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**Spade Oak Group Limited**

**Directors' report and consolidated  
financial statements**

**Registered number 1049982**

**9 month period ended 31 December 2006**

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## **Directors' report**

The directors present their annual report and the audited financial statements for the nine month period ended 31 December 2006

### **Principal activities**

During the period the principal activity of the company continued to be the provision of management and other services to its subsidiary undertakings. These subsidiary undertakings carry out surfacing contracts.

### **Business review and future developments**

The results for the group are shown on page 6

Overall the Group's performance has shown significant improvement over prior years, operating in a combination of traditional and relatively new markets. Some markets may limit next year's outlook but overall a similar operation is expected.

### **Business Overview**

The markets in which Spade Oak operates allowed no opportunity for expansion as trading levels fell marginally short of the previous year's level. Although competition again increased pressure on selling margins, efficiencies operationally have aided actual margins achieved to show an improvement.

### **Key Performance Indicators**

Proportionally turnover was down 2% but pre-tax profit up by 11%. Strong debtor control enabled another positive cash year with cash and equivalents at £6.7m (March 2006 £5.7m).

From a Health & Safety perspective accident and incident ratios have maintained the improvement levels of 2005. Again no environmental incidents have been recorded.

### **The Year Ahead**

The outlook for 2007 remains at a similar trading level with the corresponding pressure on margins. Possible enhancements to that position may occur as Olympic and other major construction projects combine to consume capacity in the industry, potentially leaving more profitable opportunities available.

Spade Oak has made a sound start to 2007 and is well placed to exploit those opportunities.

### **Resources**

Spade Oak continues to invest heavily in the latest plant and transport taking advantage of manufacturers' environmental advancements and improved efficiencies in operational outputs.

Our highly experienced and skilled workforce remains our primary resource and continues to receive the most up to date Health, Safety, Environmental and construction skills training.

### **Dividend**

The directors do not recommend the payment of a dividend (31 March 2006 £Nil).

## **Directors' report** *(continued)*

### **Directors and directors' interests**

The directors who held office during the period were as follows

PJ Michael Wellington  
Peter NC Wellington (Resigned 31 October 2006)  
Paul DA Wellington  
Clive A Jamieson  
David M Dawe  
JF Yeoman (Resigned 7 September 2006)  
BT Beddow  
GW Bolsover (Appointed 1 December 2006)

None of the directors who held office at the end of the financial period had any disclosable interest in the shares of group companies

### **Political and charitable contributions**

The group made no political contributions during the period Donations to UK charities amounted to £875 (31 March 2006 £5,200)

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

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

### **Auditors**

KPMG LLP will not be seeking reappointment as auditors for the forthcoming year A resolution to appoint a successor will be proposed at the Annual General Meeting

By order of the board



**Clive A Jamieson**  
*Secretary*

Town Lane  
Wooburn Green  
High Wycombe  
Bucks  
HP10 0PD

12 July 2007

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company 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 parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



## KPMG LLP

100 Temple Street  
Bristol  
BS1 6AG  
United Kingdom

### **Independent auditors' report to the members of Spade Oak Group Limited**

We have audited the group and parent company financial statements (the "financial statements") of Spade Oak Group Limited for the nine month period ended 31 December 2006 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Independent auditors' report to the members of Spade Oak Group Limited**  
*(continued)*

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2006 and of the group's profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG LLP

