

Abbreviated Accounts for the Year Ended 31 August 2010

for

GHI Contracts Limited

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for the Year Ended 31 August 2010

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GHI Contracts Limited

Company Information
for the Year Ended 31 August 2010

DIRECTORS:

G Holmes
G Cairns
Mrs S Hunter
C Sibbald
K Dagger
G Mochan (Non Executive)

SECRETARY:

Mrs S Hunter

REGISTERED OFFICE:

Belgrave Court
Rosehall Road
Bellshill
ML4 3NR

REGISTERED NUMBER:

152713 (Scotland)

AUDITORS:

Scott-Moncrieff
Chartered Accountants and
Statutory Auditor
25 Bothwell Street
Glasgow
G2 6NL

GHI Contracts Limited

Report of the Directors
for the Year Ended 31 August 2010

The directors present their report with the accounts of the company for the year ended 31 August 2010.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of interior refurbishment and construction.

REVIEW OF BUSINESS

Turnover has decreased by 25% from the previous year as a result of the depressed commercial property market and extremely competitive trading conditions. The business delivered a diverse range of projects and clients during 2009-2010 and this will be developed further in the future.

We recognise the coming year will remain challenging however we have reviewed our business plan and implemented procedures that we believe will allow growth in our turnover and profitability in 2011. Our strong reserves and management structure will ensure the business emerges strongly from the recessionary times recently experienced.

The Board of Directors meets monthly to discuss the detailed monthly management accounts, which highlight individual contract performance, gross profit levels and other key performance indicators. Budgets are reviewed regularly and closely monitored.

We consider the financial performance for the year to be satisfactory and look forward to the year ahead.

DIVIDENDS

Interim dividends were paid as follows:

£	
2,000	- 7 September 2009
2,000	- 16 October 2009
1,000	- 6 November 2009
9,000	- 8 December 2009
26,900	- 29 January 2010
9,000	- 23 February 2010
8,000	- 26 March 2010
27,720	- 21 April 2010
8,000	- 28 May 2010
8,000	- 25 July 2010
8,000	- 28 July 2010
8,000	- 27 August 2010
<u>117,620</u>	

The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 August 2010 will be £117,620. (2009 : £155,700)

FUTURE DEVELOPMENTS

The company will continue to seek business outside its current client base, whilst continuing to maintain the high standards that our existing clients have come to expect.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 September 2009 to the date of this report.

G Holmes
G Cairns
Mrs S Hunter
C Sibbald
K Dagger
G Mochan (Non Executive)

GHI Contracts Limited

Report of the Directors

for the Year Ended 31 August 2010

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the company made charitable donations of £335, all given to local charities which the directors considered worthy of support.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Scott-Moncrieff, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
G Cairns - Director

Date: 1 March 2011

Report of the Independent Auditors to
GHI Contracts Limited
Under Section 449 of the Companies Act 2006

We have examined the abbreviated accounts set out on pages five to seventeen, together with the full financial statements of GHI Contracts Limited for the year ended 31 August 2010 prepared under Section 396 of the Companies Act 2006.

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the Regulations made under that Section and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the Regulations made under that Section.

Scott - Moncrieff

Bernadette Higgins (Senior Statutory Auditor)
for and on behalf of Scott-Moncrieff
Chartered Accountants and
Statutory Auditor
25 Bothwell Street
Glasgow
G2 6NL

Date: 1 March 2011

GHI Contracts Limited

Abbreviated Profit and Loss Account
for the Year Ended 31 August 2010

	Notes	31.8.10 £	31.8.09 £
TURNOVER		10,667,613	15,878,977
Cost of sales and other operating income		(9,569,094)	(14,081,200)
		<u>1,098,519</u>	<u>1,797,777</u>
Administrative expenses		<u>1,175,108</u>	<u>1,748,283</u>
OPERATING (LOSS)/PROFIT	3	(76,589)	49,494
Interest receivable and similar income		<u>4,827</u>	<u>22,838</u>
		(71,762)	72,332
Interest payable and similar charges	4	<u>46,427</u>	<u>48,761</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(118,189)	23,571
Tax on (loss)/profit on ordinary activities	5	<u>28,205</u>	<u>(5,360)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>(89,984)</u>	<u>18,211</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the loss for the current and the profit for the previous year.

