

Registration number 0533232

Devon Contractors Limited

Abbreviated accounts

for the year ended 31 May 2007

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Devon Contractors Limited

Directors' report for the year ended 31 May 2007

The directors present their report and the accounts for the year ended 31 May 2007

Principal activity and review of the business

The principal activity of the company continues to be that of building contracting and civil engineering contracting

The results for the year are set out on page 5

The directors have paid an interim dividend amounting to £564,117 and they do not recommend payment of a final dividend

Financial risk management objectives and policies

The directors are responsible for monitoring financial risk. Appropriate policies have been developed and implemented to identify, evaluate and manage the key risks

a) Price risk - The company is exposed to price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposures to equity securities price risk as it holds no listed or other equity investments

b) Credit risk - The company has implemented policies that require appropriate credit checks on potential customers before contracts are entered. The credit given to customers is subject to limits which are determined and reassessed by the directors

c) Liquidity risk - The company actively maintains a mixture of finance and benefits from a loan facility from its parent company Clyst Holdings Limited, designed to ensure the company has sufficient available funds for operations

d) Interest rate cash flow risk - The company is not exposed to interest bearing liabilities

Post balance sheet events

On 1 June 2007 P J Hilson and I Buckland resigned as directors. At that date the parent company Clyst Holdings Limited disposed of 40% of its shares in the company to the remaining four directors

Future developments

The disposal of shares by the parent company referred to above is part of an on-going strategy to ensure the company continues to perform well. The directors consider the company to be in a strong position and are keen to consider future development opportunities in the construction services industry

Directors

The directors who served during the year are as stated below

P J Hilson	(resigned 1 June 2007)
I T Buckland	(resigned 1 June 2007)
S O Bennington	(appointed 11 January 2007)
D J Hunt	(appointed 6 April 2007)
P T Alderson	(appointed 6 April 2007)
N M England	(appointed 6 April 2007)

Devon Contractors Limited

**Directors' report
for the year ended 31 May 2007**

continued

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Devon Contractors Limited

**Directors' report
for the year ended 31 May 2007**

continued

Auditors

The company has by elective resolution under Section 386(1) of the Companies Act 1985 dispensed with the annual reappointment of the auditors. Milsted Langdon will be deemed to be reappointed for each succeeding financial year.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

This report was approved by the board on 11th December 2007 and signed on its behalf by

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Secretary



Devon Contractors Limited

**Independent auditors' report to the company
under Section 247B of the Companies Act 1985**

We have examined the abbreviated accounts set out on pages 5 to 14 together with the financial statements of Devon Contractors Limited for the year ended 31 May 2007 prepared under Section 226 of the Companies Act 1985

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company 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 as a body, 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 abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We have conducted our work in accordance with Bulletin 2006/3 "The special auditors' report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985 in respect of the year ended 31 May 2007, and the abbreviated accounts have been properly prepared in accordance with that provision.



Milsted Langdon
Chartered Accountants and Registered Auditors
Taunton, 7 February 2008

Devon Contractors Limited

**Abbreviated profit and loss account
for the year ended 31 May 2007**

		Continuing operations	
	Notes	2007	2006
		£	£
Gross profit		1,101,260	1,770,527
Administrative expenses		(436,136)	(503,554)
Operating profit	2	665,124	1,266,973
Other interest receivable and similar income	3	6,229	26,571
Interest payable and similar charges	4	(22,752)	(600)
Profit on ordinary activities before taxation		648,601	1,292,944
Tax on profit on ordinary activities	7	(194,437)	(379,788)
Profit for the year	14	454,164	913,156

There are no recognised gains or losses other than the profit or loss for the above two financial years

**The notes on pages 8 to 14 form an integral part of the abbreviated accounts.
Auditors' report - page 4.**


Devon Contractors Limited

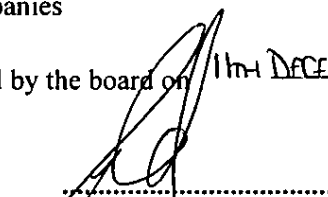
**Abbreviated balance sheet
as at 31 May 2007**

		2007		2006	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9		101,513		130,390
Current assets					
Stocks	10	500		500	
Debtors	11	5,738,122		4,601,902	
		5,738,622		4,602,402	
Creditors: amounts falling due within one year	12	(5,540,135)		(4,322,839)	
Net current assets			198,487		279,563
Net assets			300,000		409,953
Capital and reserves					
Called up share capital	13		300,000		300,000
Profit and loss account	14		-		109,953
Equity shareholders' funds	15		300,000		409,953

The abbreviated accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies

The abbreviated accounts were approved by the board on 11th DECEMBER 2007 and signed on its behalf by


