in 2008) and an operating profit of £1.7m (£2.86m 12 month equivalent in 2008). This together with the sale of one of the freehold buildings for £3.15m enabled the Group to repay the remaining £0.7m of the HBOS term loan and £3.15m of the Growth Capital Partners (formerly Close Growth Capital) debt. A creditable performance given the unpredictability and change in some of the core markets in which the Group operates.

Chris Chivers and his team continue to develop other areas of specialisation and enter new geographic markets whilst building on the Killby & Gayford brand in the South East. A number of these efforts are seen as key foundation stones on which to build as the economic outlook improves.

Initiatives in people development and IT will ensure that our people, the core of our business, are enabled to best exploit these opportunities and ultimately benefit our customers, stakeholders and staff.

R G W Williams

Chairman

27 May 2010

KILLBY & GAYFORD GROUP LIMITED

DIRECTORS REPORT

The directors present their annual report and audited financial statements for the year ended 31 December 2009

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 11. On 14 September 2007 there was a management buy-out transaction which resulted in creation of Killby & Gayford Group Limited (New top entity) and as such the prior period group financial statements were prepared for 15 months to 31 December 2008.

DIRECTORS

The directors who have held office during the period from 1 January 2009 to the date of this report are as follows

R G W Williams
C J Chivers
J P H Vickers
M J Blake

BUSINESS REVIEW

The group performed satisfactorily in what continues to be very challenging market conditions. This, along with the proceeds from the disposal of a freehold property enabled the repayment of the remainder of the HBOS term loan and £3.15m of the Growth Capital Partners loans.

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, an environmental manager and a new office in Leeds.

KEY PERFORMANCE INDICATORS WHICH ARE REVIEWED ON A MONTHLY BASIS

- Sales of £73.8m (2008 – 12 month equivalent £87.5m)
- Operating profit of £1.7m (2008 – 12 month equivalent £2.86m)
- Operating margin 2.3% (2008 - 3.3%)
- Tender success 20.3% (2008 - 19.32%)
- Order book £50.8m (2008 - £53.5m)
- Reportable incidents 1 (2008 – 3)
- Cash balance £164k (2008 - £1.24m)

OPERATIONAL

The group's strategy of developing in the three key areas of long term associations with valued clients across the UK, core business development and sector diversification across Heritage, Financial, Private education, Private health and Commercial sectors gave the group a wider base within which to generate work during 2009, this will continue into 2010.

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 remain key to group strategy going forward and the achievement of future corporate goals and objectives.

MARKET PLACE

Developing sectors in which we have previously only had a token presence has enabled the group to offset the reductions in Financial Client workloads. This remains a key driver going forward with any upturn in activity from these financial clients providing additional benefit.

KILLBY & GAYFORD GROUP LIMITED

DIRECTORS REPORT (continued)

RISKS AND UNCERTAINTIES

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

Liquidity

The group manages its liquidity risks by imposing strict review processes at project commencement, tight credit and/or escrow accounts with proper cash collection during the project to support proactive project management. Additionally, the group's ability to provide bonds is controlled by strict processes to release bonds as early as possible within the contract cycle. Also, the group repaid the £0.7m remaining balance of the loan from HBOS (now part of Lloyds Banking Group) and a further £3.15m to Growth Capital Partners (formerly Close Growth Capital).

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 as in previous years. This facility is due for annual renewal on 28 October 2010. Whilst the current economic conditions provide uncertainty over (a) the level of demand for the group's products and (b) availability of Bank finance, the repayment of Bank term loan ahead of schedule demonstrates the group's ability to generate cash.

The debt currently held by the group is now held by Growth Capital Partners who continue to remain a medium to long term investor in the group. The Growth Capital Partners loans are due to be repaid in full by 2014. Quarterly repayments have been made since 14th April 2009. The group 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 overdraft 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 overdraft 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. Therefore the directors believe that there are no material uncertainties that may cast significant doubt about the Group's ability to continue as a going concern.

