Financial Statements for the Period Ended 31 March 2007

Registered Number: 3375630

Prepared by Accounts Dept

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1.0 Document Control

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2.0 Vehicle user' policy

2.1 Scope

This policy relates to the provision of a company vehicle, to any eligible driver, and payment of a car allowance to any eligible employee, provided by Longcross Group Limited or any associated or subsidiary company of the Longcross Group. All drivers provided with a company vehicle, or a car allowance, by the company is deemed to have read and agreed to this policy.

2.1.1 Amendments to policy

Longcross Group Limited reserves the right to revise or amend any aspect of this Policy at any time at its complete discretion. Any such amendments or revisions will be communicated to all company car drivers and cash allowance recipients.

2.1.2 Disciplinary Procedure

Failure to comply with the terms of this policy may result in disciplinary action being taken in accordance with Longcross Group Ltd's disciplinary rules and grievance procedures, which can be found within the employee information manual. There will be no compensation should entitlement to the use of a company vehicle be withdrawn.

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3.0 Officers and Advisors

3.1 Directors

J Beament, M English, G Earle

3.2 Secretary

M English

3.3 Registered Office

107 Hindes Road, Harrow, Middlesex, HA1 1RU

3.4 Registered Number

3375630

3.5 Auditors

Hill Wooldridge & Co. Limited, 107 Hindes Road, Harrow, Middlesex, HA1 1RU

3.6 Bankers

Bank of Scotland plc, Beauclerc House, 3 Queens Road, Reading, RG1 4AR

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4.0 Chairman's Statement

I am pleased to report that the past year has been another eventful and successful period for the Group.

Our business has been buoyant across all areas with turnover and profit increasing in real terms for both the Group and its associate companies.

I am also delighted to report that our balance sheet/shareholders funds has increased to over £6 million, making our company more stronger.

Our current order book for 2008 is looking very healthy with 72% of the anticipated £200 Million turnover already secured for Group and its associate companies.

This demonstrates the confidence our clients have in us and the robust activity that looks certain to continue within the construction industry.

I would like to thank my fellow directors, our loyal staff and clients and suppliers for their continued support.

..... Date: 31st March 2007

JOHN BEAMENT

CHAIRMAN and MANAGING DIRECTOR

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5.0 Director's Report

The directors present their report and the financial statements of the company for the period ended 31 March 2007.

5.1 Statement of directors` responsibilities

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

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

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

5.2 Principal Activities

The principal activities of the company throughout the period were those of main contractor and building services installer to all sectors of the community.

5.3 Review of Business

The results for the year and the financial position at the year end are considered satisfactory by the directors. The directors are pleased to report an increase in profitability and expect continued sustainable growth in the future.

The company strongly believes in training and investing in employees to keep up with the modern techniques which are required to deliver results and fulfil our contractual obligations. A programme of training courses has been developed to achieve this and to maximise the company's operating efficiency.

The company continues to perform well and achieve good returns in this competitive industry. The directors strive to maintain this performance and are pleased to report the year end net worth of the balance sheet is in excess of £6 million.

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5.4 Future Developments

The directors are confident about the long term prospects of the company, which is well established and focused on delivering a goo quality service with an intrinsic value.

The order book going forward into the financial year 2008/2009 is currently showing 70% of the current level of activity as secured works.

The company's considerable brand and reputation, together with the significant added value provided by its blue chip client base further underpins the strength of the business.

5.5 Fixed Assets

In the opinion of the directors, the market value of freehold land and buildings was not significantly different from book value.

5.6 Results and Dividends

The results of the year's trading and the financial position of the company are shown in the annexed accounts.

The company's profit for the year, after taxation, amounted to £935,074 (2006 - £642,142).

Interim dividends totalling £450,000 were paid during the year.

5.7 Directors

The present directors are as shown on page 1. All served on the board throughout the year.

The company`s Articles of Association do not require directors to retire by rotation.

5.8 Directors` Interests

The interests of the directors in the shares of the company at the beginning and end of the period were as follows:

	31 March 2007	1 April 2006
J Beament	1,668	1,668
M English	1,666	1,666
G Earle	1,666	1,666

5.9 Auditors

The auditors, Hill Wooldridge & Co, have indicated their willingness to accept re-appointment under Section 385(2) of the Companies Act 1985.

