

Transform Business Improvement Limited

Report and Financial Statements

Year Ended

31 March 2006



BDO
BDO Stoy Hayward
Chartered Accountants

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Directors

SA Hyde
CJ Briley
RF O'Connor
A Moore

Secretary and registered office

CJ Briley, Lombard House, Worcester Road, Stourport on Severn, Worcestershire, DY13 9BZ

Company number

4943021

Auditors

BDO Stoy Hayward LLP, 125 Colmore Row, Birmingham, B3 3SD

Bankers

National Westminster Bank Plc, Queen Square, Wolverhampton, West Midlands, WV1 1TR

Report of the directors for the year ended 31 March 2006

The directors present their report together with the audited financial statements for the year ended 31 March 2006.

Results and dividends

The profit and loss account is set out on page 6 and shows the profit for the year.

Principal activities, review of business and future developments

The company's principal activity is the provision of consultancy services to the construction and related industries.

The directors are pleased to report a satisfactory financial year with turnover increasing by 75% over the previous year, gross profit increasing by 26% and net assets increasing by 127% to £16,363.

The current year has started well and the company has a strong order book. As a result, the directors are optimistic regarding future prospects for the company.

There have been no events since the balance sheet date which materially affect the position of the company.

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

		£1 ordinary shares	
		31 March 2006	31 March 2005
SA Hyde		-	-
CJ Briley		-	-
RF O'Connor		450	-
A Moore	(Appointed 20 December 2005)	50	-

Messrs SA Hyde and CJ Briley are directors of the company's former ultimate parent company and their interests in the shares of group undertakings are recorded in its register of directors' interests. RF O'Connor and A Moore had no interest in the shares of any group company.

Share issues

On 20 December 2005, the issued share capital of the company was increased to £2 by the issue of 1 £1 ordinary share at par. On the same day, the company issued 998 £1 ordinary shares by way of a bonus issue of shares at par.

Principal risks and uncertainties

As in any trading organisation, the directors acknowledge that as well as rewards, there are risks and uncertainties which are constantly monitored. The company is dependent upon the efficiency of its employees in satisfying its customers' needs and in the identification and consequent reduction of contract risks in the work undertaken. Systems are in place to ensure effective monitoring of these issues.

Financial instruments

The company holds financial instruments to finance its operations and manages risks arising from these operations and its sources of finance in accordance with its accounting policies.

In addition, various financial instruments such as trade debtors and trade creditors arise directly from the company's operations. The company performs credit checks for all significant customers to minimise bad debt risk.

Operations and working capital requirements are funded principally out of short term banking facilities, inter-group loans and retained profits.

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 year. 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;
- state whether applicable accounting standards have been followed, subject to any material departures being disclosed and explained in the financial statements; and
- 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.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board


CJ Briley

Director

18 September 2006

To the shareholders of Transform Business Improvement Limited

We have audited the financial statements of Transform Business Improvement Limited for the year ended 31 March 2006 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 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 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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its profit for the year 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.

Bdo Moy Hayward LLP

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors
Birmingham*

18 September 2006

Transform Business Improvement Limited**Profit and loss account for the year ended 31 March 2006**

	Note	2006 £	2005 £
Turnover	2	229,622	131,200
Cost of sales		194,119	102,962
		<hr/>	<hr/>
Gross profit		35,503	28,238
Administrative expenses		26,384	10,726
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3	9,119	17,512
Taxation on profit on ordinary activities	4	30	(5,300)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		9,149	12,212
		<hr/>	<hr/>

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

The notes on pages 9 to 14 form part of these financial statements.

Transform Business Improvement Limited

Balance sheet at 31 March 2006

	Note	2006 £	2006 £	2005 £	2005 £
Fixed assets					
Tangible assets	6		1,027		-
Current assets					
Debtors	7	21,508		57,347	
Cash at bank and in hand		27,314		24,479	
		<u>48,822</u>		<u>81,826</u>	
Creditors: amounts falling due within one year	8	<u>33,486</u>		<u>74,613</u>	
Net current assets			<u>15,336</u>		<u>7,213</u>
Total assets less current liabilities			<u>16,363</u>		<u>7,213</u>
Capital and reserves					
Called up share capital	9		1,000		1
Profit and loss account	10		15,363		7,212
Shareholders' funds	11		<u>16,363</u>		<u>7,213</u>

The financial statements were approved by the board of directors and authorised for issue on 18 September 2006.


CJ Briley
Director

The notes on pages 9 to 14 form part of these financial statements.

Transform Business Improvement Limited**Cash flow statement for the year ended 31 March 2006**

	Note	2006 £	2005 £
Net cash inflow from operating activities	15	12,441	24,478
Taxation			
Corporation tax paid		(3,520)	-
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(1,087)	-
Dividend paid		(5,000)	-
Cash inflow before financing		2,834	24,478
Financing			
Share capital issued		1	1
Increase in cash	16	2,835	24,479

The notes on pages 9 to 14 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

In preparing these financial statements, the company has adopted the following Financial Reporting Standards for the first time:

FRS 21 - Events after the balance sheet date

FRS 25 - Financial instruments: disclosure and presentation

FRS 28 - Corresponding amounts

The adoption has had no impact on the results of the company.

The following principal accounting policies have been applied:

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties, freehold land and certain buildings, evenly over their expected useful lives. It is calculated at the following rates:

Equipment - 33% reducing balance

Financial instruments

Details of the financial risk management objectives and policies and details of the use of financial instruments by the company are provided in note 12 to the financial statements.

