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CLEGG HOLDINGS LIMITED

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS PERIOD ENDED 31 DECEMBER 2008

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COMPANIES HOUSE

CLEGG HOLDINGS LIMITED

COMPANY INFORMATION

Directors	D R Short K Anderson S Giltrap S Blackburn T S Richmond
Secretary	K Anderson
Company Number	6299941
Registered Office	Bishops House 42 High Pavement The Lace Market Nottingham NG1 1HN
Auditors	PKF (UK) LLP Regent House Clinton Avenue Nottingham NG5 1AZ
Bankers	Lloyds TSB Group Plc Old Market Square Nottingham NG1 6FD
Solicitors	Browne Jacobson 44 Castle Gate Nottingham NG1 7BJ

CLEGG HOLDINGS LIMITED

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CLEGG HOLDINGS LIMITED
DIRECTORS' REPORT
PERIOD ENDED 31 DECEMBER 2008

The directors submit their report and the consolidated financial statements for the period ended 31 December 2008.

Principal activity

The principal activity of the company is that of a holding company of a group of companies engaged in the construction industry.

The company was incorporated on 3 July 2007 as Castlegate 486 Limited. The company's name was changed to Clegg Holdings Limited on 7 September 2007, the company was dormant until 12 October 2007.

On 12 October 2007, the company purchased the Shares of DE Clegg Holdings Limited in a share for share exchange with the shareholders of that company.

On 1 May 2008 a group reorganisation occurred whereby Clegg Special Projects Limited, formally owned by Clegg Food Projects Limited, a subsidiary company of Clegg Holdings Limited, became 100% owned by Clegg Holdings Limited.

Business review and future developments

The directors are pleased to announce that performance throughout the period was ahead of expectations with a group turnover of £146 million and a pre-tax profit of £2.3 million for the 15 months to 31 December 2008.

Performance in all areas of the business was strong. The group continues to benefit from its solid reputation of delivering high quality projects within both general contracting and specialist sectors.

In addition to a large proportion of repeat business, a controlled expansion of the group's client base was achieved.

The directors are also pleased to announce the opening of an office in Leeds. A local management team have been recruited to meet demand for a professional regional contracting organisation in the North and North West of England.

Despite the challenging economic climate, the directors are pleased that the group moves into 2009 with a strong carry forward work load in its core areas of business. The directors are confident that this will generate a satisfactory level of performance.

Results

The profit for the period, after taxation, amounted to **£1,352,857**.

The directors have paid a dividend of **£298,122**.

Directors

The directors who served during the period were:

Castlegate Directors Limited - appointed 3 July 2007, resigned 12 October 2007
D R Short – appointed 12 October 2007
K Anderson – appointed 12 October 2007
S M Giltrap – appointed 12 October 2007
S J Blackburn – appointed 12 October 2007
T S Richmond – appointed 12 October 2007

CLEGG HOLDINGS LIMITED

DIRECTORS' REPORT

PERIOD ENDED 31 DECEMBER 2008

Financial risk management

The company and its subsidiary companies make sales and applications for payment on normal credit terms and manage related risks through their credit control procedures. Neither the company nor its subsidiary companies hedge interest payments on any of their borrowings.

Risks and uncertainties

The company and its subsidiary companies aim to minimise risks and uncertainties to the level of the market place in which it operates and achieve this through its internal controls and review procedures.

Charitable donations

The group made charitable donations of **£350** during the period.

Qualifying third party indemnity provisions

Third party indemnity insurance was in force during the financial period for the benefit of all the directors of the company and its subsidiary companies.

Provision of information to auditors

So far as each of the directors is aware at the time the report is approved:

- there is no relevant audit information of which the group's and company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

This report was approved by the board on 1 May 2009 and signed on its behalf.



J R Ankers

Secretary

CLEGG HOLDINGS LIMITED

STATEMENT OF 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 period. 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 to give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group 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 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 the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CLEGG HOLDINGS LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLEGG HOLDINGS LIMITED

We have audited the group and parent company financial statements ('the financial statements') of Clegg Holdings Limited for the period ended 31 December 2008 which comprise the consolidated profit and loss account, the consolidated balance sheet, the company balance sheet, the consolidated cash flow statement, and the related notes. The 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 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 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 ('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. 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 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.

