

1375005. (Rev)

RELIABLE CONSTRUCTION LIMITED

DIRECTORS' REPORT & ACCOUNTS

YEAR ENDED 31ST AUGUST, 2005



RELIABLE CONSTRUCTION LIMITEDREPORT OF THE DIRECTORS

The directors present their annual report together with the audited accounts of the company for the year ended 31st August, 2005.

RESULTS

The loss for the year before taxation amounted to £28,424. The loss after taxation and dividends and transferred to reserves amounted to £269,897.

DIVIDENDS

The directors do not recommend the payment of a final dividend.

PRINCIPAL ACTIVITY

The principal activity of the company during the year continued to be that of building and civil engineering contractors and no significant changes are anticipated.

DIRECTORS

The directors who have served during the year were:-

J.G. Murphy  
W.F. Hanley  
J. Shannon (Resigned 3rd January, 2006)  
R.H. Platt  
S.P. McGee  
J.P. Lynch

The directors had no interests in the company's shares.

RELIABLE CONSTRUCTION LIMITEDREPORT OF THE DIRECTORSDIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:-

- (i) Select suitable accounting policies and apply them consistently.
- (ii) State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- (iii) Make judgements and estimates that are reasonable and prudent.
- (iv) 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 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.

AUDITORS

A resolution in accordance with Section 385, Companies Act 1985, for the re-appointment of Newton & Garner as auditors of the company is to be proposed at the forthcoming annual general meeting.

Approved by the Board on 3<sup>rd</sup> MAY 2006 and signed on its behalf

  
\_\_\_\_\_- CHAIRMAN

RELIABLE CONSTRUCTION LIMITEDNO. OF COMPANY - 1375005YEAR ENDED 31ST AUGUST, 2005INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RELIABLE CONSTRUCTION LIMITED

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

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 Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

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

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 mis-statement, 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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31st August, 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

APEX HOUSE,  
GRAND ARCADE,  
NORTH FINCHLEY,  
LONDON. N12 0EJ.

*Newton & Garner*  
CHARTERED ACCOUNTANTS  
REGISTERED AUDITOR  
DATE: 3<sup>rd</sup> MAY 2006

RELIABLE CONSTRUCTION LIMITEDPROFIT AND LOSS ACCOUNTYEAR ENDED 31ST AUGUST, 2005

	<u>Notes</u>	<u>Year ended</u> <u>31.08.05</u>	<u>15 Months to</u> <u>31.08.04</u>
<u>TURNOVER</u>	2	3,108,144	4,499,305
Cost of sales		2,809,410	3,790,804
		-----	-----
<u>GROSS PROFIT</u>		298,734	708,501
Administration expenses		316,709	371,303
		-----	-----
<u>OPERATING (LOSS)/PROFIT</u>	3	(17,975)	337,198
Interest payable and similar charges	4	10,449	-
		-----	-----
<u>(LOSS)/PROFIT ON ORDINARY</u> <u>ACTIVITIES BEFORE TAXATION</u>		(28,424)	337,198
Taxation on (loss)/profit on ordinary activities	7	(8,527)	100,894
		-----	-----
<u>(LOSS)/PROFIT ON ORDINARY</u> <u>ACTIVITIES AFTER TAXATION</u>		(19,897)	236,304
Dividends	8	(250,000)	-
		-----	-----
<u>(LOSS)/PROFIT TRANSFERRED TO RESERVES</u>		£(269,897)	£236,304
		=====	=====

NOTES

1. All operations of the company during the current and preceding period are continuing operations.
2. There are no gains or losses recognised which are attributable to shareholders and which are not included in the profit and loss account.

RELIABLE CONSTRUCTION LIMITEDBALANCE SHEETAT 31ST AUGUST, 2005

	<u>Notes</u>	<u>31.08.05</u>	<u>31.08.04</u>
<u>FIXED ASSETS</u>			
Tangible assets	9	53,466	70,451
<u>CURRENT ASSETS</u>			
Stocks and work in progress	10	159,837	242,736
Debtors	11	962,703	1,664,146
Cash at bank and in hand		324,753	-
		-----	-----
		1,447,293	1,906,882
<u>CREDITORS</u>			
Amounts falling due within one year	12	722,332	928,744
		-----	-----
<u>NET CURRENT ASSETS</u>		724,961	978,138
		-----	-----
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		778,427	1,048,589
<u>PROVISIONS FOR LIABILITIES AND CHARGES</u>			
Deferred taxation	13	1,388	1,653
		-----	-----
		£777,039	£1,046,936
		=====	=====
<u>CAPITAL AND RESERVES</u>			
Called up share capital	14	50,000	50,000
Profit and loss account	15	727,039	996,936
		-----	-----
		£777,039	£1,046,936
		=====	=====