KPMG LLP  
Chartered Accountants  
Registered Auditor

12 July 2007

**Consolidated profit and loss account**  
*for the nine month period ended 31 December 2006*

	<i>Note</i>	<b>31 December 2006 £</b>	<b>12 months to 31 March 2006 £</b>
<b>Group turnover</b>		<b>24,774,635</b>	<b>33,860,924</b>
<b>Cost of sales</b>		<b>(18,652,365)</b>	<b>(25,968,455)</b>
		<hr/>	<hr/>
<b>Gross profit</b>		<b>6,122,270</b>	<b>7,892,469</b>
<b>Administrative expenses</b>		<b>(4,261,850)</b>	<b>(5,705,353)</b>
		<hr/>	<hr/>
<b>Group operating profit</b>		<b>1,860,420</b>	<b>2,187,116</b>
Income from fixed asset investments		<b>208</b>	<b>980</b>
Other interest receivable and similar income	5	<b>208,457</b>	<b>192,647</b>
Interest payable and similar charges	6	<b>(4,561)</b>	<b>6,688</b>
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	2-4	<b>2,064,524</b>	<b>2,387,431</b>
<b>Tax on profit on ordinary activities</b>	7	<b>(677,407)</b>	<b>(791,514)</b>
		<hr/>	<hr/>
<b>Profit on ordinary activities after taxation</b>		<b>1,387,117</b>	<b>1,595,917</b>
		<hr/>	<hr/>

The profit and loss account contains the only gains and losses of the group for the period

All figures relate to continuing activities



**Consolidated balance sheet**  
**at 31 December 2006**

	<i>Note</i>	<b>31 December 2006</b>	<b>31 March 2006</b>
		£	£
<b>Fixed assets</b>			
Tangible assets	8	3,527,804	3,467,696
Investments	9	8,322	8,322
		<hr/>	<hr/>
		3,536,126	3,476,018
<b>Current assets</b>			
Stocks	10	72,956	183,019
Debtors	11	6,720,432	7,732,129
Cash at bank and in hand		3,744,322	3,716,922
		<hr/>	<hr/>
		10,537,710	11,632,070
<b>Creditors</b> amounts falling due within one year	12	(5,885,818)	(8,332,230)
		<hr/>	<hr/>
<b>Net current assets</b>		4,651,892	3,299,840
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		8,118,018	6,776,858
<b>Provisions for liabilities and charges</b>	13	(102,346)	(77,303)
		<hr/>	<hr/>
<b>Net assets</b>		8,085,672	6,698,555
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	14	111,000	111,000
Share premium account	16	42,100	42,100
Profit and loss account	16	7,932,572	6,545,455
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>	15	8,085,672	6,698,555
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 12 July 2007 and were signed on its behalf by

  
**PJ Michael Wellington**  
Director

**Company balance sheet**  
*at 31 December 2006*

	<i>Note</i>	<b>31 December 2006</b>		<b>31 March 2006</b>	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		157,493		149,033
Investments	9		9,822		9,822
			<hr/>		<hr/>
			167,315		158,855
<b>Current assets</b>					
Debtors	11	93,404		2,573,425	
Cash at bank and in hand		386,848		1,690	
		<hr/>		<hr/>	
		480,252		2,575,115	
<b>Creditors: amounts falling due within one year</b>	12	(287,447)		(2,386,034)	
		<hr/>		<hr/>	
<b>Net current assets</b>			192,805		189,081
			<hr/>		<hr/>
<b>Net assets</b>			360,120		347,936
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	14	111,000		111,000	
Share premium account	16	42,100		42,100	
Profit and loss account	16	207,020		194,836	
		<hr/>		<hr/>	
<b>Equity shareholders' funds</b>	15	360,120		347,936	
		<hr/>		<hr/>	

These financial statements were approved by the board of directors on 12 July 2007 and were signed on its behalf by

  
**PJ Michael Wellington**  
Director

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of certain assets

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

#### ***Basis of consolidation***

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 December 2006. Investments in joint ventures are accounted for at cost less provision for impairment. They have not been accounted for under the gross equity method on the grounds of immateriality.

Under section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account.

#### ***Tangible fixed assets and depreciation***

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	50 years from 1 April 2004
Plant and machinery	-	2 to 8 years
Office equipment and improvements	-	1 to 10 years
Motor vehicles	-	4 years

No depreciation is provided on freehold land.