Dividends

The company has adopted FRS 21 "Events after the balance sheet date" and as a result, dividends are now recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when paid by the company. In the case of final dividends, this is when approved by the shareholders.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3 Profit on ordinary activities

	2006 £	2005 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	60	-
Audit services	1,500	1,500
	<u> </u>	<u> </u>

4 Taxation on profit on ordinary activities

	2006 £	2005 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	1,750	5,300
Adjustment in respect of previous periods	(1,780)	-
	<u> </u>	<u> </u>
Total current tax	(30)	5,300
	<u> </u>	<u> </u>

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2006 £	2005 £
Profit on ordinary activities before tax	9,119	17,512
	<u> </u>	<u> </u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2005 - 30%)	2,736	5,254
Effect of:		
Expenses not deductible for tax purposes	51	-
Capital allowances for period in excess of depreciation	(40)	-
Small companies relief	(1,003)	-
Adjustment to tax charge in respect of previous periods	(1,780)	-
Other	6	46
	<u> </u>	<u> </u>
Current tax charge for period	(30)	5,300
	<u> </u>	<u> </u>

5 Dividends

	2006 £	2005 £
Ordinary shares		
Final proposed of £Nil (2005 - £5,000) per share	-	5,000
	<u> </u>	<u> </u>

6 Tangible fixed assets

	Office equipment £
<i>Cost</i>	
Additions and at 31 March 2006	1,087
	<u> </u>
<i>Depreciation</i>	
Provided for the year and at 31 March 2006	60
	<u> </u>
<i>Net book value</i>	
At 31 March 2006	1,027
	<u> </u>
At 31 March 2005	-
	<u> </u>

7 Debtors

	2006 £	2005 £
Trade debtors	20,149	57,347
Other debtors	1,359	-
	<u> </u>	<u> </u>
	21,508	57,347
	<u> </u>	<u> </u>

All amounts shown under debtors fall due for payment within one year.

8 Creditors: amounts falling due within one year

	2006 £	2005 £
Trade creditors	2,600	-
Amounts owed to group undertakings	24,445	48,754
Corporation tax	1,750	5,300
Other taxation and social security	-	9,554
Dividends payable	-	5,000
Accruals and deferred income	4,691	6,005
	<u>33,486</u>	<u>74,613</u>

9 Share capital

	2006 £	Authorised 2005 £	Allotted, called up and fully paid 2006 £	2005 £
<i>Equity share capital</i>				
Ordinary shares of £1 each	1,000	1,000	1,000	1
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1</u>

On 14 October 2005, 1 ordinary share of £1 was issued at par for cash, following which there was a bonus issue of 499 ordinary share of £1 each for each holder of a £1 ordinary share then in issue.

10 Reserves

	Profit and loss account £
At 1 April 2005	7,212
Profit for the year	9,149
Bonus issue of shares	(998)
	<u>15,363</u>
At 31 March 2006	<u>15,363</u>

11 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Profit for the year	9,149	12,212
Dividends	-	(5,000)
	<hr/>	<hr/>
Share capital issued	9,149 1	7,212 -
Opening shareholders' funds	7,213	1
	<hr/>	<hr/>
Closing shareholders' funds	16,363	7,213
	<hr/>	<hr/>

12 Financial instruments

The company holds financial instruments to finance its operations and manages risks arising from these operations and its sources of finance in accordance with its accounting policies.

In addition, various financial instruments such as trade debtors and trade creditors arise directly from the company's operations. The company performs credit checks for all significant customers to minimise bad debt risk.

Operations and working capital requirements are funded principally out of short term banking facilities, inter-group loans and retained profits.

13 Related party disclosures

Related party transactions and balances

Related party	Sales to related party £	Purchases from related party £	Amounts owed to related party £
Thomas Vale Holdings Limited and subsidiaries	75,306	209,241	24,445
2005	<hr/>	<hr/>	<hr/>
Thomas Vale Holdings Limited and subsidiaries	38,115	107,420	48,755
	<hr/>	<hr/>	<hr/>

Thomas Vale Holdings Limited is a significant shareholder in the company.

14 Ultimate parent company and parent undertaking of larger group

The company's immediate parent company is Thomas Vale Group plc and its ultimate parent company is Thomas Vale Holdings Limited. Each company is registered in England and Wales.

The largest group in which the results of the company are consolidated is that headed by Thomas Vale Holdings Limited. The smallest group in which they are consolidated is that headed by Thomas Vale Group plc. The consolidated accounts are available to the public and may be obtained from the Company Secretary at Lombard House, Worcester Road, Stourport-on-Severn, Worcestershire, DY13 9BZ.

15 Reconciliation of operating profit to net cash inflow from operating activities

	2006 £	2005 £
Operating profit	9,119	17,512
Depreciation of tangible fixed assets	60	-
Decrease/(increase) in debtors	35,839	(57,347)
(Decrease)/increase in creditors	(32,577)	64,313
	<u> </u>	<u> </u>
Net cash inflow from operating activities	12,441	24,478
	<u> </u>	<u> </u>

16 Reconciliation of net cash flow to movement in net funds

	2006 £	2005 £
Increase in cash	2,835	24,479
	<u> </u>	<u> </u>
Movement in net funds	2,835	24,479
Opening net funds	24,479	-
	<u> </u>	<u> </u>
Closing net funds	27,314	24,479
	<u> </u>	<u> </u>

17 Analysis of net funds

	At 1 April 2005 £	Cash flow £	At 31 March 2006 £
Cash at bank and in hand	24,479	2,835	27,314
	<u> </u>	<u> </u>	<u> </u>