Approved by the Board on 3<sup>rd</sup> MAY 2006 and signed on its behalf

\_\_\_\_\_) DIRECTORS  
 \_\_\_\_\_)

**RELIABLE CONSTRUCTION LIMITED****NOTES TO THE ACCOUNTS****1. ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the company's accounts:-

**Basis of accounting**

The accounts have been prepared under the historical cost convention.

**Depreciation**

Depreciation of tangible fixed assets is calculated to write off the cost of the assets over their estimated useful lives as follows:-

Plant & transport	-	25% - 33%	reducing balance & straight line basis
Fixtures & fittings	-	15% - 25%	" " "

**Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost and net realisable value.

**Taxation**

The charge for taxation is based on the profit for the year. Deferred tax is provided on the liability method to take account of timing differences between the treatment of certain items for accounts and tax purposes. Tax deferred is accounted for in respect of all material timing differences. The company has not adopted a policy of discounting deferred tax assets and liabilities.

**Cash flow statement**

The company has taken advantage of the exemption in FRS 1 from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary and its results and cash flows are included in the publicly available consolidated financial statements.

**Accounting standards**

The accounts comply with all Statements of Standard Accounting Practice (SSAPs) and Financial Reporting Standards (FRSs) in so far as they are material to these accounts.

**2. TURNOVER**

Turnover represents construction work executed during the year, excluding value added tax.

RELIABLE CONSTRUCTION LIMITEDNOTES TO THE ACCOUNTS

Year ended  
31.08.05

15 Months to  
31.08.04

3. OPERATING (LOSS)/PROFIT

Operating(loss)/profit is stated after charging:-

Directors' remuneration	99,789	116,147
Depreciation	17,922	31,991
Auditors' remuneration	2,500	2,500
Hire of plant & transport	49,625	74,204
	=====	=====

4. INTEREST PAYABLE AND SIMILAR CHARGES

Interest paid on loan from parent undertaking	£10,449	-
	=====	=====

5. DIRECTORS' REMUNERATION

Directors' remuneration is made up as follows:-

Managerial remuneration	78,916	95,564
Pension contributions	7,006	8,008
Benefits in kind	13,867	12,575
	-----	-----
	£99,789	£116,147
	=====	=====

6. EMPLOYEES

The average number of employees during the year was 51 (2004 - 52) made up as follows:-

Management	4	4
Production	45	46
Administration	2	2
	--	--
	51	52
	==	==

Staff costs are analysed as follows:-

Wages & salaries	1,057,666	1,269,936
Social security costs	103,165	125,397
Pension contributions	7,006	8,008
	-----	-----
	£1,167,837	£1,403,341
	=====	=====



RELIABLE CONSTRUCTION LIMITEDNOTES TO THE ACCOUNTS

Year ended  
31.08.05

15 Months to  
31.08.04

7. TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES(a) Analysis of charge for period:Current tax:

UK Corporation tax on (loss)/profit for the year at 0% (2004 - 30%)	(8,262)	102,400
Adjustment in respect of previous periods	-	(337)
	-----	-----
	(8,262)	102,063

Deferred tax:

Origination and reversal of timing differences	(265)	(1,169)
	-----	-----
<u>Tax on (loss)/profit on ordinary activities</u>	<u>£(8,527)</u>	<u>£100,894)</u>
	=====	=====

(b) Factors affecting tax charge for period:

(Loss)/profit on ordinary activities before tax	£(28,424)	£337,198
	=====	=====

(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax of 30% (2004 - 30%)	(8,527)	101,159
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Effects of:-

Expenses not deductible for tax purposes	-	72
Capital allowances less than depreciation	265	1,169
Adjustment in respect of previous periods	-	(337)
	-----	-----
<u>Current tax (credit)/charge for period (note 7a)</u>	<u>£(8,262)</u>	<u>£102,063</u>
	=====	=====

