

Company Registration No 1393025 (England and Wales)

PECTEL LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

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PECTEL LIMITED

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PECTEL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2007

The directors present their report and financial statements for the year ended 30 September 2007

Principal activities and review of the business

The principal activity of the company continued to be that of building contractors including the remediation of hazardous materials and allied works

Turnover has increased by 19% this year compared to last year. However, considerable overruns on two large contracts in the year has significantly contributed to the reduction in gross margin and profit before tax. The company has, however, remained competitive and the directors expect improved results and continuing growth in the coming year.

The company's market is naturally competitive given the extent of alternative contractors. The company responds to this by maintaining the high level of service for which it is known. Growth is achieved by increasing market share at competitors' expenses and the directors constantly monitor cost levels to ensure that the company makes an adequate return.

The company operates a treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the company's activities.

The company's principal financial instruments include derivative financial instruments, the purpose of which is to manage currency risks and interest rate risks arising from the company's activities, and bank overdrafts and loans, the main purpose of which is to raise finance for the company's operations. In addition, the company has various other financial assets and liabilities such as trade debtors and retentions and trade creditors arising directly from operations. In accordance with the company's treasury policy, derivative instruments are not entered into for speculative purposes.

Liquidity Risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business. Funds are transferred between group companies to assist in managing this risk.

Interest Rate Risk

The company is exposed to fair value interest rate risk on its borrowings and cash flow interest rate risk on bank overdrafts and loans. The company uses interest rate derivatives to manage the mix of fixed and variable rate debt so as to reduce its exposure to changes in interest rates.

Foreign Currency Risk

The company's principal foreign currency exposure arises from trading with its fellow subsidiary, Pectel France SARL. The company policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling.

Credit Risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board. All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors and retentions are reviewed on a regular basis and provision is made for doubtful debts where necessary.

PECTEL LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2007

Results and dividends

The results for the year are set out on page 5

Directors

The following directors have held office since 1 October 2006

A Brockhouse	(Resigned 28 February 2007)
J Wasmuth	(Resigned 31 January 2007)
L M Brown	
S A Murray	
J P Bell	(Resigned 30 October 2007)

Charitable donations	2007 £	2006 £
During the year the company made the following payments		
Charitable donations	3,549	3,904

Auditors

HLB Vantis Audit plc were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting

PECTEL LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2007

Directors' responsibilities

The directors are responsible for preparing 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 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


- select suitable accounting policies and then 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 that 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 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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



S A Murray

Director

29/7/08

PECTEL LIMITED

INDEPENDENT AUDITORS' REPORT TO PECTEL LIMITED

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 Pectel Limited for the year ended 30 September 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 auditor's report on abbreviated accounts 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 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 abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's 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 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 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.

HLB Vantis Audit plc

HLB Vantis Audit plc

30/7/08

Chartered Accountants

Registered Auditor

Chartered Accountants & Registered Auditors

Crown House

151 High Road

Loughton

Essex

IG10 4LG

PECTEL LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2007

	Notes	2007 £	2006 £
Gross profit		4,678,903	5,075,802
Administrative expenses		(4,684,476)	(4,557,796)
Operating (loss)/profit	2	(5,573)	518,006
Other interest receivable and similar income		7,921	33,388
Interest payable and similar charges	4	(10,598)	(39,066)
(Loss)/profit on ordinary activities before taxation		(8,250)	512,328
Tax on (loss)/profit on ordinary activities	5	78,447	(91,919)
Profit for the year	12	70,197	420,409

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

PECTEL LIMITED

ABBREVIATED BALANCE SHEET

AS AT 30 SEPTEMBER 2007

	Notes	2007 £	2006 £
Fixed assets			
Tangible assets	6	1,390,499	1,391,061
Current assets			
Stocks	7	135,136	71,025
Debtors	8	21,409,686	15,155,784
Cash at bank and in hand		1,299	1,573
		<u>21,546,121</u>	<u>15,228,382</u>
Creditors amounts falling due within one year	9	<u>(17,607,935)</u>	<u>(11,360,955)</u>
Net current assets		<u>3,938,186</u>	<u>3,867,427</u>
Total assets less current liabilities		<u><u>5,328,685</u></u>	<u><u>5,258,488</u></u>
Capital and reserves			
Called up share capital	11	100,000	100,000
Profit and loss account	12	<u>5,228,685</u>	<u>5,158,488</u>
Shareholders' funds	13	<u><u>5,328,685</u></u>	<u><u>5,258,488</u></u>