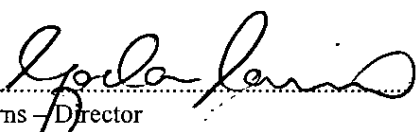
GHI Contracts Limited

Abbreviated Balance Sheet
31 August 2010

	Notes	31.8.10 £	31.8.09 £
FIXED ASSETS			
Tangible assets	7	201,223	218,123
CURRENT ASSETS			
Stocks	8	1,454,883	1,262,725
Debtors	9	1,984,874	2,921,627
Cash at bank and in hand		<u>1,068,381</u>	<u>622,538</u>
		4,508,138	4,806,890
CREDITORS			
Amounts falling due within one year	10	<u>3,928,835</u>	<u>4,052,262</u>
NET CURRENT ASSETS		<u>579,303</u>	<u>754,628</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		780,526	972,751
CREDITORS			
Amounts falling due after more than one year	11	(35,668)	(16,826)
PROVISIONS FOR LIABILITIES	15	<u>(4,357)</u>	<u>(7,820)</u>
NET ASSETS		<u><u>740,501</u></u>	<u><u>948,105</u></u>
CAPITAL AND RESERVES			
Called up share capital	16	2	2
Profit and loss account	17	<u>740,499</u>	<u>948,103</u>
SHAREHOLDERS' FUNDS	22	<u><u>740,501</u></u>	<u><u>948,105</u></u>

The abbreviated accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to medium-sized companies.

The financial statements were authorised for issue by the Board of Directors on 1 March 2011 and were signed on its behalf by:


G Cairns - Director

Company Registration No. : SC152713

The notes form part of these abbreviated accounts

GHI Contracts Limited

Cash Flow Statement
for the Year Ended 31 August 2010

	Notes	31.8.10 £	£	31.8.09 £	£
Net cash inflow from operating activities	1		828,728		383,396
Returns on investments and servicing of finance	2		(13,837)		21,566
Taxation			(136,130)		(122,318)
Capital expenditure	2		17,170		19,590
Equity dividends paid			(117,620)		(155,700)
			578,311		146,534
Financing	2		(100,305)		(107,743)
Increase in cash in the period			<u>478,006</u>		<u>38,791</u>
<hr/>					
Reconciliation of net cash flow to movement in net funds	3				
Increase in cash in the period		478,006		38,791	
Cash outflow from decrease in debt and lease financing		<u>98,992</u>		<u>105,982</u>	
Change in net funds resulting from cash flows			576,998		144,773
New finance leases			<u>(65,106)</u>		<u>(8,286)</u>
Movement in net funds in the period			511,892		136,487
Net funds at 1 September			<u>495,790</u>		<u>359,303</u>
Net funds at 31 August			<u>1,007,682</u>		<u>495,790</u>

The notes form part of these abbreviated accounts

Notes to the Cash Flow Statement
for the Year Ended 31 August 2010

1. **RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	31.8.10	31.8.09
	£	£
Operating (loss)/profit	(76,589)	49,494
Depreciation charges	59,511	72,703
Loss on disposal of fixed assets	5,325	13,106
Government grants	(27,763)	(47,489)
(Increase)/Decrease in stocks	(192,158)	323,031
Decrease in debtors	936,753	3,627,031
Increase/(Decrease) in creditors	123,649	(3,654,480)
Net cash inflow from operating activities	<u>828,728</u>	<u>383,396</u>

2. **ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	31.8.10	31.8.09
	£	£
Returns on investments and servicing of finance		
Interest received	4,827	22,838
Interest paid	(1,935)	(4,987)
Interest element of hire purchase payments	(44,492)	(43,774)
Government grants	27,763	47,489
Net cash (outflow)/inflow for returns on investments and servicing of finance	<u>(13,837)</u>	<u>21,566</u>
Capital expenditure		
Sale of tangible fixed assets	17,170	19,590
Net cash inflow for capital expenditure	<u>17,170</u>	<u>19,590</u>
Financing		
Loan repayments in year	(55,016)	(51,223)
Capital repayments in year	(43,976)	(54,760)
Amount withdrawn by directors	(1,313)	(1,760)
Net cash outflow from financing	<u>(100,305)</u>	<u>(107,743)</u>