CLEGG HOLDINGS LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLEGG HOLDINGS LIMITED

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 group's and the parent company's affairs as at 31 December 2008 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.

PKF(UK) LLP

PKF (UK) LLP
Registered Auditors

Nottingham, UK

Date : 1 May 2009

CLEGG HOLDINGS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
PERIOD ENDED 31 DECEMBER 2008

	Note	Period 3 July 2007 to 31 December 2008 £
TURNOVER	1,2	146,284,492
Cost of sales		(130,399,895)
GROSS PROFIT		15,884,597
Administrative expenses		(14,038,049)
OPERATING PROFIT	3	1,846,548
Interest receivable	7	876,351
Interest payable	8	(417,923)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,304,976
Tax on profit on ordinary activities	9	(952,119)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	20	1,352,857

There were no recognised gains and losses for the period to 31 December 2008 other than those included in the profit and loss account.

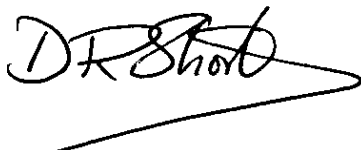
The notes on pages 10 to 22 form part of these financial statements.

CLEGG HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEET
31 DECEMBER 2008

	Note	£	2008 £
FIXED ASSETS			
Intangible assets	10		2,952,841
Tangible fixed assets	11		2,773,467
			<hr/> 5,726,308
CURRENT ASSETS			
Debtors	13	16,662,007	
Cash at bank and in hand		13,304,599	
		<hr/> 29,966,606	
CREDITORS: amounts falling due within one year	14	(28,675,431)	
		<hr/>	
NET CURRENT ASSETS			1,291,175
TOTAL ASSETS LESS CURRENT LIABILITIES			<hr/> 7,017,483
CREDITORS: amounts falling due after more than one year	15		(2,912,748)
			<hr/>
NET ASSETS			<hr/> 4,104,735
CAPITAL AND RESERVES			
Called up share capital	19		8,506
Share premium account	19		3,041,494
Profit and loss account	20		1,054,735
			<hr/>
SHAREHOLDERS' FUNDS – All equity	21		<hr/> 4,104,735

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 May 2009

D R Short
Director



K Anderson
Director



The notes on pages 10 to 22 form part of these financial statements.

CLEGG HOLDINGS LIMITED
COMPANY BALANCE SHEET
31 DECEMBER 2008

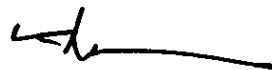
	Note	£	2008 £
FIXED ASSETS			
Fixed asset investments	12		8,594,720
CURRENT ASSETS			
Debtors	13	2,796,562	
Cash at bank and in hand		8,347	
		<hr/>	
		2,804,909	
CREDITORS: amounts falling due within one year	14	(3,717,497)	
		<hr/>	
NET CURRENT LIABILITIES			(912,588)
TOTAL ASSETS LESS CURRENT LIABILITIES			<hr/> 7,682,132
CREDITORS: amounts falling due after more than one year	15		(2,620,673)
			<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			<hr/> 5,061,459
CAPITAL AND RESERVES			
Called up share capital	19		8,506
Share premium account	19		3,041,494
Profit and loss account	20		2,011,459
			<hr/>
SHAREHOLDERS' FUNDS – All equity			<hr/> 5,061,459

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 May 2009.

D R Short
Director



K Anderson
Director



The notes on pages 10 to 22 form part of these financial statements.