Investment properties are revalued on a rolling basis. Surpluses or deficits on individual properties are transferred to the investment revaluation reserve, except that a deficit which is expected to be permanent and which is in excess of any previously recognised surplus over cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. Depreciation is not provided in respect of freehold investment properties or of leasehold investment properties where the unexpired term of the lease is more than 20 years. The directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view as required under SSAP 19. The financial effect of the departure from the statutory accounting rules cannot reasonably be quantified.

#### ***Fixed asset investments***

Fixed asset investments are stated at cost less provision for impairment.

#### ***Leases***

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account over the estimated useful economic lives of the assets to which they relate.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Post retirement benefits*

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

#### *Stocks*

Stocks including work in progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion.

#### *Long term contracts*

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

#### *Taxation*

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### *Turnover*

Turnover represents amounts receivable for work performed in the UK exclusive of trade discounts, value added tax and other related taxes.

### 2 Profit on ordinary activities before taxation

	31 December 2006 £	31 March 2006 £
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Amounts receivable by auditors and their associates in respect of		
Audit of these financial statements	10,046	25,136
Other services relating to taxation	10,679	22,175
Depreciation and other amounts written off tangible fixed assets		
Owned	685,604	846,496
Hire of plant and machinery - rentals payable under operating leases	452,913	647,813
Hire of other assets - operating leases	135,570	174,521
Profit on sale of tangible fixed assets	(122,626)	(276,943)
	<u>          </u>	<u>          </u>

## Notes (continued)

### 3 Remuneration of directors

	31 December 2006 £	31 March 2006 £
Directors' emoluments	1,518,036	1,790,845
Company contributions to money purchase pension schemes	31,556	416,263
	<u>1,549,592</u>	<u>2,207,108</u>

The aggregate of emoluments of the highest paid director was £290,584 (31 March 2006 £333,010), and company pension contributions of £0 (31 March 2006 £104,630) were made to a money purchase scheme on his behalf

	Number of directors 31 December 2006	31 March 2006
Retirement benefits are accruing to the following number of directors under		
Money purchase schemes	<u>5</u>	<u>5</u>

### 4 Staff numbers and costs

The average number of persons employed by the group (including directors) during the period was as follows

	Number of employees 31 December 2006	31 March 2006
Administration	60	63
Roadmen	107	108
	<u>167</u>	<u>171</u>

The aggregate payroll costs of these persons were as follows

	31 December 2006 £	31 March 2006 £
Wages and salaries	5,725,628	7,348,595
Social security costs	723,708	869,989
Other pension costs	229,272	608,384
	<u>6,678,608</u>	<u>8,826,968</u>

## Notes (continued)

### 5 Other interest receivable and similar income

	31 December 2006 £	31 March 2006 £
Bank interest	94,971	96,241
Other	-	1,007
Foster Yeoman Loan	112,986	95,342
Inland Revenue	500	57
	<u>208,457</u>	<u>192,647</u>

### 6 Interest payable and similar charges

	31 December 2006 £	31 March 2006 £
Bank	14	223
Inland Revenue	4,547	(6,911)
	<u>4,561</u>	<u>(6,688)</u>

### 7 Taxation

#### Analysis of charge in period

	31 December 2006 £	31 March 2006 £
<i>UK corporation tax</i>		
Current tax on income for the period	652,364	731,638
Provision in respect of prior periods	-	5,846
Total current tax	<u>652,364</u>	<u>737,484</u>
<i>Deferred tax – movement in timing differences</i>		
Current period	25,043	54,944
Change in rate	-	-
Prior year	-	(914)
Tax on profit on ordinary activities	<u>677,407</u>	<u>791,514</u>

## Notes (continued)

### 7 Taxation (continued)

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

The current tax charge for the period is higher (31 March 2006 higher) than the standard rate of corporation tax in the UK (30%, 31 March 2006 30%). The differences are explained below

