

ADREM CONTRACTS LIMITED
FINANCIAL STATEMENTS
31 MARCH 2009

ADREM CONTRACTS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

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ADREM CONTRACTS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

T Galvin
O Y Salhab

Company secretary

T Galvin

Registered office

12 York Gate
Regent's Park
London
NW1 4QS

Auditors

Blick Rothenberg
Chartered Accountants
12 York Gate
Regent's Park
London, NW1 4QS

ADREM CONTRACTS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2009

The directors present their report and the audited financial statements of the company for the year ended 31 March 2009.

Principal activity

The principal activity of the company during the year continued to be that of building contractors.

Directors

The directors who served the company during the year are as follows:

T Galvin
O Y Salhab

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 year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

So far as each person serving as a director of the company at the date this report is approved is aware, there is no relevant audit information of which the company's auditors are unaware and each director hereby confirms that he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

A resolution to reappoint Blick Rothenberg as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

ADREM CONTRACTS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2009

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Signed on behalf of the directors

T Galvin
Director

Approved by the directors on 18 January 2010

ADREM CONTRACTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADREM CONTRACTS LIMITED

YEAR ENDED 31 MARCH 2009

We have audited the financial statements of Adrem Contracts Limited for the year ended 31 March 2009 set out on pages 6 to 14, which 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 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 are 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 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.

ADREM CONTRACTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADREM CONTRACTS LIMITED *(continued)*

YEAR ENDED 31 MARCH 2009

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 2009 and of its loss 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.

BLICK ROTHENBERG
Chartered Accountants and
Registered Auditor

12 York Gate
Regent's Park
London, NW1 4QS

21 January 2010

ADREM CONTRACTS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2009

	Note	2009 £	2008 £
Turnover	2	4,306,170	4,329,918
Cost of sales		<u>(3,497,188)</u>	<u>(3,290,093)</u>
Gross profit		808,982	1,039,825
Administrative expenses		<u>(917,680)</u>	<u>(989,517)</u>
Operating (loss)/profit	3	(108,698)	50,308
Interest receivable		13,376	16,229
(Loss)/profit on ordinary activities before taxation		<u>(95,322)</u>	<u>66,537</u>
Tax on (loss)/profit on ordinary activities	6	17,448	(21,613)
(Loss)/profit for the financial year		<u>(77,874)</u>	<u>44,924</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

ADREM CONTRACTS LIMITED

BALANCE SHEET

31 MARCH 2009

	Note	£	2009 £	£	2008 £
Fixed assets					
Tangible assets	7		38,767		86,260
Current assets					
Stocks	8	3,000		3,000	
Debtors	9	1,072,041		1,080,943	
Cash at bank		754,250		646,435	
		<u>1,829,291</u>		<u>1,730,378</u>	
Creditors: Amounts falling due within one year	10	<u>(1,215,737)</u>		<u>(1,063,065)</u>	
Net current assets			<u>613,554</u>		<u>667,313</u>
Total assets less current liabilities			<u>652,321</u>		<u>753,573</u>
Creditors: Amounts falling due after more than one year	11		<u>(4,696)</u>		<u>(28,074)</u>
			<u>647,625</u>		<u>725,499</u>
Capital and reserves					
Called-up equity share capital	15		100		100
Profit and loss account	16		647,525		725,399
Shareholders' funds	17		<u>647,625</u>		<u>725,499</u>

These financial statements were approved by the directors and authorised for issue on 18 January 2010, and are signed on their behalf by:

T Galvin
Director

Company Registration Number: 1703992

ADREM CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

1. Accounting policies

1.1 Basis of accounting

The financial statements have been prepared on the going concern basis and under the historical cost convention.

1.2 Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

1.3 Turnover

Turnover represents amounts receivable for services rendered, net of VAT.

Profit is recognised on long-term contracts if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract.

1.4 Fixed assets

All fixed assets are initially recorded at cost.