Health, Safety and Environment

Safety is our first priority and we constantly monitor and strengthen our group procedures through a Health, Safety and Environmental management system, the group's written policies and ongoing input from the London Building Safety Policy. In addition, all directors have undergone IOSH training. ISO 14001 certification has been obtained with developing system changes heading towards obtaining ISO 18001 by the end of 2010. This approach enables the group to operate in potentially hazardous situations maintaining a safe working environment from large scale fit out projects to isolated areas in which lone workers operate. Any risk of loss of life, injury, litigation and damage to reputation arising from incidents is significantly mitigated by following and developing these processes.

Group Growth

The group continues to hold growth objectives and there is a small 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 clients and increase the risk of losing competitive bids leading to a reduction in market share. The ability to deliver to the clients' satisfaction is now taken as a standard requirement and whilst price remains a critical factor, we strive to continue to exceed expectations.

Delivery

Our reputation would suffer if we failed to deliver to client 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 clients, recognise the need to work closely with our key suppliers to ensure we are able to meet client demands and have invested significantly in IT and other infrastructure to ensure these are met.

KILLBY & GAYFORD GROUP LIMITED

DIRECTORS REPORT (continued)

People

Whilst the availability, recruitment and retention of the calibre of people we require remains challenging, it is not of significant impact to the business due to the current recessionary climate. Nevertheless, we have strengthened HR support and systems to help streamline and control the processes going forward.

INFORMATION TECHNOLOGY

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. 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.

DIVIDENDS

The directors do not propose the payment of any dividends (2008 - nil)

CHARITABLE DONATIONS

The group's charitable donations for the period amounted to £11,645 (2008 - £13,232)

SUPPLIER PAYMENT POLICY

The group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment.

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. During the year the group employed an environmental manager to specifically address these issues and provide a framework for reducing our carbon footprint. His first success was to gain ISO 14001 certification.

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 a 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 section 418 of the Companies Act 2006.

KILLBY & GAYFORD GROUP LIMITED

DIRECTORS REPORT (continued)

AUDITORS

A resolution to reappointment Deloitte LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting

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

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



G Williams Hamer

Secretary

27 May 2010

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 2006. 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 year ended 31 December 2009, 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 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2009 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KILLBY & GAYFORD GROUP LIMITED (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Mark Beddy (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

28 May 2010

KILLBY & GAYFORD GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £	15 months 2008 £
TURNOVER	1	73,858,192	109,404,143
Cost of sales		<u>(58,958,754)</u>	<u>(89,987,376)</u>
GROSS PROFIT		14,899,438	19,416,767
Administrative expenses		(12,671,861)	(15,158,855)
Amortisation of goodwill	10	<u>(525,480)</u>	<u>(680,972)</u>
		(13,197,341)	(15,839,827)
OPERATING PROFIT	2	1,702,097	3,576,940
Profit on sale of fixed asset	3	722,436	-
Interest receivable and similar income	6	8,767	95,864
Interest payable and similar charges	6	<u>(2,374,062)</u>	<u>(3,199,459)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		59,238	473,345
Tax on profit on ordinary activities	7	<u>(823,159)</u>	<u>(665,271)</u>
(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	20	<u><u>(763,921)</u></u>	<u><u>(191,926)</u></u>

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

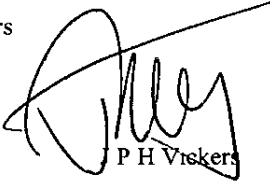
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2009

	Notes	2009 £	2008 £
FIXED ASSETS			
Tangible assets	9	2,905,194	5,154,645
Intangible assets	10	9,303,263	9,828,743
		<u>12,208,457</u>	<u>14,983,388</u>
CURRENT ASSETS			
Stocks	12	1,087,470	767,481
Debtors	13	21,046,903	15,061,448
Cash at bank and in hand		164,288	1,236,088
		<u>22,298,661</u>	<u>17,065,017</u>
CREDITORS: amounts falling due within one year	14	<u>(23,443,827)</u>	<u>(17,137,557)</u>
NET CURRENT LIABILITIES		<u>(1,145,166)</u>	<u>(72,540)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		11,063,291	14,910,848
CREDITORS: amounts falling due after more than one year	15	<u>(11,619,138)</u>	<u>(14,702,774)</u>
NET (LIABILITIES)/ ASSETS		<u>(555,847)</u>	<u>208,074</u>
CAPITAL AND RESERVES			
Called up share capital	19	400,000	400,000
Profit and loss account	20	(955,847)	(191,926)
TOTAL SHAREHOLDERS' (DEFICIT)/FUNDS	21	<u>(555,847)</u>	<u>208,074</u>

