

Registered Number SC20258

Alfred McAlpine Business Services Limited
Annual report and consolidated financial statements
for the year ended 31 December 2006

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Alfred McAlpine Business Services Limited

Annual report and consolidated financial statements for the year ended 31 December 2006

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Alfred McAlpine Business Services Limited

Directors and advisers

Directors

C McGilvray

D Smith

I R Dodd (Resigned 21 July 2006)

I Grace

T Hancock (Resigned 28 April 2006)

V Michie

D Lavelle (Resigned 23 April 2007)

G Brown

G Crompton

D More (Resigned 14 June 2006)

J Taylor

AM Nominees

Secretary

C Higgins (Resigned 10 February 2006)

C Goodman (Appointed 10 February 2006)

Registered Office

Tannochside Park

Uddingston

Glasgow

G71 5PW

Independent auditors

PricewaterhouseCoopers LLP

Kintyre House

209 West George Street

Glasgow

G2 2LW

Solicitors

Maclay Murray & Spens

151 St Vincent Street

Glasgow

G2 5NJ

Bankers

Clydesdale Bank plc

30 St Vincent Place

Glasgow

G1 2HL

Alfred McAlpine Business Services Limited

Directors' report for the year ended 31 December 2006

The directors present their report and the audited financial statements of the company and group for the year ended 31 December 2006

Business review and principal activities

Alfred McAlpine Business Services Limited ("the Company") provides facilities management and support services in the UK and Ireland. There have not been any significant changes in the principal activities of the Company during the year. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year. There have been no significant events since the balance sheet date.

The Group's profit for the year is £10,610,000 (2005 £10,232,000). The directors recommend the payment of a dividend of £346.50 per share [£6,930,000] (2005 £152.40 [£3,048,000]) and the retained profit of £3,680,000 (2005 profit of £7,184,000) will be added to reserves. The company's profit for the year is £4,124,000 (2005 £5,362,000).

Development and performance during the year

The Company won a number of major new contracts during the year. These, combined with the extension of contracts with existing customers, confirm our position as a leading provider of FM services. This strong performance has enabled us to maintain a strong order book with typical contract lengths of between 3 and 7 years.

Key Performance Indicators

The directors of Alfred McAlpine plc ('the Group'), the Company's ultimate parent company, manage the Group's operations as a whole. For this reason, the Company's directors believe that analysis using further key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of Alfred McAlpine Business Services Limited. The development, performance and position of the Alfred McAlpine Business Services, which includes the Company, is discussed on page 8 of the Group's 2006 Annual Report & Accounts.

Future outlook

The external commercial environment is expected to remain competitive in 2007. However, the opportunity to continue to grow the business further remains given the size of the substantial markets that we operate in and the continuing trend to outsource. With our ability to offer total facilities management solutions across all sectors, the business is well set for sustained long term growth. We will remain focused on delivering this strong organic growth, whilst continuing to look to enhance our service offering through bolt-on acquisitions.

Principal risks and uncertainties

The key business risks and uncertainties affecting the company are considered to relate to competition which could result in contracts being lost to competitors. The Company manages this risk by providing added value services to its customers and by maintaining strong relationships with its customers. Further discussion of these risks and uncertainties, in the context of the Alfred McAlpine Group as a whole, is provided on page 17 of the Group's 2006 Annual Report & Accounts which does not form part of this report.

Alfred McAlpine Business Services Limited

The Company's revenue in Ireland is in Euros and it is therefore exposed to the movement in Euro to Pound exchange rate. The Group's Finance function takes out contracts to manage this risk at a group level.

Environment

The Alfred McAlpine Group recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies which are described in the Group's 2006 Annual Report which does not form part of this report. The Group is developing standards for the reporting of environmental incidents, the development of waste management plans on contracts and the management of waste. Other Group initiatives designed to minimise the Company's impact on the environment include improving energy use efficiency and reducing the amount of CO₂ emissions.

Employees

Details of the number of employees and related costs can be found in note 3 to the financial statements on page 12.