	31 December 2006 £	31 March 2006 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	2,064,524	2,387,431
Current tax at 30% (31 March 2006 30%)	619,357	716,229
<i>Effects of</i>		
Expenses not deductible for tax purposes	58,112	70,647
Income not subject to tax	(62)	(294)
Depreciation less than capital allowances	(25,043)	(24,635)
Movement on short term timing differences	-	(30,309)
Adjustments in respect of prior periods	-	5,846
Total current tax charge (see above)	652,364	737,484

### 8 Tangible fixed assets

	Freehold investment properties £	Freehold land and buildings £	Plant and machinery £	Office equipment and improvements £	Motor vehicles £	Leasehold property improvements £	Total £
<b>Group</b>							
<i>Cost</i>							
At beginning of period	325,000	566,817	4,172,013	301,862	289,776	238,145	5,893,613
Additions	-	-	713,660	13,300	202,965	44,610	974,535
Disposals	-	-	(566,652)	-	(167,398)	-	(734,050)
At end of year	325,000	566,817	4,319,021	315,162	325,343	282,755	6,134,098
<i>Depreciation</i>							
At beginning of period	-	12,000	1,988,938	234,305	156,142	34,532	2,425,917
Charge for period	-	4,501	559,687	33,459	62,380	25,577	685,604
On disposals	-	-	(433,205)	-	(72,022)	-	(505,227)
At end of period	-	16,501	2,115,420	267,764	146,500	60,109	2,606,294
<i>Net book value</i>							
At 31 December 2006	325,000	550,316	2,203,601	47,398	178,843	222,646	3,527,804
At 31 March 2006	325,000	554,817	2,183,075	67,557	133,634	203,613	3,467,696

The freehold investment properties are valued annually by Clive Jameson and Mike Wellington, directors of the group, based on market conditions

## Notes (continued)

### 8 Tangible fixed assets (continued)

	Office equipment £	Motor vehicles £	Total £
<b>Company</b>			
<i>Cost</i>			
At beginning of period	150,130	253,439	403,569
Additions	13,300	158,591	171,891
Disposals	-	(167,398)	(167,398)
	<hr/>	<hr/>	<hr/>
At end of period	163,430	244,632	408,062
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At beginning of period	104,701	149,835	254,536
Charge for period	15,352	52,703	68,055
On disposals	-	(72,022)	(72,022)
	<hr/>	<hr/>	<hr/>
At end of period	120,053	130,516	250,569
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2006	<u>43,377</u>	<u>114,116</u>	<u>157,493</u>
	<hr/>	<hr/>	<hr/>
At 31 March 2006	<u>45,429</u>	<u>103,604</u>	<u>149,033</u>
	<hr/>	<hr/>	<hr/>

### 9 Fixed asset investments

	Joint venture £	Listed investments £	Total £
<b>Group</b>			
<i>Cost</i>			
At beginning and end of period	5,000	3,322	8,322
	<hr/>	<hr/>	<hr/>
	Shares in group undertakings £	Listed investments £	Total £
<b>Company</b>			
<i>Cost</i>			
At beginning and end of period	6,500	3,322	9,822
	<hr/>	<hr/>	<hr/>

At 31 December 2006 the market value of the listed investments, was £27,030 (31 March 2006 £24,948)



## Notes (continued)

### 9 Fixed asset investments (continued)

The company's subsidiary undertakings are as follows

	Country of incorporation	Principal activity	Class of share and percentage of shares held
<b>Subsidiary undertakings</b>			
Spade Oak Construction Company Limited	United Kingdom	Surfacing contracts	Ordinary 100%
Spade Oak Duracourt Limited	United Kingdom	Surfacing contracts	Ordinary 100%
<b>Joint venture</b>			
Sports Surfaces Technologies Limited	United Kingdom	Supplier of materials	Ordinary 50%

On 1 December 2000 a subsidiary acquired 50% of the share capital of Sports Surfaces Technologies Limited which has the principal business of supplying materials to the construction industry. The value of the investment represents 50% of the issued share capital.

