

Registration number 0533232

Devon Contractors Limited

Abbreviated accounts

for the year ended 31 May 2008



Devon Contractors Limited

Directors' report for the year ended 31 May 2008

The directors present their report and the accounts for the year ended 31 May 2008.

Principal activity and review of the business

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

On 1 June 2007, the four directors purchased 10% each of the share capital from Clyst Holdings Limited.

Results and dividends

The results for the year are set out on page 5.

The directors 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 is able to benefit 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.

Future developments

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

D J Hunt

P T Alderson

N M England

Devon Contractors Limited

Directors' report for the year ended 31 May 2008

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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.

Audit information

In so far as the directors are aware:


- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- 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.

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 LLP 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 27th NOVEMBER 2008 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 2008 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 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 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 2008, and the abbreviated accounts have been properly prepared in accordance with that provision.

A handwritten signature in black ink, appearing to read 'Milsted Langdon', with a stylized flourish at the end.

Milsted Langdon LLP
Chartered Accountants and Registered Auditors
Taunton, 11 December 2008

Devon Contractors Limited

**Abbreviated profit and loss account
for the year ended 31 May 2008**

		Continuing operations	
		2008	2007
	Notes	£	£
Gross profit		603,624	1,101,260
Administrative expenses		(298,820)	(436,136)
Operating profit	2	304,804	665,124
Interest receivable and similar income	3	43,003	6,229
Interest payable and similar charges	4	(33,856)	(22,752)
Profit on ordinary activities before taxation		313,951	648,601
Tax on profit on ordinary activities	7	(85,845)	(194,437)
Profit for the year	14	228,106	454,164

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 3.

Devon Contractors Limited

**Abbreviated balance sheet
as at 31 May 2008**

		2008		2007	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9		91,395		101,513
Current assets					
Stocks	10	500		500	
Debtors	11	4,984,588		5,738,122	
		<u>4,985,088</u>		<u>5,738,622</u>	
Creditors: amounts falling due within one year	12	<u>(4,548,377)</u>		<u>(5,540,135)</u>	
Net current assets			436,711		198,487
Net assets			<u>528,106</u>		<u>300,000</u>
Capital and reserves					
Called up share capital	13		300,000		300,000
Profit and loss account	14		228,106		-
Equity shareholders' funds	15		<u>528,106</u>		<u>300,000</u>

The abbreviated accounts have been 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 27th November 2008 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 3.

Devon Contractors Limited

**Cash flow statement
for the year ended 31 May 2008**

	Notes	2008 £	2007 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		304,804	665,124
Depreciation		58,818	46,562
Profit on disposal of tangibles assets		-	(3,500)
Decrease/(increase) in debtors		753,534	(1,136,220)
(Decrease)/increase in creditors		(852,205)	1,951,873
Net cash inflow from operating activities		<u>264,951</u>	<u>1,523,839</u>
Cash flow statement			
Net cash inflow from operating activities		264,951	1,523,839
Returns on investments and servicing of finance	18	9,147	(16,523)
Taxation	18	(116,803)	(454,737)
Capital expenditure	18	(48,700)	(14,185)
		<u>108,595</u>	<u>1,038,394</u>
Equity dividends paid		-	(564,117)
Increase in cash in the year		<u>108,595</u>	<u>474,277</u>
Reconciliation of net cash flow to movement in net funds (Note 19)			
Increase in cash in the year		108,595	474,277
Net debt at 1 June 2007		(445,580)	(919,857)
Net debt at 31 May 2008		<u>(336,985)</u>	<u>(445,580)</u>

Devon Contractors Limited

Notes to the abbreviated accounts for the year ended 31 May 2008

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1. Accounting policies

1.1. Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

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.

Devon Contractors Limited

**Notes to the abbreviated accounts
for the year ended 31 May 2008**

2. Operating profit	2008	2007
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	58,818	46,563
Operating lease rentals		
- Land and buildings	32,000	32,000
Auditors' remuneration	12,512	10,000
	<u> </u>	<u> </u>
and after crediting:		
Profit on disposal of tangible assets	-	3,500
	<u> </u>	<u> </u>
3. Interest receivable and similar income	2008	2007
	£	£
Bank interest	43,003	6,229
	<u> </u>	<u> </u>
4. Interest payable and similar charges	2008	2007
	£	£
On bank overdrafts	781	22,752
On overdue tax	33,075	-
	<u> </u>	<u> </u>
	<u>33,856</u>	<u>22,752</u>
5. Employees		
Number of employees	2008	2007
The average monthly numbers of employees (including the directors) during the year were:	Number	Number
Directors	4	2
Administration	12	14
Labourers	25	25
	<u> </u>	<u> </u>
	<u>41</u>	<u>41</u>
Employment costs	2008	2007
	£	£
Wages and salaries	1,186,851	1,048,915
Social security costs	127,249	114,813
Pension costs-other operating charge	33,359	24,184
	<u> </u>	<u> </u>
	<u>1,347,459</u>	<u>1,187,912</u>

Devon Contractors Limited

Notes to the abbreviated accounts for the year ended 31 May 2008

..... continued

5.1. Directors' emoluments	2008	2007
	£	£
Remuneration and other emoluments	<u>174,134</u>	<u>31,512</u>

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 £33,359 (2007 - £24,184).