The Board of Directors approved the financial statements of Killby & Gayford Group Limited (Registered Number 6342552) on 27 May 2010

Signed on behalf of the Board of Directors


C J Chryses
Director


P H Viskers
Director

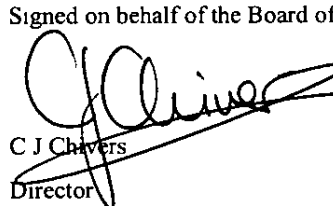
KILLBY & GAYFORD GROUP LIMITED

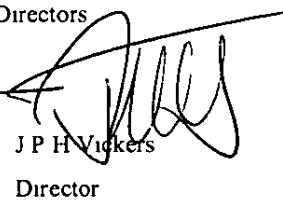
COMPANY BALANCE SHEET AS AT 31 DECEMBER 2009

	Notes	2009 £	2008 £
FIXED ASSETS			
Investments in group undertakings	11	17,520,835	17,520,835
CURRENT ASSETS			
Debtors	13	374,969	747,884
Cash at bank and in hand		822,058	201,355
		1,197,027	949,239
CREDITORS amounts falling due within one year	14	(11,102,581)	(5,727,907)
NET CURRENT LIABILITIES		(9,905,554)	(4,778,668)
TOTAL ASSETS LESS CURRENT LIABILITIES		7,615,281	12,742,167
CREDITORS amounts falling due after more than one year	15	(11,619,138)	(14,702,774)
NET LIABILITIES		(4,003,857)	(1,960,607)
CAPITAL AND RESERVES			
Called up share capital	19	400,000	400,000
Profit and loss account	20	(4,403,857)	(2,360,607)
TOTAL SHAREHOLDERS' DEFICIT		(4,003,857)	(1,960,607)

The Board of Directors approved the financial statements of Killby & Gayford Group Limited (Registered Number 6342552) on 27 May 2010

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 YEAR ENDED 31 DECEMBER 2009

	Note	2009 £	£	2008 £	£
Net cash inflow from operating activities	22		1,844,465		3,951,882
Returns on investments and servicing of finance					
Interest received		8,767		95,864	
Interest paid		(1,517,112)		(1,796,775)	
Net cash outflow from returns on investments and servicing of finance			(1,508,345)		(1,700,911)
Taxation					
UK corporation tax paid		(115,000)		(1,001,763)	
			(115,000)		(1,001,763)
Capital expenditure and financial investments					
Purchase of tangible fixed assets		(544,179)		(10,509,715)	
Purchase of intangible fixed assets		-		(5,714,952)	
Sale of tangible fixed assets		3,100,000		22,995	
Disposal of investment		-		120,150	
Net cash inflow/(outflow) from capital expenditure and financial investments			2,555,821		(16,081,522)
Net cash inflow/(outflow) before financing			2,776,941		(14,832,314)
Financing					
Issue of ordinary share capital		-		400,000	
Increase in borrowings		-		17,027,019	
Repayment of secured loan		(3,850,000)		(2,300,000)	
			(3,850,000)		15,127,019
Net cash (outflow) / inflow in the year	23		(1,073,059)		294,705

KILLBY & GAYFORD GROUP LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2009

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 4.

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 December 2009. All subsidiaries' prepare accounts to 31 December and adopt uniform accounting policies to that of the group.

In accordance with section 408 of the Companies Act 2006 a separate profit and loss account has not been presented for the company. The profit for the company is given in Note 8.

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
Company Infrastructure	10% straight line 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.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated by reference to the value of work performed to date as a portion of the total contract value.

KILLBY & GAYFORD GROUP LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2009

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

	2009 £	2008 £
Operating profit is stated after charging/(crediting)		
Depreciation of fixed assets	443,748	529,496
Amortisation of goodwill	525,480	680,972
Loss/profit on disposal of fixed assets	1,568	(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	50,000	60,000
Fees payable to the company's auditors and their associates for other services to the group		
- Tax services	15,000	20,900

3. DISPOSAL OF FIXED ASSETS

An office building owned by the company was sold for £3,100,000 in 2009 resulting in a profit on disposal of £722,436.