1.5 Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Improvements to leasehold property	- 25% straight line
Plant, fixtures & equipment	- 25% straight line
Motor vehicles	- 25% straight line

1.6 Work in progress

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

1.7 Leases

Assets held under finance leases and hire purchase contracts are capitalised at the fair value on the inception of the lease and are depreciated over the shorter of the period of the lease and the estimated useful economic lives of the assets. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding and are charged to the profit and loss account.

Operating lease rentals are charged to the profit and loss account in equal instalments over the lease term.

1.8 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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

ADREM CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

1. Accounting policies *(continued)*

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1.9 Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. Turnover

The turnover and loss before tax are attributable to the principal activity of the company.

An analysis of turnover is given below:

	2009 £	2008 £
United Kingdom	<u>4,306,170</u>	<u>4,329,918</u>

3. Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	2009 £	2008 £
Depreciation of owned fixed assets	2,100	6,402
Depreciation of assets held under hire purchase agreements	47,422	42,389
Loss on disposal of fixed assets	–	2,302
Auditors' remuneration		
- as auditor	10,850	8,939
- for other services	555	535
Operating lease costs:		
- land and buildings	30,000	35,250
- other	<u>7,409</u>	<u>7,396</u>

ADREM CONTRACTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2009

4. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2009	2008
	No	No
Number of production staff	16	13
Number of administrative staff	12	19
	<u>28</u>	<u>32</u>

The aggregate payroll costs of the above were:

	2009	2008
	£	£
Wages and salaries	943,357	970,022
Social security costs	109,816	107,047
	<u>1,053,173</u>	<u>1,077,069</u>

5. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2009	2008
	£	£
Emoluments receivable	144,075	139,824

6. Taxation on ordinary activities

(a) Analysis of charge in the year

	2009	2008
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 20% (2008: 30%)	(16,923)	21,613
Over provided in prior year	(525)	-
Total current tax	<u>(17,448)</u>	<u>21,613</u>

ADREM CONTRACTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

6. Taxation on ordinary activities *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20% (2008: 30%).

	2009 £	2008 £
(Loss)/profit on ordinary activities before taxation	<u>(95,322)</u>	<u>66,537</u>
(Loss)/profit on ordinary activities by rate of tax	(19,064)	19,961
Expenses not deductible for tax purposes	-	1,941
Depreciation in excess of capital allowances	5,719	4,281
Loss on disposal of fixed assets	-	691
Small companies relief	-	(5,261)
Overprovision of tax in prior years	(525)	-
Losses carried back to the previous year	<u>(3,578)</u>	-
Total current tax (note 6(a))	<u>(17,448)</u>	<u>21,613</u>

7. Tangible fixed assets

	Improvements to leasehold property £	Plant, fixtures & equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2008	24,717	234,329	11,064	270,110
Additions	<u>-</u>	<u>2,029</u>	<u>-</u>	<u>2,029</u>
At 31 March 2009	<u>24,717</u>	<u>236,358</u>	<u>11,064</u>	<u>272,139</u>
Depreciation				
At 1 April 2008	24,717	152,218	6,915	183,850
Charge for the year	<u>-</u>	<u>46,756</u>	<u>2,766</u>	<u>49,522</u>
At 31 March 2009	<u>24,717</u>	<u>198,974</u>	<u>9,681</u>	<u>233,372</u>
Net book value				
At 31 March 2009	<u>-</u>	<u>37,384</u>	<u>1,383</u>	<u>38,767</u>
At 31 March 2008	<u>-</u>	<u>82,111</u>	<u>4,149</u>	<u>86,260</u>

Hire purchase agreements

Included within the net book value of £38,767 is £26,861 (2008: £74,679) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £47,422 (2008: £42,389).