CLEGG HOLDINGS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
31 DECEMBER 2008

	2008 £
Reconciliation of operating profit to net cash inflow from operating activities	
Operating profit	1,846,548
Amortisation of intangible assets	266,000
Depreciation of tangible fixed assets	478,685
Profit on sale of fixed assets	(46,982)
Increase in debtors	(1,051,277)
Increase in creditors	3,543,099
Net cash inflow from operating activities	5,036,073
CASH FLOW STATEMENT (note 23)	
Net cash inflow from operating activities	5,036,073
Returns on investments and servicing of finance	458,428
Taxation	(657,007)
Capital expenditure	(150,728)
Acquisitions	6,440,287
Equity dividends paid	(298,122)
	10,828,931
Financing	2,475,668
Increase in cash	13,304,599
Reconciliation of net cash flow to movement in net funds (note 24)	
Increase in cash in the period	13,304,599
New bank loans	(3,000,000)
Repayment of bank loans	245,237
New hire purchase agreements	(248,809)
Acquired hire purchase agreements	(674,585)
Repayment of hire purchase agreements	279,095
Net funds at 31 December 2008	9,905,537

The notes on pages 10 to 22 form part of these financial statements.

CLEGG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2008

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

The consolidated financial statements comprise the audited financial statements of the company and its subsidiary undertakings for the period 12 October 2007 to 31 December 2008.

A separate profit and loss account for the parent company has not been prepared as permitted by Section 230(2) of the Companies Act 1985. The parent company made a profit of £2,309,581 for the period.

1.2 Turnover and long term contracts

Turnover comprises the value of contracting work executed during the year plus the invoiced value of other sales. The value of contracting work is based on measured valuations, incorporating profit earned to the valuation date, taking into account cost to completion and any anticipated losses.

The amount by which recorded turnover on uncompleted contracts is in excess of payments on account is classified as amounts recoverable on contracts and separately disclosed in debtors.

Cash received on account of contracts is deducted from amounts recoverable on contracts. Such amounts which have been received and exceed amounts recoverable are included in creditors.

1.3 Goodwill

Goodwill arising on acquisition is capitalised and amortised on a straight line basis over its estimated useful economic life to a maximum of 20 years.

1.4 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	8 to 50 years
Fixtures and fittings	1 to 10 years
Plant and machinery	3 to 5 years
Motor vehicles	4 to 5 years

Freehold land is not depreciated.

1.5 Investments

Investments are held as fixed assets and are stated at cost less provision for any permanent diminution in value.

CLEGG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2008

1 ACCOUNTING POLICIES (continued)

1.6 Finance leases and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease and hire purchase contract are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.7 Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.9 Pensions

During the period the Group companies operated money purchase pension schemes providing benefits for directors and certain employees of the companies concerned. The pension cost charge represents contributions payable by the Group companies to the fund in the period.

2 TURNOVER

Turnover is attributable to one class of business.

All turnover arose within the United Kingdom.

CLEGG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2008

3 OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2008 £
Amortisation of intangible assets	266,000
Depreciation of tangible fixed assets:	
– owned by the group	103,799
– held under finance lease or hire purchase contracts	374,886
(Profit) on disposal of fixed assets	(46,982)
Operating lease rentals:	
– plant and machinery	159,516
Equipment hire	41,177

4 AUDITORS' REMUNERATION

	2008 £
Fees payable to the company's auditors for the audit of the group and company's annual accounts	1,075
Fees payable to the company's auditor and its associates for other services:	
– Audit of company's subsidiaries	25,575
– Tax services	8,650
– All other services	11,450

5 DIRECTORS' EMOLUMENTS AND BENEFITS

	2008 £
Directors' emoluments	1,076,060
Contributions to money purchase pension schemes	239,901

During the period retirement benefits were accruing to 3 directors in respect of money purchase pension schemes.

The highest paid director received remuneration of £301,948.

The value of the company's contributions paid to a money purchase pension scheme in respect of the highest paid director amounted to £26,477.

CLEGG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2008

6 STAFF COSTS

Group staff costs, including directors' emoluments, were as follows:

	Group 2008 £
Wages and salaries	9,731,345
Social security costs	998,896
Other pension costs	674,159
	<hr/> 11,404,400 <hr/>

The average monthly number of employees, including executive directors, during the period was:

	Group 2008 No
Building	75
Administration	78
	<hr/> 153 <hr/>

The company paid a pension contribution in relation to a director of £190,000 in the period. Other than this transaction, the company incurred no staff costs.