GHI Contracts Limited

Notes to the Cash Flow Statement
for the Year Ended 31 August 2010

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.9.09 £	Cash flow £	Other non-cash changes £	At 31.8.10 £
Net cash:				
Cash at bank and in hand	622,538	445,843	-	1,068,381
Bank overdraft	<u>(32,163)</u>	<u>32,163</u>	<u>-</u>	<u>-</u>
	<u>590,375</u>	<u>478,006</u>	<u>-</u>	<u>1,068,381</u>
Debt:				
Hire purchase	(31,860)	43,976	(65,106)	(52,990)
Debts falling due within one year	(51,168)	43,459	-	(7,709)
Debts falling due after one year	<u>(11,557)</u>	<u>11,557</u>	<u>-</u>	<u>-</u>
	<u>(94,585)</u>	<u>98,992</u>	<u>(65,106)</u>	<u>(60,699)</u>
Total	<u>495,790</u>	<u>576,998</u>	<u>(65,106)</u>	<u>1,007,682</u>

The notes form part of these abbreviated accounts

Notes to the Abbreviated Accounts
for the Year Ended 31 August 2010

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents the sales value of amounts supplied during the year, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Fixtures and fittings	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 25% on reducing balance

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Long-term contract balances are stated at net cost less foreseeable losses less any applicable payments on account. The amount recorded as turnover in respect of long-term contracts is ascertained by reference to the value of the work carried out to date. Attributable profit is recognised as the difference between recorded turnover and related costs.

Deferred tax

Deferred taxation is provided for at anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods that differ from those in which they are included in the financial statements.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged to the profit and loss account as incurred.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Government Grants

Government grants received for capital items are written off over the life of the asset to which they relate, and are included in other operating income where they are revenue based.

Notes to the Abbreviated Accounts - continued
for the Year Ended 31 August 2010

2. STAFF COSTS

	31.8.10	31.8.09
	£	£
Wages and salaries	1,735,728	2,844,093
Social security costs	181,830	309,687
Other pension costs	22,877	36,293
	<u>1,940,435</u>	<u>3,190,073</u>

The average monthly number of employees during the year was as follows:

	31.8.10	31.8.09
Administrative staff	17	26
Direct labour	<u>44</u>	<u>67</u>
	<u>61</u>	<u>93</u>

3. OPERATING (LOSS)/PROFIT

The operating loss (2009 - operating profit) is stated after charging/(crediting):

	31.8.10	31.8.09
	£	£
Depreciation - owned assets	35,679	53,939
Depreciation - assets on hire purchase contracts	23,832	18,764
Loss on disposal of fixed assets	5,325	13,106
Auditors' remuneration	6,000	6,000
Government grants received	<u>(27,763)</u>	<u>(47,489)</u>
Directors' remuneration	<u>258,402</u>	<u>363,203</u>

The number of directors to whom retirement benefits were accruing was as follows:

	4	5
Money purchase schemes	<u>4</u>	<u>5</u>

No directors exercised share options during the year.

Information regarding the highest paid director is as follows:

	31.8.10	31.8.09
	£	£
Emoluments etc	<u>86,610</u>	<u>91,980</u>

During the year, £7,746 (2009 : £14,077) of pension contributions was paid on behalf of the directors into a money purchase scheme. Of this, £2,264 (2009 : £3,870) was paid on behalf of the highest paid director.

GHI Contracts Limited

**Notes to the Abbreviated Accounts - continued
for the Year Ended 31 August 2010**

4. INTEREST PAYABLE AND SIMILAR CHARGES

	31.8.10	31.8.09
	£	£
Bank loan interest	1,139	4,987
Other interest	796	-
Hire purchase	5,420	5,567
Leasing	<u>39,072</u>	<u>38,207</u>
	<u>46,427</u>	<u>48,761</u>

Payments made under operating leases are in respect of the hire of plant and machinery.

5. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss on ordinary activities for the year was as follows:

	31.8.10	31.8.09
	£	£
Current tax:		
UK corporation tax	(24,742)	13,812
Deferred tax	<u>(3,463)</u>	<u>(8,452)</u>
Tax on (loss)/profit on ordinary activities	<u>(28,205)</u>	<u>5,360</u>

Factors affecting the tax (credit)/charge

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

	31.8.10	31.8.09
	£	£
(Loss)/profit on ordinary activities before tax	<u>(118,189)</u>	<u>23,571</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2009 - 21%)	(24,820)	4,950
Effects of:		
Expenses not deductible for tax purposes	796	4,440
Capital allowances in excess of depreciation for the period	3,462	4,422
Losses carried forward	994	-
Change in margin rate	<u>(5,174)</u>	<u>-</u>
Current tax (credit)/charge	<u>(24,742)</u>	<u>13,812</u>

6. DIVIDENDS

	31.8.10	31.8.09
	£	£
Ordinary shares of 0.001 each		
Interim	<u>117,620</u>	<u>155,700</u>

Notes to the Abbreviated Accounts - continued
for the Year Ended 31 August 2010

7. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 September 2009	259,660	204,543	180,294	644,497
Additions	-	65,106	-	65,106
Disposals	-	(65,390)	-	(65,390)
At 31 August 2010	<u>259,660</u>	<u>204,259</u>	<u>180,294</u>	<u>644,213</u>
DEPRECIATION				
At 1 September 2009	146,224	128,689	151,461	426,374
Charge for year	22,687	29,616	7,208	59,511
Eliminated on disposal	-	(42,895)	-	(42,895)
At 31 August 2010	<u>168,911</u>	<u>115,410</u>	<u>158,669</u>	<u>442,990</u>
NET BOOK VALUE				
At 31 August 2010	<u>90,749</u>	<u>88,849</u>	<u>21,625</u>	<u>201,223</u>
At 31 August 2009	<u>113,436</u>	<u>75,854</u>	<u>28,833</u>	<u>218,123</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 September 2009	104,468	8,286	112,754
Additions	65,106	-	65,106
Disposals	(17,000)	-	(17,000)
Transfer to ownership	(44,795)	-	(44,795)
At 31 August 2010	<u>107,779</u>	<u>8,286</u>	<u>116,065</u>
DEPRECIATION			
At 1 September 2009	54,397	2,071	56,468
Charge for year	22,278	1,554	23,832
Eliminated on disposal	(9,829)	-	(9,829)
Transfer to ownership	(25,898)	-	(25,898)
At 31 August 2010	<u>40,948</u>	<u>3,625</u>	<u>44,573</u>
NET BOOK VALUE			
At 31 August 2010	<u>66,831</u>	<u>4,661</u>	<u>71,492</u>
At 31 August 2009	<u>50,071</u>	<u>6,215</u>	<u>56,286</u>

8. STOCKS

	31.8.10 £	31.8.09 £
Stocks	62,500	-
Work-in-progress	<u>1,392,383</u>	<u>1,262,725</u>
	<u>1,454,883</u>	<u>1,262,725</u>

Notes to the Abbreviated Accounts - continued
for the Year Ended 31 August 2010

9. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.8.10	31.8.09
	£	£
Trade debtors	1,252,215	1,914,428
Amounts due from associated company	41,250	103,750
Other debtors	681,936	888,000
Prepayments and accrued income	<u>9,473</u>	<u>15,449</u>
	<u>1,984,874</u>	<u>2,921,627</u>

10. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.8.10	31.8.09
	£	£
Bank loans and overdrafts (see note 12)	7,709	83,331
Hire purchase contracts (see note 13)	17,322	26,591
Trade creditors	1,781,830	1,305,040
Tax	(24,742)	136,130
Social security and other taxes	43,622	45,753
VAT	10,560	139,753
Other creditors	747,270	850,042
Directors' current accounts	554	1,867
Accrued expenses	<u>1,344,710</u>	<u>1,463,755</u>
	<u>3,928,835</u>	<u>4,052,262</u>

Included within other creditors is an amount of £1,934 relating to pension contributions payable. This represents the contributions for August 2010, paid in September 2010.

11. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31.8.10	31.8.09
	£	£
Bank loans (see note 12)	-	11,557
Hire purchase contracts (see note 13)	<u>35,668</u>	<u>5,269</u>
	<u>35,668</u>	<u>16,826</u>

All hire purchase creditors fall due for payment within five years.

12. **LOANS**

An analysis of the maturity of loans is given below:

	31.8.10	31.8.09
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	-	32,163
Bank loans	<u>7,709</u>	<u>51,168</u>
	<u>7,709</u>	<u>83,331</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>-</u>	<u>11,557</u>

GHI Contracts Limited

Notes to the Abbreviated Accounts - continued
for the Year Ended 31 August 2010

13. **OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS**

	31.8.10	31.8.09
	£	£
Net obligations repayable:		
Within one year	17,322	26,591
Between one and five years	<u>35,668</u>	<u>5,269</u>
	<u>52,990</u>	<u>31,860</u>

14. **SECURED DEBTS**

The following secured debts are included within creditors:

	31.8.10	31.8.09
	£	£
Bank overdraft	-	32,163
Bank loans	7,709	62,725
Hire purchase	<u>52,990</u>	<u>31,860</u>
	<u>60,699</u>	<u>126,748</u>

Hire purchase creditors hold security over the respective assets financed.

The bank holds a bond and floating charge over the assets and undertakings of the company.

15. **PROVISIONS FOR LIABILITIES**

	31.8.10	31.8.09
	£	£
Deferred tax	<u>4,357</u>	<u>7,820</u>
		Deferred tax
		£
Balance at 1 September 2009		7,820
Release for year		<u>(3,463)</u>
Balance at 31 August 2010		<u>4,357</u>

16. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			31.8.10	31.8.09
Number:	Class:	Nominal value:	£	£
2,000	Ordinary	0.001	<u>2</u>	<u>2</u>

Notes to the Abbreviated Accounts - continued
for the Year Ended 31 August 2010

17. RESERVES

	Profit and loss account £
At 1 September 2009	948,103
Deficit for the year	(89,984)
Dividends	(117,620)
At 31 August 2010	<u>740,499</u>

18. OTHER FINANCIAL COMMITMENTS

During the next year, the company is committed to pay the following under operating leases for vehicles and equipment, expiring :

	< 1 Year £	1 - 2 Years £	2 - 5 Years £
2010	6,104	10,920	9,240
2009	8,664	16,902	9,240

19. TRANSACTIONS WITH DIRECTORS

At 31 August 2010, the company owed £554 (2009 : £1,867) to Mr G Holmes, director. The loan is interest free, with no particular terms of repayment. The maximum balance owed to Mr Holmes in the year was £28,274.

20. RELATED PARTY DISCLOSURES

Included within Debtors is an amount of £41,250 (2009 : £103,750), which represents a trade debt due by GHI (Developments) Ltd, a company in which Mr Graham Holmes, Mr Gordon Cairns and Mr Graham Mochan are interested.

During the year GHI Contracts Ltd rented office premises from GHI (Developments) Ltd at an arms length market rate. In the year to 31 August 2010, the rental charge paid for this period was £83,128 including service charges.

A plot of land was purchased from GHI (Developments) Ltd in the year, at its market value of £62,500. The land is included within Stock.

GHI Contracts Ltd has lodged £400,000 in a separate bank account held in its own name, as guarantee for bank loans advanced to GHI (Developments) Ltd. GHI Contracts Ltd also has an interest shortfall guarantee in place for GHI (Developments) Ltd.

21. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Mr Graham Holmes, director who has a beneficial interest in the company of 100% of the issued share capital.

GHI Contracts Limited

Notes to the Abbreviated Accounts - continued
for the Year Ended 31 August 2010

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.8.10	31.8.09
	£	£
(Loss)/Profit for the financial year	(89,984)	18,211
Dividends	<u>(117,620)</u>	<u>(155,700)</u>
Net reduction of shareholders' funds	(207,604)	(137,489)
Opening shareholders' funds	<u>948,105</u>	<u>1,085,594</u>
Closing shareholders' funds	<u>740,501</u>	<u>948,105</u>