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

Approved by the Board and authorised for issue on 27/7/08


S A Murray
Director

PECTEL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 2007

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

The financial statements are prepared under the historical cost convention

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

In accordance with UITF 40, the company recognises revenue when the company has a contractual right to an amount received or receivable in exchange for its performance

1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Land and buildings Freehold	Stated at cost less provision for impairment
Plant and machinery	25% straight line
Fixtures, fittings & equipment	25% straight line
Motor vehicles	25% straight line

Land and buildings are shown at cost less provisions to date. In order to show a true and fair view, no depreciation is provided on land and buildings as the directors do not consider that the amount for the year or the accumulated depreciation would be material. The directors carry out an impairment review on the property each year and any deficit is charged to the profit and loss account. This is a departure from the general requirements of the Companies Act 1985 for all tangible assets to be depreciated.

1.4 Leasing

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

1.5 Stock

Stock is valued at the lower of cost and net realisable value

1.6 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.7 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

PECTEL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2007

1	Accounting policies	(continued)	
1 8	Foreign currency translation		
	Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.		
1 9	Management charge		
	Appropriate overheads are apportioned between the trading companies in the group based on gross profit. Where the company has incurred a net loss before tax, no management charge is made.		
2	Operating (loss)/profit	2007	2006
		£	£
	Operating (loss)/profit is stated after charging		
	Depreciation of tangible assets	191,977	199,457
	Loss on disposal of tangible assets	-	12,875
	Loss on foreign exchange transactions	498	16,845
	Operating lease rentals	64,644	64,831
	Auditors' remuneration (including expenses and benefits in kind)	12,000	12,000
		<u> </u>	<u> </u>
3	Investment income	2007	2006
		£	£
	Bank interest	7,921	18,611
	Other interest	-	14,777
		<u> </u>	<u> </u>
		<u>7,921</u>	<u>33,388</u>
4	Interest payable	2007	2006
		£	£
	On bank loans and overdrafts	3,344	-
	On overdue tax	7,254	39,066
		<u> </u>	<u> </u>
		<u>10,598</u>	<u>39,066</u>

PECTEL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2007

5 Taxation	2007 £	2006 £
Domestic current year tax		
U K corporation tax	25,500	25,553
Adjustment for prior years	(103,947)	66,366
Current tax charge	<u>(78,447)</u>	<u>91,919</u>
Factors affecting the tax charge for the year		
(Loss)/profit on ordinary activities before taxation	<u>(8,250)</u>	<u>512,328</u>
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2006 - 30.00%)	<u>(2,475)</u>	<u>153,698</u>
Effects of		
Non deductible expenses	45,640	160,157
Depreciation add back	57,593	63,700
Capital allowances	(44,712)	(40,475)
Tax losses utilised	(14,817)	(170,288)
Adjustments to previous periods	(103,947)	66,366
Directors'/participants' remuneration adjustment	-	(129,509)
Other tax adjustments	(15,729)	(11,730)
	<u>(75,972)</u>	<u>(61,779)</u>
Current tax charge	<u>(78,447)</u>	<u>91,919</u>

PECTEL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2007

6 Tangible fixed assets

	Land and buildings Freehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 October 2006	1,135,335	605,783	472,089	128,250	2,341,457
Additions	-	191,415	-	-	191,415
At 30 September 2007	1,135,335	797,198	472,089	128,250	2,532,872
Depreciation					
At 1 October 2006	-	409,159	451,819	89,418	950,396
Charge for the year	-	161,207	20,243	10,527	191,977
At 30 September 2007	-	570,366	472,062	99,945	1,142,373
Net book value					
At 30 September 2007	1,135,335	226,832	27	28,305	1,390,499
At 30 September 2006	1,135,335	196,624	20,270	38,832	1,391,061