7 INTEREST RECEIVABLE

	2008 £
Bank interest receivable	562,239
Interest receivable from companies under common management control	106,433
Other interest receivable	207,679
	<hr/> 876,351 <hr/>

8 INTEREST PAYABLE

	2008 £
Bank overdraft	220,149
Amortisation of capitalised finance costs	24,798
Finance leases and hire purchase contracts	72,021
Other interest	100,955
	<hr/> 417,923 <hr/>

CLEGG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2008

9 TAXATION

	2008 £
Analysis of the tax charge on the period	
Current tax	
UK corporation tax charge on profits of the period	938,972
Total current tax	<u>938,972</u>
Deferred tax (see note 18)	
Origination or reversal of timing differences	13,147
Tax on profit on ordinary activities	<u>952,119</u>

Factors affecting tax charge for the period

The tax assessed for the period is higher than would be expected by multiplying profit on ordinary activities by the standard rate of corporation tax in the UK of 28%. The differences are explained below:

	2008 £
Profit on ordinary activities before tax	<u>2,304,976</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax of 28%	645,393
Effects of:	
Expenses not deductible for tax purposes	227,805
Depreciation for period in excess of capital allowances	1,695
Goodwill amortisation not allowable for tax purposes	88,480
Other timing differences	(25,774)
Tax rate adjustment	1,373
Current tax charge for the period	<u>938,972</u>

Factors that may affect future tax charges

There are no factors which may affect future tax charges.

CLEGG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

10 INTANGIBLE FIXED ASSETS

Group

	Goodwill £
Cost	
On acquisition at 12 October 2007 and at 31 December 2008	3,218,841
Amortisation	
Charge for period	266,000
At 31 December 2008	266,000
Net book amount	
At 31 December 2008	2,952,841

11 TANGIBLE FIXED ASSETS

Group

	Freehold land and buildings £	Plant, machinery, fixtures and fittings £	Motor vehicles £	Total £
Cost				
On acquisition at 12 October 2007	1,975,942	926,060	1,253,633	4,155,635
Additions	116,478	125,041	276,170	517,689
Disposals	-	(4,064)	(350,890)	(354,954)
At 31 December 2008	2,092,420	1,047,037	1,178,913	4,318,370
Depreciation				
On acquisition at 12 October 2007	47,297	728,990	573,715	1,350,002
Charge for period	25,187	78,612	374,886	478,685
Disposals	-	(2,515)	(281,269)	(283,784)
At 31 December 2008	72,484	805,087	667,332	1,544,903
Net book amount				
At 31 December 2008	2,019,936	241,950	511,581	2,773,467

The net book amounts of motor vehicles above include £494,432 in respect of assets held under finance leases or hire purchase contracts.

CLEGG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

12 FIXED ASSET INVESTMENTS

Company

**Shares in
Group
under-
takings
£**

Cost

On acquisition at 12 October 2007 and 31 December 2008

8,594,720

Subsidiary undertakings

The following are subsidiary undertakings of the company, all of which are incorporated and operate in England and Wales:

Subsidiary undertakings	Activity	Effective % of shares held
D E Clegg Holdings Limited	Holding company	100%
Clegg Group Limited	Builders and civil engineering contractors	100%
Clegg Construction Limited	Builders and civil engineering contractors	100%
Clegg Accommodation Solutions Limited	Builders and civil engineering contractors	100%
Clegg Food Projects Limited	Builders and civil engineering contractors	100%
J W Engineering Limited	Structural engineers	100%
Clegg Special Projects Limited	Builders and civil engineering contractors	
Clegg Small Projects Limited	Builders and civil engineering contractors	100%
Nutbrook Developments Limited	Dormant company	100%
D E Clegg Trustees Limited	Trustee of the Employee Benefit Trust	100%

CLEGG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2008

13 DEBTORS

Due within one year

	Group 2008 £	Company 2008 £
Trade debtors	6,711,641	-
Amounts due from group undertakings	-	2,796,562
Amounts due from companies under common control	2,520,005	-
Net deferred tax asset (note 18)	43,986	-
Other debtors	541,739	-
Value added tax	383,386	-
Prepayments and accrued income	31,109	-
Amounts receivable on long term contracts	6,430,141	-
	<u>16,662,007</u>	<u>2,796,562</u>