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Director


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Director

**The notes on pages 8 to 14 form an integral part of the abbreviated accounts
Auditors' report - page 4.**

Devon Contractors Limited

Cash flow statement for the year ended 31 May 2007

	Notes	2007 £	2006 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		665,124	1,266,973
Depreciation		46,562	43,059
Profit on disposal of fixed asset		(3,500)	-
(Increase) in stocks		-	(100)
(Increase) in debtors		(1,136,220)	(1,009,133)
Increase in creditors		1,951,873	158,253
Net cash inflow from operating activities		<u>1,523,839</u>	<u>459,052</u>
Cash flow statement			
Net cash inflow from operating activities		1,523,839	459,052
Returns on investments and servicing of finance	19	(16,523)	25,971
Taxation	19	(454,737)	(224,788)
Capital expenditure	19	(14,185)	(69,062)
		1,038,394	191,173
Equity dividends paid		(564,117)	(1,150,000)
Increase in cash in the year		<u>474,277</u>	<u>(958,827)</u>
Reconciliation of net cash flow to movement in net funds (Note 20)			
Increase in cash in the year		474,277	(958,827)
Net debt at 1 June 2006		(919,857)	38,970
Net debt at 31 May 2007		<u>(445,580)</u>	<u>(919,857)</u>

Devon Contractors Limited

Notes to the abbreviated accounts for the year ended 31 May 2007

1. Accounting policies

1.1. Accounting convention

The accounts are prepared under the historical cost convention

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows

Plant and machinery	-	Straight line basis over 2 to 5 years or 50% / 40% first year and straight line for the next 3 years depending on the type of asset
Office fittings and equipment	-	Straight line basis up to 5 years
Motor vehicles	-	Straight line basis over 5 years

1.4. Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.5. Stock and work in progress

Work in progress is valued at the lower of cost and net realisable value

1.6. Long term contracts

Amounts recoverable on long term contracts, which are included in debtors are stated at the net sales value of the work done after provisions for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account Excess progress payments are included in creditors as payments received on account

1.7. Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year

2. Operating profit	2007	2006
	£	£
Operating profit is stated after charging		
Depreciation on tangible assets	46,563	42,698
Operating lease rentals		
- Land and buildings	32,000	32,000
Auditors' remuneration	10,000	9,200
	<u> </u>	<u> </u>
and after crediting		
Profit on disposal of tangible assets	<u>3,500</u>	<u>(362)</u>

Devon Contractors Limited

**Notes to the abbreviated accounts
for the year ended 31 May 2007**

continued

3. Interest receivable and similar income	2007	2006
	£	£
Bank interest	6,229	26,571
	<u>6,229</u>	<u>26,571</u>
4. Interest payable and similar charges	2007	2006
	£	£
Interest payable on bank overdrafts	22,752	600
	<u>22,752</u>	<u>600</u>
5. Employees		
Number of employees	2007	2006
The average monthly numbers of employees (including the directors) during the year were	Number	Number
Directors	2	2
Administration	14	14
Labourers	25	32
	<u>41</u>	<u>48</u>
	<u>41</u>	<u>48</u>
Employment costs	2007	2006
	£	£
Wages and salaries	1,048,653	1,251,680
Social security costs	115,075	131,418
Pension costs	24,184	24,195
	<u>1,187,912</u>	<u>1,407,293</u>
	<u>1,187,912</u>	<u>1,407,293</u>
5.1. Directors' emoluments		
	£	£
Remuneration and other emoluments	31,250	-
	<u>31,250</u>	<u>-</u>
	<u>31,250</u>	<u>-</u>

P J Hilson and I T Buckland are directors of the ultimate holding company. These directors received total remuneration including pension contributions and taxable benefits of £384,618 (2005 - £213,047) from the holding company, some of which was recharged to Devon Contractors Limited. The directors do not believe it is practicable to apportion the amount between their services as directors of the company and their services as directors of the holding company.

Devon Contractors Limited

Notes to the abbreviated accounts for the year ended 31 May 2007

continued

6. Pension costs

The company operates a defined contribution pension scheme in respect of the employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £24,184 (2006 - £24,195).

7. Tax on profit on ordinary activities

Analysis of charge in period	2007 £	2006 £
Current tax		
UK corporation tax	194,437	380,000
Adjustments in respect of previous periods	-	(212)
	<u>194,437</u>	<u>379,788</u>

Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30 per cent). The differences are explained below.

	2007 £	2006 £
Profit on ordinary activities before taxation	<u>648,601</u>	<u>1,292,944</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (31 May 2006 - 30%)	194,580	387,883
Effects of:		
Capital allowances for period in excess of depreciation	(8,265)	(8,635)
Adjustments to tax charge in respect of previous periods	(263)	(212)
Other reconciling items	8,385	752
Current tax charge for period	<u>194,437</u>	<u>379,788</u>

8. Dividends

	2007 £	2006 £
Dividends paid on equity shares		
Paid during the year		
Equity dividends on Ordinary shares	564,117	1,150,000
	<u>564,117</u>	<u>1,150,000</u>