It is Group policy to treat all employees equally and to give full consideration to suitable applications for employment from disabled persons, where they have the necessary abilities and skills for the position, and wherever necessary and possible to retrain employees who become disabled, so that they can continue their employment in another position.

The Group has equal opportunities, disability, discrimination and harassment and bullying policies and recognises the value in having a workforce from diverse backgrounds, cultures and experiences. The Group has also developed family friendly policies aimed at encouraging all employees with family responsibilities to remain within the company at times where a flexible approach to work life balance is required.

The Company participates in the Group's policies and practices to communicate with and involve employees on matters affecting their interests at work, and to inform them of the performance of the business. In addition to an annual employee survey conducted at Group level, the Company consults employee representatives regularly on a wide range of topics, publishes a magazine distributed to all employees and has developed a knowledge base using the intranet.

Directors and their interests

The directors of the company as at and during the year ended 31 December 2006 are noted on page 1.

None of the directors of the Company at 31 December 2006 had a notifiable beneficial interest in the share capital of the company, or any other Group undertaking either at the beginning of the year, or date of appointment if later, or at the end of the financial year. Furthermore, there has not been any change in this respect through to the date of this report. The interests of I Grice, D Lavelle and C McGilvray in the issued share capital of the ultimate parent company, Alfred McAlpine plc, are disclosed in the financial statements of Alfred McAlpine plc. The interests of G Brown, V Michie, D Smith, J Taylor and G Crompton in the issued share capital of Alfred McAlpine plc are disclosed on pages 25 to 27 in the notes to the financial statements.

Creditor payment policy

The group's current policy concerning the payment of its suppliers is to settle the terms of payment with those suppliers when agreeing the terms of each transaction, ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts, and pay in accordance with its contractual and other

Alfred McAlpine Business Services Limited

legal obligations The group does not have a standard or code which deals specifically with the payment of suppliers The group's creditor days at 31 December 2006 was 40 days (31 December 2005 44 days)

Charitable Donations

During the year the group made donations of £104,000

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the group, and of the profit or loss of the group for that period The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the group will continue in business

The directors confirm that suitable accounting policies have been used and applied consistently They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2006 and that applicable accounting standards have been followed

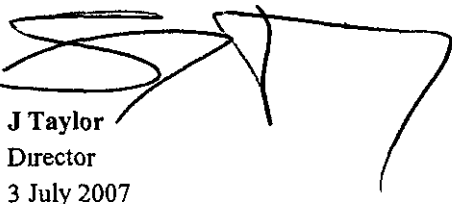
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and of the group, and enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the company and of the group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Auditors and disclosure of information to auditors

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the annual general meeting

By order of the Board



J Taylor
Director
3 July 2007

Alfred McAlpine Business Services Limited

Independent auditors' report to the members of Alfred McAlpine Business Services Limited

We have audited the group and parent company financial statements (the "financial statements") of Alfred McAlpine Business Services Ltd for the year ended 31 December 2006 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, 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 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 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.

Alfred McAlpine Business Services 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 2006 and of the group's profit for the year then ended, and
- 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

PricewaterhouseCoopers US

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Glasgow

3 July 2007

Alfred McAlpine Business Services Limited

Consolidated profit and loss account for the year ended 31 December 2006

	Note	2006 £'000	2005 £'000
Turnover	1	430,847	361,159
Cost of sales		(362,839)	(301,997)
Gross profit		68,008	59,162
Net operating expenses	2	(51,848)	(44,214)
Operating profit	4	16,160	14,948
Net interest receivable	6	83	316
Profit on ordinary activities before taxation		16,243	15,264
Tax on profit on ordinary activities	8	(5,633)	(5,032)
Profit for the financial year		10,610	10,232
Dividends	9	(6,930)	(3,048)
Retained profit for the financial year	19	3,680	7,184

All of the items dealt with in arriving at the operating profit relate to continuing operations