8. DIVIDENDS

Interim dividend paid	£250,000	-
	=====	=====

RELIABLE CONSTRUCTION LIMITEDNOTES TO THE ACCOUNTS**9. TANGIBLE FIXED ASSETS**

<u>COST OR VALUATION</u>	<u>2004</u>	<u>Additions</u>	<u>Disposals</u>	<u>2005</u>
Plant & transport	271,355	2,772	(33,648)	240,479
Fixtures & fittings	9,794	1,736	-	11,530
	-----	-----	-----	-----
	£281,149	£4,508	£(33,648)	£252,009
	=====	=====	=====	=====
<u>ACCUMULATED DEPRECIATION</u>	<u>2004</u>	<u>Charge for year</u>	<u>Disposals</u>	<u>2005</u>
Plant & transport	201,250	17,388	(30,077)	188,561
Fixtures & fittings	9,448	534	-	9,982
	-----	-----	-----	-----
	£210,698	£17,922	£(30,077)	£198,543
	=====	=====	=====	=====
<u>NET BOOK VALUE</u>	<u>2004</u>			<u>2005</u>
Plant & transport	70,105			51,918
Fixtures & fittings	346			1,548
	-----			-----
	£70,451			£53,466
	=====			=====

Year ended  
31.08.05

15 Months to  
31.08.04

**10. STOCKS AND WORK IN PROGRESS**

Raw materials & consumables	23,719	40,636
Work in progress	136,118	202,100
	-----	-----
	£159,837	£242,736
	=====	=====

**11. DEBTORS**

Trade debtors	946,910	1,247,836
Other debtors	15,793	416,310
	-----	-----
	£962,703	£1,664,146
	=====	=====

All debtors fall due within one year.

RELIABLE CONSTRUCTION LIMITEDNOTES TO THE ACCOUNTS

	Year ended <u>31.08.05</u>	15 Months to <u>31.08.04</u>
<b>12. <u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u></b>		
Bank overdraft	-	217,471
Trade creditors	198,014	225,659
Taxation & social security	114,098	230,829
Other creditors	6,812	18,425
Accruals	15,993	13,323
Amounts owed to group companies	387,415	223,037
	-----	-----
	£722,332	£928,744
	=====	=====
<b>13. <u>PROVISIONS FOR LIABILITIES AND CHARGES</u></b>		
<u>Deferred taxation</u>		
Balance at 1st September, 2004	1,653	2,822
Profit and loss account	(265)	(1,169)
	-----	-----
<u>Balance at 31st August, 2005</u>	£1,388	£1,653
	=====	=====
<u>Provision is made for the full potential liability for deferred tax as follows:-</u>		
Accelerated capital allowances	£1,388	£1,653
	=====	=====
<b>14. <u>SHARE CAPITAL</u></b>		
<u>Authorised, issued and fully paid</u>		
50,000 Ordinary shares of £1 each	£50,000	£50,000
	=====	=====
<b>15. <u>PROFIT AND LOSS ACCOUNT</u></b>		
Balance at 1st September, 2004	996,936	760,632
Retained (loss)/profit for the year	(269,897)	236,304
	-----	-----
<u>Balance at 31st August, 2005</u>	£727,039	£996,936
	=====	=====
<b>16. <u>RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS</u></b>		
Retained (loss)/profit for the year	(269,897)	236,304
Opening shareholders' funds	1,046,936	810,632
	-----	-----
<u>Closing shareholders' funds</u>	£777,039	£1,046,936
	=====	=====

RELIABLE CONSTRUCTION LIMITEDNOTES TO THE ACCOUNTS**17. PENSION SCHEME**

The company contributes to a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounts to £7,066 (2004 - £8,008).

**18. ULTIMATE HOLDING COMPANY**

The directors regard Greenane Ltd., incorporated in the Isle of Man as the company's ultimate holding company. In the opinion of the directors, there is no controlling party of Greenane Ltd. The parent company of the largest group for which consolidated accounts are prepared is Bandon Holdings Ltd., a company registered in England.

**19. RELATED PARTY TRANSACTIONS**

The only transactions with related parties during the period are with companies who are fellow members of the Bandon Holdings Group of Companies.

The company has taken advantage of the exemption in Financial Reporting Standard No. 8 and has not disclosed details of transactions with these fellow group companies.

Balances with group companies at 1st September, 2004 and 31st August, 2005 are disclosed in note 12 to the accounts.