ON BEHALF OF THE BOARD

..... Date: .....

G EARLE – DIRECTOR

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6.0 Auditors Report

We have audited the financial statements of Longcross Group Limited for the period ended 31 March 2007 which comprises the Profit and Loss Account, Statement of Total Recognised Gains and Losses, the Balance Sheet, Cash Flow Statement and the related notes. These 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 shareholders those matters we are required to state to them in an auditor's 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

6.1 Respective responsibilities of directors and auditors

As described in the Statement of Directors` Responsibility the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdon Generally Accepted Accounting Practice).

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 report to you whether in our opinion the information given in the Directors` Report is not consistent with the financial statements. We also report to you 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 transactions with the company is not disclosed.

We read the Chairman's Statement and the Directors` Report and consider the implications for our report if we become aware of any apparent misstatement or material inconsistence with the financial statements.

6.2 Basis of 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.

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6.3 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 2007 and of its profit for the year then ended, 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.

HILL WOOLDRIDGE & CO

Registered Auditors

107 Hindes Road

Harrow

Middlesex HA1 1RU

Date: .....

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7.0 Profit And Loss Account

	Note	Year Ended 31 March 2007	18 Months Ended 31 March 2006
		£	£
TURNOVER	2	100,644,858	99,994,322
Cost of sales		(89,112,792)	(90,384,052)
GROSS PROFIT		11,532,066	9,610,270
Net operating expenses	3	(9,628,027)	(8,239,876)
OPERATING PROFIT	4	1,904,039	1,370,394
Other interest receivable and similar income		7,487	-
Interest payable and similar charges	7	(365,637)	(310,502)
PROFIT ON ORDINARY ACTIVITIES		1,545,889	1,059,892
Tax on profit on ordinary activities	8	(610,815)	(417,750)
PROFIT FOR THE FINANCIAL YEAR		935,074	642,142

The company's turnover and expenses all relate to continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2006

	Year Ended 31 March 2007	18 Months Ended 31 March 2006
	£	£
Profit for the financial year	935,074	642,142
Unrealised surplus on revaluation of properties	2,608,813	-
Total recognised gains and losses relating to the year	3,543,887	642,142

The annexed notes form part of these financial statements.

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8.0 Balance Sheet

	Note		2007		2006
			£		£
FIXED ASSETS					
Tangible assets	11		8,703,186		5,002,695
CURRENT ASSETS					
Stocks	12	4,635,730		7,142,093	
Debtors	13	22,372,624		21,652,825	
Cash at bank and in hand		10,138		8,272	
		27,018,492		28,803,190	
CREDITORS					
Amounts falling due within one year	14	(26,657,677)		(28,120,061)	
NET CURRENT ASSETS			360,815		683,129
TOTAL ASSETS LESS CURRENT			9,064,001		5,685,824
LIABILITIES					
CREDITORS					
Amount falling due after more than a year	15		(2,975,209)		(2,690,919)
NET ASSETS			6,088,792		2,994,905
CAPITAL AND RESERVES					
Called up share capital	16		5,000		5,000
Revaluation reserve	17		3,187,969		590,975
Profit and loss account	18		2,895,823		2,398,930
SHAREHOLDERS` FUNDS	19		6,088,792		2,994,905

These financial statements were approved by the board on .....

ON BEHALF OF THE BOARD

.....J BEAMENT - DIRECTOR

The annexed notes form part of these financial statements.

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9.0 Cashflow

	Note		Year Ended 31March 07 £		18 Months 31 March 06 £
NET CASH INFLOW FROM OPERATING ACTIVITIES			2,711,510		(159,309)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		7,487		-	
Interest paid		(364,554)		(299,860)	
Interest element of finance lease rental payments		(1,083)		(10,642)	
			(358,150)		(310,502)
TAXATION			(237,488)		(418,369)
CAPITAL EXPENDITURE					
Payments to acquire fixed assets		(1,402,053)		(1,338,766)	
Receipts from sales of fixed assets		11,360		11,600	
			(1,390,693)		(1,327,166)
EQUITY DIVIDENDS PAID			(450,000)		(240,000)
			275,179		(2,455,346)
FINANCING					
Net new bank loans		396,807		1,375,290	
Loan from associated company		2,000,000		18,608	
Capital element of finance lease repayments		(34,540)		(82,702)	
			2,362,267		1,311,196
INCREASE (DECREASE) IN CASH	24		2,637,446		(1,144,150)

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10.0 Notes to the Accounts

10.1 Accounting Policies

The accounts have been prepared in accordance with applicable accounting standards. There were no material departures from those standards.