Based on the unaudited management accounts of Sports Surfaces Technologies Limited, the summary profit and loss account and balance sheet are shown below

*Profit and loss account*

	31 December 2006 £	31 March 2006 £
Turnover	-	-
Profit before taxation	(2,010)	465
Taxation	-	-
Profit after tax	(2,010)	465

*Balance sheet*

Current assets	11,697	13,317
Liabilities due within one year	(1,390)	(1,000)
Net assets	10,307	12,317

### 10 Stocks – group

	31 December 2006 £	31 March 2006 £
Raw materials and consumables	72,956	73,014
Work in progress	-	110,005
	72,956	183,019

## Notes (continued)

### 11 Debtors

	31 December 2006 £	Group 31 March 2006 £	31 December 2006 £	Company 31 March 2006 £
Trade debtors				
Valuations	2,887,385	4,628,727	-	-
Retentions	538,710	451,243	-	-
Amounts recoverable on contracts	42,513	443,814	-	-
Amounts owed by group undertakings	-	2,009,110	-	2,463,122
Amounts owed by ultimate parent undertaking	3,028,476	-	-	-
Deferred tax assets	-	-	49,528	51,754
Other debtors	27,605	38,650	-	-
Prepayments and accrued income	195,743	160,585	43,876	58,549
	<u>6,720,432</u>	<u>7,732,129</u>	<u>93,404</u>	<u>2,573,425</u>

Total company debtors includes a deferred tax asset of £49,528 (31 March 2006 deferred tax asset of £51,754) see note 13)

### 12 Creditors: amounts falling due within one year

	31 December 2006 £	Group 31 March 2006 £	31 December 2006 £	Company 31 March 2006 £
Payments received on account	1,682,461	2,162,197	-	-
Trade creditors	1,105,780	3,092,112	8,147	43,091
Amounts owed to group undertakings	-	-	-	2,055,016
Amounts owed to ultimate parent undertaking	753,216	1,257,893	-	-
Corporation tax payable	412,364	531,639	790	29,966
Other taxation and social security	1,238,988	786,573	201,524	193,670
Other creditors	3,900	3,900	-	-
Accruals and deferred income	689,109	497,916	76,986	64,291
	<u>5,885,818</u>	<u>8,332,230</u>	<u>287,447</u>	<u>2,386,034</u>

## Notes (continued)

### 13 Provisions for liabilities and charges

	Deferred tax liability/(asset)	
	Group £	Company £
At beginning of period	77,303	(51,754)
Charge to the profit and loss account for the period	25,043	2,228
<b>At end of period</b>	<b>102,346</b>	<b>(49,526)</b>

The elements of deferred taxation liabilities/(assets) are as follows

	Group		Company	
	31 December 2006 £	31 March 2006 £	31 December 2006 £	31 March 2006 £
Difference between accumulated depreciation and amortisation and capital allowances	102,346	77,303	(49,526)	(51,754)

### 14 Called up share capital

	31 December 2006 £	31 March 2006 £
<b>Authorised</b>		
Equity 1,500,000 ordinary shares of 10p each	150,000	150,000
<b>Allotted, called up and fully paid</b>		
Equity 1,110,000 ordinary shares of 10p each	111,000	111,000

### 15 Reconciliation of movements in shareholders' funds

	Group		Company	
	31 December 2006 £	31 March 2006 £	31 December 2006 £	31 March 2006 £
<b>Profit for the financial period</b>	<b>1,387,117</b>	<b>1,595,917</b>	<b>12,184</b>	<b>10,271</b>
Opening shareholders' funds	6,698,555	5,102,638	347,936	337,665
<b>Closing shareholders' funds</b>	<b>8,085,672</b>	<b>6,698,555</b>	<b>360,120</b>	<b>347,936</b>