ADREM CONTRACTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2009

8. Stocks

	2009 £	2008 £
Work in progress	<u>3,000</u>	<u>3,000</u>

9. Debtors

	2009 £	2008 £
Trade debtors	1,019,478	948,617
Corporation tax repayable	16,923	–
Other debtors	–	9,135
Other debtors	559	–
Prepayments and accrued income	<u>35,081</u>	<u>123,191</u>
	<u>1,072,041</u>	<u>1,080,943</u>

10. Creditors: Amounts falling due within one year

	2009 £	2008 £
Trade creditors	614,545	524,776
Amounts owed to group undertakings	–	100,614
Corporation tax	–	19,529
Other taxation and social security	63,729	113,742
Hire purchase agreements	28,972	33,695
Other creditors	116,416	21,492
Accruals and deferred income	<u>392,075</u>	<u>249,217</u>
	<u>1,215,737</u>	<u>1,063,065</u>

11. Creditors: Amounts falling due after more than one year

	2009 £	2008 £
Hire purchase agreements	<u>4,696</u>	<u>28,074</u>

ADREM CONTRACTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2009

12. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	2009 £	2008 £
Amounts payable within one year	30,038	40,074
Amounts payable between one and two years	4,758	26,329
Amounts payable between three and five years	-	4,759
	<u>34,796</u>	<u>71,162</u>
Less interest and finance charges relating to future periods	<u>(1,128)</u>	<u>(9,393)</u>
	<u>33,668</u>	<u>61,769</u>
Hire purchase agreements are analysed as follows:		
Current obligations	28,972	33,695
Non-current obligations	4,696	28,074
	<u>33,668</u>	<u>61,769</u>

13. Commitments under operating leases

At 31 March 2009 the company had annual commitments under non-cancellable operating leases as set out below.

	Assets other than land & buildings	
	2009 £	2008 £
Operating leases which expire: Within two to five years	<u>3,226</u>	<u>3,226</u>

14. Related party transactions

The immediate controlling party is Areen Projects Limited.

The directors are not aware of any ultimate controlling party.

Transactions with related parties are as follows:

Name (Relationship)	Transaction	Amount		Amount due (to)/from related parties	
		2009 £	2008 £	2009 £	2008 £
Areen Design	Turnover	43,036	21,877	-	-
Services Limited (Parent undertaking)	Recharged costs	(58,724)	(67,966)	(111,925)	(107,410)

ADREM CONTRACTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2009

15. Share capital

	2009		2008	
	No	£	No	£
Authorised share capital:				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Called up, allotted and fully paid:				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

16. Profit and loss account

	2009	2008
	£	£
Balance brought forward	725,399	680,475
(Loss)/profit for the financial year	<u>(77,874)</u>	<u>44,924</u>
Balance carried forward	<u>647,525</u>	<u>725,399</u>

17. Reconciliation of movements in shareholders' funds

	2009	2008
	£	£
(Loss)/profit for the financial year	<u>(77,874)</u>	44,924
Opening shareholders' funds	<u>725,499</u>	<u>680,575</u>
Closing shareholders' funds	<u>647,625</u>	<u>725,499</u>

18. Ultimate parent company

The immediate and ultimate parent company is Areen Projects Limited, a company incorporated in the British Virgin Islands. Group financial statements are not prepared.

ADREM CONTRACTS LIMITED

MANAGEMENT INFORMATION

YEAR ENDED 31 MARCH 2009

The following pages do not form part of the statutory financial statements which are the subject of the independent auditors' report on pages 4 to 5.

ADREM CONTRACTS LIMITED
DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2009

	£	2009 £	£	2008 £
Turnover		4,306,170		4,329,918
Cost of sales				
Direct labour	(268,182)		(247,348)	
Project management (Direct salaries)	(116,089)		(107,751)	
Direct labour (National insurance)	(34,327)		(31,661)	
Project management (National insurance)	(14,869)		(13,792)	
Subcontractors	(2,046,517)		(1,966,805)	
Equipment, plant hire and materials	(975,809)		(918,353)	
Consumables	(44,395)		(7,383)	
	<u>(3,500,188)</u>		<u>(3,293,093)</u>	
Closing stock	<u>3,000</u>		<u>3,000</u>	
		<u>(3,497,188)</u>		<u>(3,290,093)</u>
Gross profit		808,982		1,039,825
Overheads				
Administrative expenses		(917,680)		(989,517)
Operating (loss)/profit		(108,698)		50,308
Bank interest receivable		<u>13,376</u>		<u>16,229</u>
(Loss)/profit on ordinary activities		<u>(95,322)</u>		<u>66,537</u>