KILLBY & GAYFORD GROUP LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2009

4 DIRECTORS' EMOLUMENTS

	2009 £	2008 £
Total directors' emoluments as executives including benefits in kind	450,295	1,214,225
Pension contributions	22,715	109,173
	<u>473,010</u>	<u>1,323,398</u>
Highest paid director		
Remuneration	232,334	285,215
Pension contributions	12,390	15,618
	<u>244,724</u>	<u>300,833</u>

Nine directors of other group companies accrued benefits under defined contribution pension schemes (2008 –9)

5 PARTICULARS OF EMPLOYEES

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

	2009 No.	15 months 2008 No.
Production	174	178
Administration and management	139	126
	<u>313</u>	<u>304</u>

Staff costs (including directors) during the period amounted to

	£	£
Wages, salaries and bonus	13,131,896	17,530,342
Social security costs	1,401,463	1,829,949
Other pension costs	289,320	408,387
	<u>14,822,679</u>	<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 YEAR ENDED 31 DECEMBER 2009

6. INTEREST RECEIVABLE AND PAYABLE

	2009 £	2008 £
Interest receivable and similar income		
Bank interest	8,767	95,864
	<u>8,767</u>	<u>95,864</u>
	2009 £	2008 £
Interest payable and similar charges		
Other interest and charges	281,749	256,401
Bank overdraft interest	62,186	49,122
Loan notes interest	126,267	148,509
Loan interest	1,903,860	2,745,427
	<u>2,374,062</u>	<u>3,199,459</u>

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of tax charge on ordinary activities

	2009 £	2008 £
UK corporation tax at 28% (2008 28.84%)	669,920	652,385
Adjustment in respect of prior years	135,586	-
	<u>805,506</u>	<u>652,385</u>
Deferred tax charge (see Note 18)		
Timing differences, origination and reversal	17,653	12,886
	<u>823,159</u>	<u>665,271</u>

Factors affecting tax charge for the current period

	2009 £	2008 £
Profit on ordinary activities before tax	<u>59,238</u>	<u>473,345</u>
Tax at 28% (2008 28.84 %) thereon	16,586	136,632
Effects of		
Expenses not deductible for tax purposes	432,399	526,072
Depreciation in excess of capital allowances	10,536	3,421
Movements in short term differences		
Effect of tax rates	-	(15,743)
Loss on disposal of fixed assets	5,762	1,622
Balancing charges	-	381
Disposal of building	204,637	-
Prior year tax	135,586	-
	<u>805,506</u>	<u>652,385</u>
Current tax charge	<u>805,506</u>	<u>652,385</u>

KILLBY & GAYFORD GROUP LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2009

8 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 £2,043,250 in accordance with section of the Companies Act 2006 a separate profit and loss account has not been presented for the company

9. TANGIBLE FIXED ASSETS

The Group	Freehold property £	Company infrastructure £	Motor vehicles £	Computer equipment £	Plant and machinery £	Fixtures and fittings £	Total £
Cost							
As at 1 January 2009	3,900,000	-	548,615	726,310	71,043	225,156	5,471,124
Additions	2,730	359,040	64,383	92,626	25,400	-	544,179
Transfers	-	110,461	-	(110,461)	-	-	-
Disposals	(2,400,000)	-	(106,365)	-	-	-	(2,506,365)
At 31 December 2009	1,502,730	469,501	506,633	708,475	96,443	225,156	3,508,938
Accumulated depreciation							
As at 1 January 2009	109,739	-	18,857	142,548	17,351	27,984	316,479
Charge for period	34,275	38,855	169,365	169,967	11,229	20,057	443,748
Disposals	(64,086)	-	(92,397)	-	-	-	(156,483)
At 31 December 2009	79,928	38,855	95,825	312,515	28,580	48,041	603,744
Net book value							
At 31 December 2009	1,422,802	430,646	410,808	395,960	67,863	177,115	2,905,194
At 31 December 2008	3,790,261	-	529,758	583,762	53,692	197,172	5,154,645