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same accounts.

10.1.1 Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

The effect of events in relation to the period ended 31 March 2007 which occurred before the date of approval of the financial statements by the Board of Directors, have been included in the statements to the extent required to show a true and fair view of the state of affairs at 31 March 2007 and of the results for the period ended on that date.

10.1.2 Depreciation

Depreciation has been computed to write off the cost of tangible fixed assets over their expected useful lives using the following rates:

Freehold buildings	-	2% per annum of cost or revalued amount
Plant and machinery	-	25% per annum reducing balance basis
Fixtures and fittings	-	33% per annum reducing balance basis
Motor vehicles	-	25% per annum reducing balance basis

10.1.3 Goodwill

Goodwill represents the excess of cost of acquitisition over the fair value of the seperable net assets of business acquired.

Goodwill is amortised through the profit and loss account in equal instalments over its estimated useful life.

10.1.4 Stocks

Stocks and work in progress have been valued at the lower of cost and net realisable value; in respect of work in progress and finished goods cost includes a relevant proportion of overheads according to the stage of manufacturing/completion.

10.1.5 Deferred Taxation

Deferred taxation is accounted for in accordance of all timing difference that have originated but not reversed at the balance sheet date.

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A 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.

Deferred tax is measured on a non-discounted basis at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

10.1.6 Leasing

Tangible fixed assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges, are included in creditors.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

10.1.7 Pension Costs

The company operates a pension scheme for the benefit of its employees. The scheme is a defined contribution scheme, and the contributions are charged to the profit and loss account in the period to which they relate.

10.1.8 Impairment losses

Impairment reviews have been carried out on goodwill comparing the carrying value to the net realisable value and the value in use based on the future cash flows discounted at 4%.

10.2 Turnover

The company's turnover represents the value, excluding Value Added Tax, of goods and services supplied to customers during the period. The analysis of turnover by activity and geographical area is as follows:

	Year Ended	18 Months
	31 March 2007	31 March 2006
	£	£
United Kingdom	100,644,858	99,994,322

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10.3 Net Operating Expenses

	Year Ended 31 March 2007 £	18 Months 31 March 2006 £
Administrative expenses	10,167,442	8,653,090
Other operating income	(539,415)	(413,214)
	9,628,027	8,239,876

10.4 Operating Profit

Operating profit is stated after charging/(crediting):

	Year Ended 31 March 2007 £	18 Months 31 March 2006 £
Directors` emoluments	505,162	854,851
Directors` pension contributions in respect of money purchase benefits	127,900	122,122
Total directors` emoluments	633,062	976,973
Hire of plant and machinery - operating leases	1,068,107	1,103,418
Hire of other assets - operating leases	106,667	96,740
Loss on sale of fixed assets	75,090	4,475
Depreciation and amortisation of owned assets	221,411	174,520
Depreciation of assets held under finance leases and hire purchase	2,514	35,628
Auditors` remuneration	15,000	15,000

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10.5 Directors` Remuneration

	Year Ended 31 March 2007 £	18 Months 31 March 2006 £
Highest paid director:		
Emoluments	153,774	430,000
Pension contributions in respect of money purchase benefits	44,119	36,000

There are 3 directors to whom retirement benefits are accruing under money purchase pension schemes in respect of qualifying services (2003 - 3).