14 CREDITORS

Amounts falling due within one year

	Group 2008 £	Company 2008 £
Bank loans (note 16)	134,090	134,090
Payments received on account	781,401	-
Net obligations under finance lease and hire purchase contracts (note 17)	352,224	-
Trade creditors	23,721,501	-
Amounts owed to group undertakings	-	3,578,409
Corporation tax	339,098	-
Social security and other taxes	829,044	-
Accruals and deferred income	305,275	-
Other creditors	2,212,798	4,998
	<u>28,675,431</u>	<u>3,717,497</u>

15 CREDITORS

Amounts falling due after more than one year

	Group 2008 £	Company 2008 £
Bank loans (note 16)	2,620,673	2,620,673
Net obligations under finance lease and hire purchase contracts (note 17)	292,075	-
	<u>2,912,748</u>	<u>2,620,673</u>

CLEGG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2008

16 BANK LOANS

Net obligations under bank loans fall due as follows:

	Group 2008 £	Company 2008 £
Within one year	134,090	134,090
Between one and two years	134,090	134,090
Between two and five years	1,882,416	1,882,416
After more than five years	604,167	604,167
	<u>2,754,763</u>	<u>2,754,763</u>

The company and group have two loans outstanding. One loan has a repayment term of 10 years and is paid off by instalments throughout this period and attracts an interest rate of 1.2% above LIBOR. This loan is secured over certain properties held by the group. The second loan is repayable in full in 2012, the capital element of this loan outstanding is £1,550,000 and is shown as due between two and five years and attracts an interest rate of 1.75% above LIBOR. This second loan is secured over the assets of the group.

In accordance with applicable accounting standards, loan arrangement fees of £108,084 have been netted off the loan balances.

17 FINANCE LEASES

Net obligations under finance lease and hire purchase agreements fall due as follows:

	Group 2008 £	Company 2008 £
Within one year	352,224	-
Between one and five years	292,075	-
	<u>644,299</u>	<u>-</u>

Finance lease and hire purchase creditors are secured on the assets concerned.

18 DEFERRED TAX ASSET

	Group 2008 £	Company 2008 £
On acquisition at 12 October 2007	57,133	-
Origination and reversal of timing differences	(13,147)	-
At 31 December 2008	<u>43,986</u>	<u>-</u>

The deferred tax asset is made up as follows:

	2008 £	2008 £
Accelerated capital allowances	<u>43,986</u>	<u>-</u>

CLEGG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2008

19 SHARE CAPITAL

	Group and company 2008 £
Authorised, 10,000 Ordinary shares of £1 each	10,000
Allotted, called up and fully paid 8,506 Ordinary shares of £1 each	8,506

On incorporation the company's authorised share capital was £1,000 divided into 1,000 ordinary shares of £1 each. On 12 October 2007 this was increased to £10,000 divided into 10,000 ordinary shares of £1 each.

The company issued one share of £1 on incorporation on 3 July 2007. A further 8,505 ordinary shares of £1 each were issued on 12 October 2007.

20 RESERVES

	Group £	Company £
Profit and loss account		
Profit for the period	1,352,857	2,309,581
Dividend (note 22)	(298,122)	(298,122)
At 31 December 2008	1,054,735	2,011,459
Share premium account		
Increase in share premium account for shares issued in period	3,041,494	3,041,494

21 SHAREHOLDERS' FUNDS

	Group 2008 £
Profit for the period	1,352,857
Dividend (note 22)	(298,122)
Shares issued in period	8,506
Increase in share premium account for shares issued in period	3,041,494
Closing shareholders' funds	4,104,735

CLEGG HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2008

22 DIVIDENDS

	Group and company 2008 £
Dividends paid on equity share capital	298,122

23 GROSS CASH FLOWS

	Group 2008 £
Returns on investments and servicing of finance	
Interest received	876,351
Interest paid	(345,902)
Interest element of finance lease rentals	(72,021)
	<u>458,428</u>
Capital expenditure	
Payments to acquire tangible fixed assets	(268,880)
Receipts from sales of tangible fixed assets	118,152
	<u>(150,728)</u>
Acquisitions	
Cash acquired on acquisition	11,985,007
Consideration paid for acquired business	(5,544,720)
	<u>6,440,287</u>
Financing	
New loans taken out in the period	3,000,000
Repayment of loans	(245,237)
Capital element of finance lease repayments	(279,095)
	<u>2,475,668</u>