Devon Contractors Limited

**Notes to the abbreviated accounts
for the year ended 31 May 2007**

continued

9. Tangible fixed assets				
	Plant and machinery £	Office fittings and equipment £	Motor vehicles £	Total £
Cost				
At 1 June 2006	261,692	56,707	307,579	625,978
Additions	6,500	11,185	-	17,685
Disposals	-	-	(69,505)	(69,505)
At 31 May 2007	<u>268,192</u>	<u>67,892</u>	<u>238,074</u>	<u>574,158</u>
Depreciation				
At 1 June 2006	257,902	56,707	180,979	495,588
On disposals	-	-	(69,505)	(69,505)
Charge for the year	2,800	3,729	40,033	46,562
At 31 May 2007	<u>260,702</u>	<u>60,436</u>	<u>151,507</u>	<u>472,645</u>
Net book values				
At 31 May 2007	<u>7,490</u>	<u>7,456</u>	<u>86,567</u>	<u>101,513</u>
At 31 May 2006	<u>3,790</u>	<u>-</u>	<u>126,600</u>	<u>130,390</u>
 10. Stocks			2007	2006
			£	£
Work in progress			<u>500</u>	<u>500</u>
 11. Debtors			2007	2006
			£	£
Amounts recoverable on long term contracts			3,557,902	2,602,679
Amounts owed by group undertakings			-	1,934,128
Other debtors			<u>2,180,220</u>	<u>65,095</u>
			<u>5,738,122</u>	<u>4,601,902</u>

Included within amounts recoverable on long term contracts is £1,653,008 (2006 - £133,367) for contracts being carried out for Clyst Holdings Limited

Devon Contractors Limited

**Notes to the abbreviated accounts
for the year ended 31 May 2007**

continued

12. Creditors: amounts falling due within one year	2007 £	2006 £
Bank overdraft	445,580	919,857
Payments received on account	-	138,351
Trade creditors	3,310,843	2,487,797
Amounts owed to group undertaking	1,382,313	-
Corporation tax	119,700	380,000
Other taxes and social security costs	78,881	64,308
Accruals and deferred income	202,818	332,526
	<u>5,540,135</u>	<u>4,322,839</u>

The company has a bank overdraft facility. Security for the facility is given by a fixed and floating charge over all of the company's assets. It is also secured by a guarantee from Clyst Holdings Limited dated 25 September 2000. There is also a right to set-off.

13. Share capital	2007 £	2006 £
Authorised		
300,000 Ordinary shares of £1 each	<u>300,000</u>	<u>300,000</u>
Allotted, called up and fully paid equity		
300,000 Ordinary shares of £1 each	<u>300,000</u>	<u>300,000</u>
 14. Equity Reserves	 Profit and loss account	 Total
	£	£
At 1 June 2006	109,953	109,953
Profit for the year	454,164	454,164
Equity dividends	(564,117)	(564,117)
At 31 May 2007	<u>-</u>	<u>-</u>

Devon Contractors Limited

**Notes to the abbreviated accounts
for the year ended 31 May 2007**

continued

15. Reconciliation of movements in shareholders' funds	2007	2006
	£	£
Profit for the year	454,164	913,156
Dividends	(564,117)	(1,150,000)
	<u>(109,953)</u>	<u>(236,844)</u>
Opening shareholders' funds	409,953	646,797
Closing shareholders' funds	<u>300,000</u>	<u>409,953</u>

16. Contingent liabilities

At the year end the company's bankers have given bonds to certain customers of the company to guarantee completion of the projects undertaken. The amount of these bonds varied throughout the year and at the year end amounted to £41,385 (2006 - nil)

Any bank borrowings of Clyst Holdings Limited are secured by a cross guarantee from Devon Contractors Limited dated 25 September 2000

17. Related party transactions

During the year the company was a wholly owned subsidiary of Clyst Holdings Limited

During the year the company made sales to Clyst Holdings Limited of £429,858 (2006 - £1,705,000) and paid management charges of £100,000 (2006 - £120,000). This excludes the value of unbilled work carried out in the year.

At the year end, Devon Contractors Limited owed Clyst Holdings Limited £1,382,313 (2006 - Clyst Holdings Limited owed Devon Contractors Limited £1,934,128). This loan is interest free and repayable on demand.

During the year the company continued working on a contract with East Devon Land Limited, a company in which I T Buckland and P J Hilson are directors and shareholders. This contract is being undertaken on normal business terms and the amount invoiced in East Devon Land Limited in the year was £1,760,693 (2006 - £2,908,526).

18. Post balance sheet events

On 1 June 2007 P J Hilson and I Buckland resigned as directors. At that date the parent company Clyst Holdings Limited disposed of 40% of its shares in the company to the remaining four directors.

Devon Contractors Limited

**Notes to the abbreviated accounts
for the year ended 31 May 2007**

continued

19. Gross cash flows

	2007	2006
	£	£
Returns on investments and servicing of finance		
Interest received	6,229	26,571
Interest paid	(22,752)	(600)
	<u>(16,523)</u>	<u>25,971</u>
Capital expenditure		
Payments to acquire tangible assets	(17,685)	(88,862)
Receipts from sales of tangible assets	3,500	19,800
	<u>(14,185)</u>	<u>(69,062)</u>

20. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Overdrafts	(919,857)	474,277	(445,580)
Net funds	<u>(919,857)</u>	<u>474,277</u>	<u>(445,580)</u>