The group has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents

Alfred McAlpine Business Services Limited

Consolidated balance sheet as at 31 December 2006

	Note	2006 £'000	2005 £'000
Fixed assets			
Intangible assets	10	15,474	16,413
Tangible assets	11	28,956	17,719
Investments	12	108	108
		44,538	34,240
Current assets			
Stocks	13	4,054	3,976
Debtors	14	219,212	131,394
Cash at bank and in hand		8,075	4,991
		231,341	140,361
Creditors amounts falling due within one year	15	(222,947)	(130,747)
Net current assets		8,394	9,614
Total assets less current liabilities		52,932	43,854
Creditors – amounts falling due after more than one year	16	(8,459)	(2,701)
Provisions for liabilities and charges	17	(360)	(720)
Net assets		44,113	40,433
Capital and reserves			
Called up share capital	18	20	20
Capital redemption reserve	19	4	4
Capital reserve	19	23,016	23,016
Profit and loss account	19	21,073	17,393
Total equity shareholders' funds	19	44,113	40,433

The financial statements on pages 7 to 28 were approved by the board of directors on 3 July 2007 and were signed on its behalf by

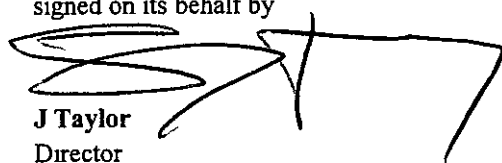

J Taylor
Director

Alfred McAlpine Business Services Limited

Company balance sheet as at 31 December 2006

	Note	2006 £'000	2005 £'000
Fixed assets			
Intangible assets	10	15,474	16,413
Tangible assets	11	8,871	9,783
Investments	12	153	153
		24,498	26,349
Current assets			
Stocks	13	3,046	3,032
Debtors	14	151,802	117,937
Cash at bank and in hand		8,030	2,121
		162,878	123,090
Creditors – amounts falling due within one year	15	(135,171)	(102,316)
Net current assets		27,707	20,774
Total assets less current liabilities		52,205	47,123
Creditors – amounts falling due after more than one year	16	(20,354)	(14,195)
Provisions for liabilities and charges	17	(1,000)	(1,179)
Net assets		30,851	31,749
Capital and reserves			
Called up share capital	18	20	20
Capital redemption reserve	19	4	4
Profit and loss account	19	30,827	31,725
Total equity shareholders' funds	19	30,851	31,749

The financial statements on pages 7 to 28 were approved by the board of directors on 3 July 2007 and were signed on its behalf by


J Taylor
Director

Alfred McAlpine Business Services Limited

Accounting policies

Basis of preparation

These consolidated financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards. The principal accounting policies are set out below.

Basis of Consolidation

The Group financial statements consolidate the results of the company and its interest in subsidiaries. Interest in associates and joint ventures are equity accounted.

Cash flow and related party disclosures

The company is a wholly owned subsidiary of Alfred McAlpine plc and is included in the consolidated financial statements of Alfred McAlpine plc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cashflow statement under the terms of FRS 1 (Revised 1996). The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Alfred McAlpine plc group or investees of the Alfred McAlpine plc group.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual value, on a straight line basis over their estimated economic lives. The estimated economic lives used for this purpose are:

Freehold buildings	50 years
Long leasehold land and buildings	50 years
Plant and machinery	5 - 10 years

Freehold land is not depreciated.

Goodwill and intangible fixed assets

Goodwill arising on acquisitions has been capitalized and is amortised over a period of 20 years. The directors regard 20 years as a reasonable maximum for the estimated useful life of goodwill since it is difficult to make projections exceeding this period. When it is apparent that the carrying value of goodwill exceeds the estimated net present value of future cash flows less operating assets, an impairment provision is charged against the profit/(loss) for the period.

Fixed Asset Investments

Investments are stated at cost, less any provisions for impairment in value.

Leases

Rental costs under operating leases are charged to the profit and loss account over the period of the lease.

Assets held under finance leases and hire purchase contracts are included in fixed assets and the capital elements of the commitments are shown as obligations under finance leases and hire purchase contracts. Payments are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and their useful lives.