7 Stocks

	2007 £	2006 £
Raw materials and consumables	135,136	71,025

8 Debtors

	2007 £	2006 £
Trade debtors	4,808,671	4,101,501
Amounts owed by parent and fellow subsidiary undertakings	16,386,926	10,343,516
Corporation tax	33,661	33,661
Other debtors	36,061	509,284
Prepayments and accrued income	144,367	167,822
	21,409,686	15,155,784

PECTEL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2007

9 Creditors' amounts falling due within one year	2007 £	2006 £
Bank loans and overdrafts	76,443	42,541
Net obligations under finance leases	-	3,943
Trade creditors	1,185,746	335,038
Amounts owed to parent and fellow subsidiary undertakings	14,518,188	8,957,650
Corporation tax	25,500	163,160
Other taxes and social security costs	659,060	91,320
Directors' current accounts	3,158	-
Other creditors	141,034	93,573
Accruals and deferred income	998,806	1,673,730
	<u>17,607,935</u>	<u>11,360,955</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the group

Net obligations under finance leases

Repayable within one year	-	3,943
Finance charges and interest allocated to future accounting periods	-	-
	<u>-</u>	<u>3,943</u>

10 Pension and other post-retirement benefit commitments

Defined contribution

	2007 £	2006 £
Contributions payable by the company for the year	<u>59,478</u>	<u>17,065</u>

PECTEL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2007

11 Share capital	2007 £	2006 £
Authorised		
75,000 Ordinary A Shares of £1 each	75,000	75,000
125,000 Ordinary B Shares of £1 each	125,000	125,000
	<u>200,000</u>	<u>200,000</u>
Allotted, called up and fully paid		
50,000 Ordinary A Shares of £1 each	50,000	50,000
50,000 Ordinary B Shares of £1 each	50,000	50,000
	<u>100,000</u>	<u>100,000</u>

All shares rank pari-pasu except that the ordinary "B" shares carry no voting rights

12 Statement of movements on profit and loss account	Profit and loss account £
Balance at 1 October 2006	5,158,488
Profit for the year	<u>70,197</u>
Balance at 30 September 2007	<u>5,228,685</u>

13 Reconciliation of movements in shareholders' funds	2007 £	2006 £
Profit for the financial year	70,197	420,409
Opening shareholders' funds	<u>5,258,488</u>	<u>4,838,079</u>
Closing shareholders' funds	<u>5,328,685</u>	<u>5,258,488</u>

14 Contingent liabilities

The company is party to a cross guarantee to the bank borrowings of its ultimate parent company Pectel Group Holdings Limited, its immediate parent company Pectel Group Limited, and its fellow subsidiaries, Pectel (Wales) Limited, Pectel Contract Services Limited and Pectel (Midlands) Limited. At the year end the contingent liability in respect of this amounted to £16,956,248 (2006 £16,477,760)

PECTEL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2007

15 Directors' emoluments	2007 £	2006 £
Emoluments for qualifying services	286,445	298,002
Company pension contributions to money purchase schemes	13,174	13,780
Compensation for loss of office	47,305	-
	<u>346,924</u>	<u>311,782</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2006 - 4)

Emoluments disclosed above include the following amounts paid to the highest paid director

Emoluments for qualifying services	109,374	321,180
Company pension contributions to money purchase schemes	<u>4,500</u>	<u>4,500</u>

16 Transactions with directors

The following directors had interest free loans during the year The movement on these loans are as follows

	Amount outstanding 2007 £	2006 £	Maximum in year £
S Murray	<u>159</u>	<u>159</u>	<u>159</u>

PECTEL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2007

17 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2007 Number	2006 Number
Operatives	98	116
Administration (including directors)	78	73
	<u>176</u>	<u>189</u>

Employment costs

	2007 £	2006 £
Wages and salaries	4,954,982	4,725,045
Social security costs	232,548	310,754
Other pension costs	59,478	17,065
	<u>5,247,008</u>	<u>5,052,864</u>

18 Ultimate parent company

The immediate parent company is Pectel Group Limited, a company registered in England and Wales
The ultimate parent company is Pectel Group Holdings Limited, a company registered in England and Wales