10.6 Particulars of Staff and Pensions

Staff costs, including director's remuneration, were as follow:

	Year Ended 31 March 2007 £	18 Months 31 March 2006 £
Wages and salaries	5,618,434	4,832,818
Social security	651,497	572,954
Other pension costs	437,714	334,427
	6,707,645	5,740,199

The average monthly number of employees during the year was as follows:

	2007 Number	2006 Number
Management and administration	252	171
Site workforce	96	76
	348	247

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10.7 Interest Payable and Similar Charges

	Year Ended 31 March 2007 £	18 Months 31 March 2006 £
Bank loans and overdrafts	364,535	274,097
Other interest	19	25,763
Finance charges payable - finance leases and hire purchase	1,083	10,642
	365,637	310,502

10.8 Taxation

Analysis of charge in period

	Year Ended 31 March 2007 £	18 Months 31 March 2006 £
Current tax:		
UK corporation tax on profits of the year	587,694	387,488
Adjustments in respect of prior periods	-	6,313
Total current tax	587,694	393,801
Deferred taxation	23,121	23,949
Tax on profit on ordinary activities	610,815	417,750

Factors affecting tax charge for the period

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

	Year Ended 31 March 2007 £	18 Months 31 March 2006 £
Profit on ordinary activities before tax	1,545,889	1,059,892
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (30%)	463,767	317,968
Effects of:		
Expenses not deductible for tax purposes	119,562	68,865

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Capital allowances for period in deficit/(excess) of depreciation	4,365	655
Adjustments to tax charge in respect of previous periods	-	6,313
Current tax charge for period	587,694	393,801

10.9 Dividends

	Year Ended	18 Months
	31 March 2007	31 March 2006
	£	£
	450,000	240,000

10.10 Intangible Fixed Assets

Cost	Goodwil
	£
At 1 April 2006	43,306
Additions	
Disposals	
At 31 March 2007	43,306
Amortisation	
At 1 April 2006	43,306
Charge for the year	-
Eliminated on disposals	-
At 31 March 2007	43,306
Net book value	
At 31 March 2007	-
At 31 March 2006	-

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10.11 Tangible Fixed Assets

	Land and buildings	Plant and machinery	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost/Valuation					
At 1 April 2006	4,686,592	148,820	953,400	822,714	6,611,526
Additions	1,292,555	555	107,143	1,800	1,402,053
Revaluations	2,415,285	-	-	-	2,415,285
Disposals	-	-	-	(368,839)	(368,839)
At 31 March 2007	8,394,432	149,375	1,060,543	455,675	10,060,025
Depreciation					
At 1 April 2006	103,451	113,456	770,614	621,310	1,608,831
Charge for the period	90,077	8,980	95,677	29,191	223,925
Revaluations	(193,528)	-	-	-	(193,528)
Elimination on disposals	-	-	-	(282,389)	(282,389)
At 31 March 2007	-	122,436	866,291	368,112	1,356,839
Net book value					
At 31 March 2007	8,394,432	26,939	194,252	87,563	8,703,186
At 31 March 2006	4,583,141	35,364	182,786	201,404	5,002,695

Net book value of land and buildings at 31 March 2007 comprised:

	2007	**2006**
	£	**£**
Freehold land and buildings	8,394,432	4,583,141

Cost or valuation of land and buildings comprises:	£
Cost	5,388,184
Valuation 2004	590,963
Valuation 2007	2,415,285
	8,394,432

The comparable amounts determined according to the historical cost convention are as follows:

	£
Cost	5,388,184
Accumulated depreciation	(181,722)

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Net book value at 31 March 2007	5,206,462
Net book value at 31 March 2006	2,727,009

The company's Ashtead freehold property was valued on an open market existing use basis at £1,700,000 by Stiles Harold Williams (independent surveyors and valuers) on 18 June 2004.

The company's Sheffield freehold property was valued on an open market existing use basis at £1,050,000 by Wilbys (independent chartered surveyors) on 26 February 2004.

The directors have carried out an interim review and updated the values of the freehold properties as at 31 March 2007. They have valued the properties as follows: Ashtead £1,955,000; Sheffield £1,750,000; Foots Cray £4,500,000.

Included in the total net book value of tangible fixed assets held at 31 March 2006 was £79,653 (2006 - £79,653) in respect of assets held under finance leases and hire purchase contracts.