Alfred McAlpine Business Services Limited

Stocks

Stocks are stated at the lower of cost and net realisable value

Long term contracts

Long term contracts, which are included in debtors as "amounts recoverable on contracts", are stated at cost, plus attributable profits, less provisions for any anticipated final losses, less payments receivable on account. The profit attributable to the stage of completion of a long term contract is recognised if the outcome of the contract can be foreseen with reasonable certainty.

Payments on account received in excess of the value of long term contract work in progress or amounts recoverable on contracts are included within creditors.

Pensions

The group, of which this company is a member, operates three defined contribution pension schemes. The contributions paid by the company and the employees are invested within the individual pension funds in the month following the month of deduction. The employer contribution rates are determined by reference to either an age or service related scale or are at a fixed level percentage. The amount contributed by the company is charged to the profit and loss account as the contributions fall due.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, 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 difference can be deducted.

Alfred McAlpine Business Services Limited

Notes to the financial statements for the year ended 31 December 2006

1 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year and is recognised when goods are shipped and services are provided to the customer

The turnover and loss before taxation are attributable to the one principal activity of the group, all of which is undertaken in the UK

2 Net operating expenses

	2006	2005
	£'000	£'000
Administrative expenses	48,643	42,796
Depreciation of tangible fixed assets	2,266	479
Amortisation of goodwill	939	939
	51,848	44,214

3 Employee information

The average monthly number of persons employed by the group during the year was

By activity	2006	2005
	Number	Number
Site based operatives	3,668	3,077
Office and management	521	495
	4,189	3,572

Alfred McAlpine Business Services Limited

3 Employee information (continued)

Staff costs	2006	2005
	£'000	£'000
Wages and salaries	110,240	92,896
Social security costs	11,635	9,561
Other pensions costs	2,376	1,876
	124,251	104,333

4 Operating profit

	2006	2005
	£'000	£'000
Operating profit is stated after charging:		
Depreciation of tangible fixed assets –		
Owned assets	1,991	100
Assets held under finance leases	275	379
Operating lease charges – property	136	476
Operating lease charges – plant and machinery	13,518	7,489
Operating lease charges – motor vehicles	9,037	9,430
Hire of plant and machinery	1,894	4,306
Profit on disposal of fixed assets	(33)	
Auditors' remuneration		
audit services	189	143
non audit services	12	
Amortisation of goodwill	939	939

5 Directors' remuneration

The directors of the company are paid by another group company, Alfred McAlpine plc. During the year recharges of £1,749,415 (2005 £1,422,710) were made from Alfred McAlpine plc to Alfred McAlpine Business Services Limited in respect of directors' remuneration.

Alfred McAlpine Business Services Limited

6 Net interest receivable

	2006	2005
	£'000	£'000
Bank interest receivable	85	887
Bank interest payable	(75)	(571)
Group interest receivable	535	
Group interest payable	(315)	
Finance lease interest payable	(168)	
Other interest receivable	21	
Net interest receivable	83	316

7 Profits of holding company

Of the profit for the financial year, a profit of £4,124,000 (2005 £5,362,000) is dealt with in the accounts of Alfred McAlpine Business Services Limited. The directors have taken advantage of the exemption available under section 230 of the Companies Act 1985 and not presented a profit and loss account for the company alone.

8 Taxation on the profit for the year

	2006	2005
	£'000	£'000
Current tax:		
UK Corporation tax	5,785	6,040
Adjustment in respect of prior periods	62	1,642
Overseas tax and double tax relief	7	
Total current tax	5,854	7,682
Deferred tax		
Origination and reversal of timing differences (ACA and other)	(543)	(914)
Adjustments in respect of prior periods	322	(1,736)
Total deferred tax (see note 17)	(221)	(2,650)
Tax on profit on ordinary activities	5,633	5,032

Alfred McAlpine Business Services Limited

8 Taxation on the profit for the year (continued)

The tax assessed for the year is higher than (2005 higher) the standard rate of corporation tax in the UK (30%). The differences are explained below

	2006	2005
	£'000	£'000
Profit on ordinary activities before tax	16,243	15,264
Profit on ordinary activities multiplied by standard rate in the UK 30% (2005 30%)	4,873	4,579
Effects of		
Expenses not deductible for tax purposes	258	267
Accelerated capital allowances and other timing differences	372	914
Movements in other timing differences	62	1,642
Overseas tax and double tax relief	7	
Amortisation of goodwill	282	280
Current tax charge for the period	5,854	7,682