## Notes (continued)

### 16 Reserves

	Group		Company	
	Share premium account £	Profit and loss account £	Share premium account £	Profit and loss account £
At beginning of period	42,100	6,545,455	42,100	194,836
Retained profit for the period	-	1,387,117	-	12,184
<b>At end of period</b>	<b>42,100</b>	<b>7,932,572</b>	<b>42,100</b>	<b>207,020</b>

### 17 Commitments

- (a) There were no contracted capital commitments at the period end
- (b) Annual commitments under non-cancellable operating leases are as follows

	31 December 2006		31 March 2006	
Group	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire				
Within one year	-	27,822	-	29,488
In the second to fifth years inclusive	-	130,706	-	107,126
Over five years	111,000	-	111,000	-
	<b>111,000</b>	<b>158,528</b>	<b>111,000</b>	<b>136,614</b>

### 18 Pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the group to the scheme and amounted to £223,593 (31 March 2006 £382,885).

There were no outstanding or prepaid contributions at either the beginning or end of the financial period.

## **Notes (continued)**

### **19 Guarantees and financial commitments**

An unlimited guarantee from Spade Oak Group Limited and Spade Oak Construction Company Limited exists in favour of Spade Oak Duracourt Limited, dated 16 January 1992

### **20 Contingent liabilities**

An unlimited debenture existed at 31 March 2006 in favour of Lloyds Bank plc charging all the assets of the undertaking of Spade Oak Construction Limited and incorporating a right of set off, dated 1 July 1983 This charge was satisfied on 19 May 2006

### **21 Related party disclosures**

The group has an annual commitment under a non-cancellable operating lease for land and buildings as disclosed in note 17 This lease is for a 25 year term commencing 24 June 1987 with the Spade Oak Construction Company Limited Directors Pension Scheme During the period the group paid £111,000 (31 March 2006 £111,000) under this lease

Four motor vehicles owned by the company were disposed of to directors during the prior year These transactions were all at market value

The above transactions were all undertaken on an arms length basis

### **22 Ultimate parent company**

The immediate parent company of Spade Oak Group Limited is Foster Yeoman Limited, which holds 100% of the share capital The ultimate parent company is Holcim Ltd, Zurcherstrasse 156, CH-8645, Switzerland

The following pages do not form part of these financial statements

**Detailed company profit and loss account**  
*for the nine month period ended 31 December 2006*

	31 December 2006 £	31 March 2006 £
<b>Income</b>		
Management charges	1,642,767	2,232,949
Investment income	208	980
	<hr/>	<hr/>
	1,642,975	2,233,929
<b>Expenditure</b> (see schedule page 23)	(1,683,453)	(2,398,119)
	<hr/>	<hr/>
<b>Operating profit</b>	(40,478)	(164,190)
<b>Interest receivable</b>	66,097	191,852
<b>Interest payable – other</b>	(419)	(50)
	<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	25,200	27,612
Tax on profit on ordinary activities	(13,016)	(17,341)
	<hr/>	<hr/>
<b>Profit on ordinary activities after taxation</b>	12,184	10,271
	<hr/>	<hr/>

**Schedule to detailed company profit and loss account**  
*for the nine month period ended 31 December 2006*

	31 December 2006 £	31 March 2006 £
<b>Expenditure</b>		
Rent payable	83,250	111,000
Rates payable	27,572	22,085
Office expenses	20,725	37,450
Insurance and staff insurance	32,132	36,075
Heat and light	9,684	12,259
Office salaries	156,378	168,136
Directors' fees, salaries and bonuses	965,397	1,153,770
National insurance contributions	149,139	179,128
Directors' pension contributions	10,997	391,424
Staff pension	6,370	7,612
Staff expenses	3,536	11,441
Stationery and postage	19,025	24,022
Telephone	20,833	30,914
Computer expenses	33,276	37,610
Vehicle expenses	44,386	51,850
Travel expenses	4,225	3,247
Entertaining	18,401	18,263
Legal and Professional fees	21,475	49,817
Bank charges	1,334	2,655
Subscriptions	703	1,704
Motor vehicle depreciation	52,704	63,360
Office equipment depreciation	15,351	24,534
Staff training	-	2,261
Profit on disposal of fixed assets	(13,523)	(42,498)
Health and Safety	83	-
	<hr/> 1,683,453 <hr/>	<hr/> 2,398,119 <hr/>