7. Tax on profit on ordinary activities

Analysis of charge in period	2008	2007
	£	£
Current tax		
UK corporation tax	88,742	194,437
Adjustments in respect of previous periods	(2,897)	-
	<u>85,845</u>	<u>194,437</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:

	2008	2007
	£	£
Profit on ordinary activities before taxation	<u>313,951</u>	<u>648,601</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (31 May 2007 : 30%)	94,185	194,580
Effects of:		
Capital allowances for period in excess of depreciation	132	(8,265)
Adjustments to tax charge in respect of previous periods	(2,897)	(263)
Other reconciling items	(1,158)	8,385
Marginal relief	(4,417)	-
Current tax charge for period	<u>85,845</u>	<u>194,437</u>

Devon Contractors Limited

Notes to the abbreviated accounts for the year ended 31 May 2008

..... continued

8.	Dividends			2008 £	2007 £
	Dividends paid on equity shares				
	Paid during the year:				
	Equity dividends on Ordinary shares			-	564,117
				-	564,117
9.	Tangible fixed assets				
		Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
	Cost				
	At 1 June 2007	268,192	67,892	238,074	574,158
	Additions	-	-	48,700	48,700
	Disposals	(68,405)	(22,567)	(8,692)	(99,664)
	At 31 May 2008	199,787	45,325	278,082	523,194
	Depreciation				
	At 1 June 2007	260,702	60,436	151,507	472,645
	On disposals	(68,405)	(22,567)	(8,692)	(99,664)
	Charge for the year	2,800	3,729	52,289	58,818
	At 31 May 2008	195,097	41,598	195,104	431,799
	Net book values				
	At 31 May 2008	4,690	3,727	82,978	91,395
	At 31 May 2007	7,490	7,456	86,567	101,513
10.	Stocks			2008 £	2007 £
	Work in progress			500	500

Devon Contractors Limited

Notes to the abbreviated accounts for the year ended 31 May 2008

..... continued

11. Debtors	2008	2007
	£	£
Amounts recoverable on long term contracts	2,026,725	3,557,902
Amounts owed by group undertakings	2,900,511	2,033,887
Other debtors	57,352	146,333
	<u>4,984,588</u>	<u>5,738,122</u>

Included within amounts recoverable on long term contracts is £231,457 (2007 - £1,653,008) for contracts being carried out for Clyst Holdings Limited.

12. Creditors: amounts falling due within one year	2008	2007
	£	£
Bank overdraft	336,985	445,580
Trade creditors	3,565,498	3,310,843
Amounts owed to group undertakings	-	1,382,313
Corporation tax	88,742	119,700
Other taxes and social security costs	388,819	78,881
Accruals and deferred income	168,333	202,818
	<u>4,548,377</u>	<u>5,540,135</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	2008	2007
	£	£
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>

Devon Contractors Limited

Notes to the abbreviated accounts for the year ended 31 May 2008

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14. Equity Reserves

Profit and loss account £	Total £
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At 1 June 2007	-	-
Profit for the year	228,106	228,106
At 31 May 2008	<u>228,106</u>	<u>228,106</u>

15. Reconciliation of movements in shareholders' funds

2008 £	2007 £
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Profit for the year	228,106	454,164
Dividends	-	(564,117)
	<u>228,106</u>	<u>(109,953)</u>
Opening shareholders' funds	300,000	409,953
Closing shareholders' funds	<u>528,106</u>	<u>300,000</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 £6,285 (2007 - £41,835).

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 60% owned subsidiary of Clyst Holdings Limited.

During the year the company made sales to Clyst Holdings Limited of £4,451,670 (2007 - £429,858) and paid no management charges (2007 - £100,000). This excludes the value of unbilled work carried out in the year.

At the year end, Clyst Holdings Limited owed Devon Contractors Limited £2,900,511 (2007 - Devon Contractors Limited owed Clyst Holdings Limited £1,382,313). This loan is interest free and repayable on demand.

Devon Contractors Limited

**Notes to the abbreviated accounts
for the year ended 31 May 2008**

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18.	Gross cash flows	2008	2007	
		£	£	
	Returns on investments and servicing of finance			
	Interest received	43,003	6,229	
	Interest paid	(33,856)	(22,752)	
		<u>9,147</u>	<u>(16,523)</u>	
	Taxation			
	Corporation tax paid	(116,803)	(454,737)	
	Capital expenditure			
	Payments to acquire tangible assets	(48,700)	(17,685)	
	Receipts from sales of tangible assets	-	3,500	
		<u>(48,700)</u>	<u>(14,185)</u>	
19.	Analysis of changes in net funds	Opening balance	Cash flows	Closing balance
		£	£	£
	Overdrafts	(445,580)	108,595	(336,985)
	Net funds	<u>(445,580)</u>	<u>108,595</u>	<u>(336,985)</u>