9 Dividends

	Group 2006 £'000	Group 2005 £'000	Company 2006 £'000	Company 2005 £'000
Equity – ordinary shares				
Final proposed £346.50 (2005 £152.40) per £1 share	6,930	3,048	5,022	1,711

Alfred McAlpine Business Services Limited

10 Intangible assets

Group	Goodwill £'000
Cost	
At 1 January 2006	18,839
Additions	
At 31 December 2006	18,839
Aggregate amortisation	
At 1 January 2006	2,426
Charge for the year	939
At 31 December 2006	3,365
Net book amount	
At 31 December 2006	15,474
At 31 December 2005	16,413

Company	Goodwill £'000
Cost	
At 1 January 2006	18,839
Additions	
At 31 December 2006	18,839
Aggregate amortisation	
At 1 January 2006	2,426
Charge for the year	939
At 31 December 2006	3,365
Net book amount	
At 31 December 2006	15,474
At 31 December 2005	16,413

The goodwill arising on the acquisition of AIMS Group Services Limited is being amortised on a straight line basis over 20 years. This period is the period over which the directors estimate that the value of the underlying business acquired is expected to exceed the value of the underlying assets.

Alfred McAlpine Business Services Limited

11 Tangible assets

Group	Long leasehold land and buildings £'000	Freehold land and buildings £'000	Plant and machinery £'000	Total £'000
Cost				
At 1 January 2006	8,185	495	18,526	27,206
Additions	84		14,890	14,974
Acquisitions				
Disposals	(169)	(224)	(2,179)	(2,572)
At 31 December 2006	8,100	271	31,237	39,608
Accumulated depreciation				
At 1 January 2006	568	271	8,648	9,487
Charge for the year	173		2,093	2,266
Acquisitions				
Disposals	(31)		(1,070)	(1,101)
At 31 December 2006	710	271	9,671	10,652
Net book amount				
At 31 December 2006	7,390		21,566	28,956
At 31 December 2005	7,617	224	9,878	17,719

Included in the amounts for plant and equipment above are assets held under finance leases with original cost of £4,544,402 (2005 £4,759,394) and net book value of £2,373,695 (2005 £2,593,715). The depreciation charge for the year in respect of assets held under finance leases was £274,845 (2005 £379,474).

Alfred McAlpine Business Services Limited

11 Tangible assets (continued)

Company	Long leasehold land and buildings £'000	Freehold land and buildings £'000	Plant and machinery £'000	Total £'000
Cost				
At 1 January 2006	8,185	224	2,536	10,945
Additions	84		138	222
Disposals	(169)	(224)	(329)	(722)
At 31 December 2006	8,100		2,345	10,445
Accumulated depreciation				
At 1 January 2006	568		594	1,162
Charge for the year	173		458	631
Disposals	(31)		(188)	(219)
At 31 December 2006	710		864	1,574
Net book amount				
At 31 December 2006	7,390		1,481	8,871
At 31 December 2005	7,617	224	1,942	9,783

Alfred McAlpine Business Services Limited

12 Fixed asset investments

	Group 2006 £'000	Group 2005 £'000	Company 2006 £'000	Company 2005 £'000
Shares in Group undertakings				
At 1 January 2006 and at 31 December 2006			45	45
Unlisted investments at cost				
At 1 January 2006 and at 31 December 2006	108	108	108	108
Total Fixed Asset Investments	108	108	153	153

The company's investment in the ordinary share capital of unlisted companies at the balance sheet date comprise the following

Company	Percentage holding	Country of Incorporation	Principal activities
Stiell Developments Limited	100%	Scotland	Property development
Stiell Inframan Limited	100%	Scotland	Facilities management
Alba Management Consultants	100%	England and Wales	Management consultants
AIMS Group Services Limited	100%	England and Wales	Management consultants
Alfred McAlpine Asset Management Limited	100%	England and Wales	Plant & equipment hire
Alfred McAlpine Business Information Systems Limited	100%	Scotland	IT management services
Just Ask Services Limited	12%	England and Wales	Software services