10 GOODWILL

The Group	£
Cost	
As at 1 January 2009	10,509,715
At 31 December 2009	10,509,715
Amortisation	
As at 1 January 2009	680,972
Charge for the period	525,480
At 31 December 2009	1,206,452
Net book value	
At 31 December 2009	9,303,263
At 31 December 2008	9,828,743

KILLBY & GAYFORD GROUP LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2009

11. INVESTMENT

Company	2009 £	2008 £
Shares in group undertakings at cost		
Additions	17,520,835	17,520,835
At 31 December 2009	<u>17,520,835</u>	<u>17,520,835</u>

The subsidiary undertakings are as follows

	% of shares and voting rights held	Principal activities
Killby & Gayford (Consolidation) Limited 342,000 ordinary shares of £1 each 198,000 'A' ordinary shares of £1 each	100	Holding Company
Subsidiaries of Killby & Gayford (Consolidation) Limited		
Killby & Gayford (Holdings) Limited 30,000 management shares of £1 each (voting)	100	Building, joinery, electrical and security
26,207 cumulative preference shares of £1 each (non-voting)	100	contractors
Killby & Gayford (Building) Limited 23,335 ordinary shares of £1 each	100	Dormant company
Crownedge Limited 2 ordinary shares of £1 each	100	Trustee of employee incentive trust
Subsidiaries of Killby & Gayford (Holdings) Limited		
Killby & Gayford Limited 20,000 management shares of 25p each (voting)	100	Building, and specialist contractors
Killby & Gayford (Joinery & Security) Limited 2,513 4 2% cumulative preference shares of £1 each 500 ordinary shares of £1 each	100	Dormant company
Killby & Gayford (Electrical & Mechanical) Limited 10,000 ordinary shares of £1 each	100	Dormant company
Killby & Gayford (Developments) Limited 2 ordinary shares of £1 each	100	Dormant company
Comsec Security Systems Limited 100 ordinary shares of £1 each	100	Dormant company
Killby-Tann Limited 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 YEAR ENDED 31 DECEMBER 2009

12. STOCKS

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Raw materials and consumables	1,087,470	-	767,481	-

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

13. DEBTORS

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Amounts recoverable on contracts	11,213,240	-	11,002,992	-
Trade debtors	8,873,207	-	3,043,660	-
Amounts owed from group undertakings	-	3,000	-	-
Other debtors	552,435	-	299,225	6,707
Prepayments and accrued income	408,021	-	712,380	3,639
Corporation tax	-	371,969	-	737,538
Deferred tax asset	-	-	3,191	-
	<u>21,046,903</u>	<u>374,969</u>	<u>15,061,448</u>	<u>747,884</u>

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

14 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Bank overdraft	942,640	-	941,383	-
Trade creditors	18,311,256	-	13,118,345	-
Amounts owed to group undertakings	-	9,677,809	-	4,395,807
Other taxes and social security costs	988,978	-	618,433	-
Corporation tax	749,080	-	58,577	-
Deferred tax liability	14,462	-	-	-
Other creditors	201	-	42,992	-
Accruals and deferred income	1,249,710	237,272	1,307,827	282,100
Bank loans due within one year	-	-	300,000	300,000
Other loans due within one year	1,187,500	1,187,500	750,000	750,000
	<u>23,443,827</u>	<u>11,102,581</u>	<u>17,137,557</u>	<u>5,727,907</u>

Amounts owed to group undertakings are repayable on demand No interest is charged on intergroup balances Bank overdraft interest is charged at 3%

KILLBY & GAYFORD GROUP LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2009

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Note	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Bank loans	16	-	-	366,413	366,413
Other loans	16	11,619,138	11,619,138	14,336,361	14,336,361
		<u>11,619,138</u>	<u>11,619,138</u>	<u>14,702,774</u>	<u>14,702,774</u>

16 LOANS

Borrowings are repayable as follows

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Between one and two years	-	-	325,000	325,000
Between two and five years	-	-	41,413	41,413
After five years	-	-	-	-
	<u>-</u>	<u>-</u>	<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. This was repaid in full during the year.