**Detailed consolidated profit and loss account**  
*for the nine month period ended 31 December 2006*

	31 December 2006	31 March 2006
	£	£
<b>Sales</b>		
Surfacing contracts	24,774,635	33,860,924
<b>Cost of sales</b>		
Materials	11,290,282	15,888,384
Wages and national insurance contributions	3,456,418	4,530,141
Subcontractors	1,692,696	2,723,393
Plant hire	1,695,284	2,268,727
Plant repairs and maintenance	(298,668)	(374,531)
Yard expenses	22,892	21,984
Site expenses	72	409
Small tools/consumables stores	99,186	129,762
Vehicle/transport expenses	195,666	275,761
Plant and machinery depreciation	559,687	682,315
Profit on disposal of fixed assets	(109,103)	(235,365)
Staff training	21,603	17,651
Rent payable	17,160	23,080
Rates payable	3,072	4,111
Telephone	38	1,052
Health and safety	6,080	11,581
	(18,652,365)	(25,968,455)
<b>Gross profit</b>	<b>6,122,270</b>	<b>7,892,469</b>
<b>Administrative expenses</b> (see schedule page 25)	<b>(4,261,850)</b>	<b>(5,705,353)</b>
<b>Operating profit</b>	<b>1,860,420</b>	<b>2,187,116</b>
Interest receivable	208,457	192,647
Investment income	208	980
Interest payable	(4,561)	6,688
<b>Profit on ordinary activities before taxation</b>	<b>2,064,524</b>	<b>2,387,431</b>
Tax on profit on ordinary activities	(677,407)	(791,514)
<b>Profit on ordinary activities after taxation</b>	<b>1,387,117</b>	<b>1,595,917</b>

**Schedule to detailed consolidated profit and loss account**  
*for the nine month period ended 31 December 2006*

	31 December 2006 £	31 March 2006 £
<b>Administrative expenses</b>		
Rent payable	83,250	111,000
Rates payable	27,572	22,962
Property repairs	10,906	8,844
Office expenses	23,331	52,579
Insurance and staff insurance	176,813	224,920
Heat and light	9,684	12,625
Office salaries	1,388,670	1,756,709
Directors' fees, salaries and bonuses	1,365,147	1,586,898
National insurance contributions	366,801	450,750
Directors' pension contributions	37,236	421,762
Staff pension	64,336	80,709
Staff expenses	2,780	31,371
Stationery and postage	29,593	37,344
Advertising and marketing	36,227	26,997
Telephone	39,237	72,608
Computer expenses	51,995	90,067
Vehicle expenses	178,371	237,029
Contract hire	135,570	174,521
Travel expenses	12,367	8,445
Entertaining	41,689	40,936
Legal and professional fees	23,000	58,910
Bank charges	6,632	6,721
Bad debts and provision for doubtful debts	4,201	3,830
Subscriptions	13,697	11,759
Donations	875	5,200
Redundancy	2,160	33,843
Motor vehicle depreciation	62,380	76,925
Office equipment depreciation	33,459	48,677
Freehold land and buildings depreciation	4,501	6,000
Leasehold property improvements depreciation	25,577	32,579
Profit on disposal of fixed assets	(13,523)	(41,578)
Staff training	12,907	8,958
Debt collecting and credit searches	57,487	51,858
Rental income	(54,990)	(43,003)
Quality assurance	-	825
Health and safety	1,912	3,342
Inland Revenue charges	-	(8,569)
	<hr/> 4,261,850 <hr/>	<hr/> 5,705,353 <hr/>