13 Stocks

	Group 2006 £'000	Group 2005 £'000	Company 2006 £'000	Company 2005 £'000
Raw materials and consumables	4,054	3,602	3,046	2,658
Work in progress		374		374
	4,054	3,976	3,046	3,032

Alfred McAlpine Business Services Limited

14 Debtors

Amounts falling due within one year	Group 2006 £'000	Group 2005 £'000	Company 2006 £'000	Company 2005 £'000
Trade debtors	51,173	49,835	42,411	42,785
Amounts recoverable on contracts	30,774	8,799	30,774	8,799
Amounts due from group undertakings	78,773	27,658	35,014	34,300
Group tax relief receivable		1,843	813	1,448
Prepayments and accrued income	14,469	40,377	5,277	30,605
Deferred tax asset	3,103	2,882		
Other debtors	27,823		24,416	
	206,115	131,394	138,705	117,937
Amounts falling due after more than one year				
In more than one year but not more than two years	988		988	
In more than two years but not more than five years	2,966		2,966	
In more than five years	9,143		9,143	
Amounts recoverable on contracts	13,097		13,097	
Total	219,212	131,394	151,802	117,937

Amounts due from group undertakings are unsecured, interest free and repayable on demand with the exception of the group loan with AM Finance which is charged at base rate

On 21 March 2007, the Chancellor of the Exchequer announced that the standard rate of Corporation Tax in the UK would be reduced from 30% to 28% with effect from 1 April 2008. As this reduction has not been enacted or substantially enacted at the balance sheet date, the effect of the proposed change has been disclosed but not recognised in the financial statements

If the lower rate of corporation tax had been recognised then the deferred tax asset in the Group's financial statements would be reduced by £207k to £2,896k

Alfred McAlpine Business Services Limited

15 Creditors – amounts falling due within one year

	Group	Group	Company	Company
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	7,527	1,303	7,039	1,283
Trade creditors	39,961	36,244	33,048	23,459
Amounts owed to group undertakings	31,141	3,760	3,824	8,636
Loan due to fellow group undertaking	51,078	28,287	27,897	23,287
Taxation and social security	15,517	2,875	15,103	2,628
Proposed dividend	6,930	3,048	5,022	1,711
Amounts due under finance leases	498	578		
Accruals and deferred income	55,575	54,652	42,897	41,312
Corporation tax	45			
Other creditors	14,675		341	
	222,947	130,747	135,171	102,316

Amounts owed to group undertakings are unsecured, interest free and repayable on demand

16 Creditors – amounts falling due after more than one year

	Group	Group	Company	Company
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Amounts owed to group undertakings			14,195	14,195
Other creditors	6,159		6,159	
Amounts due under finance leases	2,082	2,460		
Bank loans and overdrafts	218	241		
	8,459	2,701	20,354	14,195

Alfred McAlpine Business Services Limited

16 Creditors – amounts falling due after more than one year (continued)

Maturity of financial liabilities	Group 2006 £'000	Group 2005 £'000	Company 2006 £'000	Company 2005 £'000
In one year or less	8,025	1,881	7,039	1,283
In more than one year but not more than two years	451	503		
In more than two years but not more than five years	1,094	1,137		
In more than five years	755	1,061		
	10,325	4,582	7,039	1,283

Maturity of finance lease debt	Group 2006 £'000	Group 2005 £'000	Company 2006 £'000	Company 2005 £'000
In one year or less	498	578		
In more than one year but not more than two years	427	480		
In more than two years but not more than five years	1,011	1,059		
In more than five years	644	921		
	2,580	3,038		

17 Provisions for liabilities and charges

	Group 2006 £'000	Group 2005 £'000	Company 2006 £'000	Company 2005 £'000
ESPS Pension	360	720	360	720
Deferred tax liability			640	459
	360	720	1,000	1,179