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Other Loans				
Between one and two years	1,250,000	1,250,000	1,187,500	1,187,500
Between two and five years	10,369,138	10,369,138	3,750,000	3,750,000
After five years	-	-	9,398,861	9,398,861
	<u>11,619,138</u>	<u>11,619,138</u>	<u>14,336,361</u>	<u>14,336,361</u>

Other Loans

Growth Capital Partners made two loans on 14 September 2007

The first loan was for £10,170,000 of which £3,150,000 has been repaid. Quarterly repayments were £250,000 starting from 14 April 2009, increasing to £312,500 from 30 April 2010. (An additional repayment was made in the year of £2.4m). Interest is charged at 14%. 5% Interest is rolled into the loan balance and 9% Interest is paid to Growth Capital Partners 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 Growth Capital Partners 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 YEAR ENDED 31 DECEMBER 2009

17 SECURED DEBTS

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

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Bank loans	-	-	666,413	666,413
Other loans	12,806,638	12,806,638	15,086,362	15,086,362
	<u>12,806,638</u>	<u>12,806,638</u>	<u>15,752,775</u>	<u>15,752,775</u>

18 DEFERRED TAX

Group	2009 £	2008 £
Balance at 1 January 2009	3,191	16,077
Released in period	(17,653)	(12,886)
Balance at 31 December 2009	<u>(14,462)</u>	<u>3,191</u>

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

	2009 £	2008 £
Deferred taxation		
Accelerated capital allowances	<u>(14,462)</u>	<u>3,191</u>

19 CALLED UP SHARE CAPITAL

	2009 £	2008 £
Authorised		
220,000 ordinary shares of £1 each	220,000	220,000
180,000 'A' ordinary shares of £1 each	180,000	180,000
	<u>400,000</u>	<u>400,000</u>
Called up, allotted and fully paid.		
220,000 ordinary shares of £1 each	220,000	220,000
180,000 'A' ordinary shares of £1 each	180,000	180,000
	<u>400,000</u>	<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 YEAR ENDED 31 DECEMBER 2009

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 £
Balance at 1 January 2009	(191,926)	(191,926)
Retained loss for the year	(763,921)	(763,921)
At 31 December 2009	<u>(955,847)</u>	<u>(955,847)</u>
Company		
Balance at 1 January 2009	(2,360,607)	(2,360,607)
Retained loss for the year	(2,043,250)	(2,007,955)
At 31 December 2009	<u>(4,403,857)</u>	<u>(4,368,562)</u>

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' (DEFICIT)/FUNDS

	2009 £	2008 £
Opening shareholders' funds	208,074	-
Loss for the financial period	(763,921)	(191,926)
New shares issued	-	400,000
Net (reduction in)/addition to shareholders' (deficit)/funds	<u>(555,847)</u>	<u>208,074</u>
Closing shareholders' (deficit)/funds	<u>(555,847)</u>	<u>208,074</u>

KILLBY & GAYFORD GROUP LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2009

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

	2009 £	2008 £
Operating profit	1,702,097	3,576,940
Depreciation of fixed assets	443,748	529,496
Amortisation of goodwill	525,480	680,972
(Profit) / Loss on disposal of fixed assets	1,565	7,348
Increase in creditors	5,481,818	14,981,256
(Increase) in debtors	(5,990,254)	(15,056,649)
(Increase) in stocks	(319,989)	(767,481)
Net cash inflow from operating activities	<u>1,844,465</u>	<u>3,951,882</u>

23 ANALYSIS OF NET DEBT

	1 January 2009 £	Cash flow £	Accrued interest £	31 December 2009 £
Cash at bank	1,236,088	(1,071,800)	-	164,288
Overdraft	(941,383)	(1,259)	-	(942,642)
	<u>294,705</u>	<u>(1,073,059)</u>	<u>-</u>	<u>(778,354)</u>
Debt due after one year	(14,702,774)	3,886,666	(803,030)	(11,619,138)
Debt due within one year	(1,050,000)	(137,500)	-	(1,187,500)
Net Debt	<u>(15,458,069)</u>	<u>2,676,107</u>	<u>(803,030)</u>	<u>(13,584,992)</u>

24 CAPITAL COMMITMENTS

There were no capital commitments contracted for but not provided for at 31 December 2009

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.