24 ANALYSIS OF CHANGES IN NET FUNDS

	Cash flows	Acquisition (excluding cash)	Other changes	At 31 December 2008
	£	£	£	£
Cash at bank and in hand	13,304,599	-	-	13,304,599
Finance leases:				
– Due within one year	279,095	(262,770)	(368,549)	(352,224)
– Due after one year	-	(411,815)	119,740	(292,075)
Bank loans:				
– Due within one year	(134,090)	-	-	(134,090)
– Due after one year	(2,620,673)	-	-	(2,620,673)
Total	<u>10,828,931</u>	<u>(674,585)</u>	<u>(248,809)</u>	<u>9,905,537</u>

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25 CONTINGENT LIABILITIES

The group companies have entered into cross-guarantees regarding the bank borrowings of all companies within the Group.

26 ACQUIRED OPERATIONS

On 12 October 2007 the company acquired 100% of the share capital of D E Clegg Holdings Limited. The assets acquired and cost of investment in the D E Clegg Holdings group were:

Assets acquired:	£
Tangible fixed assets	2,805,633
Debtors	15,566,744
Cash at bank and in hand	11,985,007
Creditors: amounts falling due within one year	(24,569,690)
Creditors: amounts falling due after more than one year	(411,815)
Net assets acquired	5,375,879
Goodwill on acquisition	3,218,841
Net assets of group on acquisition	8,594,720
Satisfied by:	
Shares allotted	8,506
Premium on shares issued	3,041,494
Cash	5,544,720
Cost of investment	8,594,720

In its last financial year to 31 December 2007, D E Clegg Holdings Limited made a consolidated profit after taxation of £912,253. For the period 1 January 2007 to the date of acquisition the D E Clegg Holdings Limited group management accounts show:

	£
Turnover	65,306,733
Operating profit	252,109
Profit before taxation	570,823
Taxation	(344,047)
Profit attributable to shareholders	226,776

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27 RELATED PARTY TRANSACTIONS

The group has taken advantage of the exemption provisions under FRS 8 from disclosing transactions with other group companies.

During the period, the group made sales of £9,442,607 to Clegg Developments Limited, a company under common management control. At the period end, the amount due from Clegg Developments Limited was £2,490,505. Included within payments on account is an amount of £277,416 in relation to work undertaken with Clegg Developments Limited.

Included within debtors is an amount of £29,500 due from Castlegate 500 Limited, a company under common management control.

Included within other debtors is an amount of £65,021 due from S Blackburn, a director. This amount includes interest charged in the period of £1,021.

Included in creditors £nil due to GTN, a consultancy partnership in which T S Richmond was a partner. Total fees charged to the group in the period amounted to £41,250.

On 12 October 2007 the following directors of the company acquired 8,506 ordinary shares of £1 each in a share for share exchange for their shares in D E Clegg Holdings Limited, this transaction resulted in the creation of a share premium account of £3,041,494 (note 22).

	Number of shares
D R Short	3,509
K Anderson	2,871
S M Giltrap	1,063
S J Blackburn	1,063
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Total shares issued to directors	8,506
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During the period Clegg Holdings Limited paid a dividend of £298,122. This was paid to the holders of £1 ordinary shares in the following amounts:

	£
D R Short	122,985
K Anderson	100,625
S M Giltrap	37,256
S J Blackburn	37,256
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Total dividend payment	298,122
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28 PENSION COSTS

The Group operates money purchase pension schemes, the assets of which are held separately from those of the Group in an independently administered fund. Contributions made by the company to the scheme during the period are shown in note 6.

29 PARENT UNDERTAKINGS AND CONTROLLING PARTIES

Clegg Holdings Limited is ultimately controlled by the directors.