Alfred McAlpine Business Services Limited

17 Provisions for liabilities and charges (continued)

Deferred tax provided in the financial statements is as follows

	Group	Group	Company	Company
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Accelerated capital allowances	(3,218)	(2,659)	548	704
Retirement benefit obligations	134		108	
Other timing differences	(19)	(223)	(16)	(245)
Deferred tax (asset)/liability	(3,103)	(2,882)	640	459

	Group	Company
	£'000	£'000
At 1 January 2006	(2,882)	459
Charged to profit and loss account (see note 8)	(221)	181
At 31 December 2006	(3,103)	640

On 21 March 2007, the Chancellor of the Exchequer announced that the standard rate of Corporation Tax in the UK would be reduced from 30% to 28% with effect from 1 April 2008. As this reduction has not been enacted or substantially enacted at the balance sheet date, the effect of the proposed change has been disclosed but not recognised in the financial statements.

If the lower rate of corporation tax had been recognised then the deferred tax liability in the company's financial statements would be reduced by £43k to £597k.

Alfred McAlpine Business Services Limited

18 Called up share capital

	Group 2006 £'000	Group 2005 £'000	Company 2006 £'000	Company 2005 £'000
Authorised				
100,000 ordinary shares of £1 each	100	100	100	100
Allotted, called up and fully paid				
20,000 ordinary shares of £1 each	20	20	20	20

19 Reconciliation of movements in shareholders' funds

Group	Share capital £'000	Capital redemption reserve £'000	Capital reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2006	20	4	23,016	17,393	40,433
Profit for the financial year				3,680	3,680
Closing shareholders' funds	20	4	23,016	21,073	44,113

The Capital reserve was created in 2005 as a result of the corporate realignment within Alfred McAlpine Business Services Limited which acquired AIMS Group Services Limited, Alfred McAlpine Asset Management Limited and Alfred McAlpine Business Information Systems Limited, from fellow group undertakings, on 22 December 2005 for a consideration of £1 each

Company	Share capital £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2006	20	4	31,725	31,749
Loss for the financial year			(898)	(898)
Closing shareholders' funds	20	4	30,827	30,851

Alfred McAlpine Business Services Limited

20 Directors' interests

As at 31 December 2006, the Directors held shares in the ultimate parent Alfred McAlpine plc, as follows

	2006	2005
Alfred McAlpine plc ordinary share of 25p each		
D Smith	66	20,666
V Michie	3,085	3,805
G Crompton	18,215	20,257
G Brown	1,000	10,465

Alfred McAlpine PLC restricted share plan

Under the terms of the Plan the Remuneration Committee of Alfred McAlpine plc grants awards of restricted shares in Alfred McAlpine plc to key executives. The shares may be released if Alfred McAlpine plc achieves specified performance criteria and the executive remains in the Group's employment. The maximum value of the initial share awards that may be made to a participant in any year may not exceed 50% of salary. In addition, the vesting of the awards of shares may be deferred and held in the Alfred McAlpine Employee Benefit Trust for a further three years and subject to the achievement of a further performance target, become eligible to be matched on a one for one basis.

Further details on the Plan and the performance criteria used can be found in the Report and Accounts of Alfred McAlpine plc. Details of the initial shares held by directors of the company are set out in the table below.

Alfred McAlpine Business Services Limited

20 Directors' interest (continued)

	Initial Awards			At 1 January 2006			At 31 December 2006		
	Date of award	Market value at date of award	Number of Initial Awards	Outstanding Initial Awards and Exceptional Performance Awards	Deferred Awards held in EBT	Number of Awards satisfying vesting criteria during the year	Number of Matching Shares awarded during the year	Outstanding Initial Awards and Exceptional Performance Awards	Deferred Awards held in EBT
D Smith	23/04/02	436 10p	8,000	12,000				12,000	
	16/05/03	245 10p	17,844	26,766				26,766	
	22/04/04	298 95p	9,000	13,500				13,500	
V Michie	11/09/03	309 40p	10,019	15,028				15,028	
	22/04/04	298 95p	6,000	9,000				9,000	
G Crompton	27/04/00	188 00p	16,250	2,381	21,994		21,994	2,381	
	22/03/01	280 50p	12,299	15,196	3,252	8,408		6,788	11,660
	23/04/02	436 10p	8,599	12,898				12,898	
	16/05/03	245 10p	21,111	31,666				31,666	
	22/04/04	298 95p	10,000	15,000				15,000	

Alfred McAlpine plc savings related share option scheme 1998

	Date of grant	Option Price	Balance as at 1 January 2006	Exercised in Year	Date of Event	Market value on date of exercise	Balance as at 31 December 2006
D Smith	27/08/03	228 00p	2,580	(2,580)	01/11/06	528 14p	
G Crompton	27/08/03	2280 0p	2,580	(2,580)	01/11/06	528 14p	
G Brown	27/08/03	228 00p	2,580	(2,580)	08/11/06	526 92p	

Savings related share options are normally exercisable during the six month period following completion of either a three year or five year savings contract. The market price of an ordinary share of 25p in Alfred McAlpine plc on 31 December 2006 was 579 00p (31 December 2005 397 00p) and the highest and lowest market prices during the year were 378 00p and 583 50p.

Alfred McAlpine Business Services Limited

20 Directors' interest (continued)

Alfred McAlpine Executive Share Option Scheme

	Date of Grant	Option Price	Balance as at 1 January 2006	Exercised in Year	Lapsed in Year	Date of Event	Market Value on Date of Exercise	Balance as at 31 December 2006
G Brown	23/04/02	436 10p	6,000	(6,000)		02/11/06	535 38p	
	03/09/03	304 50p	6,000	(6,000)		02/11/06	535 38p	
G Crompton	13/05/98	158 50p	1,560					1,560

Alfred McAlpine Long Term Incentive Plan 2005

	Date of Award	Market Value	Earliest Vesting Date	No of shares under award as at 1 January 2006	Granted in Year	Vested in Year	Lapsed in Year	No of shares under award as at 31 December 2006
J Taylor	23/06/05	370 00p	23/06/08	9,121				9,121
J Taylor	21/04/06	487 00p	21/04/09		7,700			7,700
G Brown	23/06/05	370 00p	23/06/08	9,121				9,121
G Brown	21/04/06	487 00p	21/04/09		7,700			7,700
G Crompton	23/06/05	370 00p	23/06/08	9,121				9,121
G Crompton	21/04/06	487 00p	21/04/09		7,392			7,392
V Michie	23/06/05	370 00p	23/06/08	9,121				9,121
V Michie	21/04/06	487 00p	21/04/09		7,700			7,700
D Smith	23/06/05	370 00p	23/06/08	9,121				9,121
D Smith	21/04/06	487 00p	21/04/09		7,392			7,392

21 Pension costs

The group operates six defined contribution pension schemes. The assets of each of these schemes are held separately from those of the group in independently administered funds.

The pension cost charge represents contributions paid by the group and amounted to £2,376,000 (2005 £1,876,000). At 31 December 2006 the group pension accrual amounted to £302,437 (2005 £235,666).

Alfred McAlpine Business Services Limited

22 Contingent liabilities

In common with the other group undertakings the company has granted cross guarantees in respect of bank loans

23 Financial commitments

At 31 December 2006 the group had annual commitments under non cancellable operating leases expiring as follows

Group	Property		Motor vehicles, plant and machinery	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Within one year	143	197	3,154	1,359
Between two and five years	347	295	14,948	14,574
After five years	414	245	1,415	2,734
	904	737	19,517	18,667

Company	Property		Motor vehicles, plant and machinery	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Within one year	39	7	332	
Between two and five years	200	148	1,119	2,372
After five years	278	245		
	517	400	1,451	2,372

24 Ultimate parent undertaking

The intermediate parent company is Alfred McAlpine Business Services (Holdings) Limited, which is incorporated in Scotland. The ultimate holding company is Alfred McAlpine plc, a company incorporated in England and Wales. Copies of Alfred McAlpine plc consolidated financial statements can be obtained from the Company Secretary, Kinnaird House, 1 Pall Mall East, London, SW1Y 5AZ.