10.12 Stocks and Work In Progress

	2007	**2006**
	£	**£**
Raw materials and consumables	150,300	165,000
Work in progress	4,485,430	6,977,093
	4,635,730	7,142,093

10.13 Debtors

Receivable within one year:	**2007**	**2006**
	£	**£**
Trade debtors	9,492,931	9,338,230
Other debtors	210,664	601,842
Prepayments and accrued income	581,804	232,755
Amounts recoverable on contracts	12,087,225	11,479,998
	22,372,624	21,652,825

Other debtors include a balance for a deferred tax asset. The movement on this deferred tax asset during the year was:

Asset at 1 April 2006	51,004
Deferred tax credit in profit and loss account for the period	(23,121)
Asset at 31 March 2007	
	27,883

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Components of deferred tax

The deferred tax asset is a result of depreciation charges in excess of capital allowances. The deferred tax asset has been recognised on the basis that future trading results are of a level that it is considered more likely than not that the asset will be recoverable. The principal evidence supporting this treatment is the information available in the post balance sheet period. The deferred tax balance has not been discounted.

10.14 Creditors - Amounts Due Within One Year

	2007	2006
	£	£
Bank loans and overdrafts	2,982,935	5,511,429
Obligations under finance leases and hire purchase contracts	2,765	31,874
Trade creditors	12,224,338	13,801,432
Social security and other taxes	1,903,989	1,516,863
Other creditors	2,195,664	207,569
Corporation tax payable	587,694	237,488
Accruals and deferred income	6,760,292	6,813,406
	26,657,677	28,120,061

The bank loans and overdrafts are secured on freehold property.

Obligations under finance leases and hire purchase contracts are secured by related assets.

10.15 Creditors - Amounts Due After One Year

	2007	2006
	£	£
Bank loans	2,975,209	2,685,488
Obligations under finance leases and hire purchase contracts	-	5,431
	2,975,209	2,690,919

Repayable by instalments, amounts falling due after five years:

	2007	2006
	£	£
Bank loan	2,152,079	2,372,167

The bank loans and overdrafts are secured on freehold property.

Obligations under finance leases and hire purchase contracts are secured by related assets.

The bank loan bears interest at 1.5% above Bank of Scotland base rate.

Analysis of debt maturity – bank loans and overdrafts

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	2006	2005
	£	£
Amounts payable:		
Within one year or on demand	2,982,935	5,511,429
Between one and two years	185,933	71,629
Between two and five years	637,197	241,692
In five years or more	2,152,079	2,372,167
	5,958,144	8,196,917

Analysis of debt maturity – obligations under finance leases and hire purchase contracts

	2007	2006
	£	£
Amounts payable:		
Within one year or on demand	2,765	31,874
Between one and two years	-	5,431
Between two and five years	-	-
In five years or more	-	-
	2,765	37,305

10.16 Share Capital

	2007	2006
	£	£
Authorised		
5,000 ordinary shares of £1 each	5,000	5,000
Allotted, called up and fully paid		
5,000 ordinary shares of £1 each	5,000	5,000

10.17 Revaluation Reserve

	2007
	£
At 1 April 2006	590,975
Surplus on revaluation of properties during the year	2,608,813
Transfer of realised revaluation reserve	(11,819)
At 31 March 2007	3,187,969

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10.18 Profit And Loss Account

	2007
	£
At 1 April 2006	2,398,930
Retained profit for the financial year	485,074
Transfer of realised revaluation reserve	11,819
At 31 March 2007	2,895,823

10.19 Reconciliation of Movements in Shareholders` Funds

	Year Ended 31 March 2007	18 Months Ended 31 March 2006
	£	£
Profit for the financial period	935,074	642,142
Dividends	(450,000)	(240,000)
	485,074	402,142
Other recognised gains and losses relating to the period	2,608,813	-
Net addition to shareholders` funds	3,093,887	402,142
Opening shareholders` funds	2,994,905	2,592,763
Closing shareholders` funds	6,088,792	2,994,905

10.20 Capital Commitments

Commitments for capital expenditure at the end of the period were as follows: 85

	2007	2006
	£	£
Authorised and contracted for	-	600,000

The capital commitment is for the construction of a new 20,000 square foot office building, Sargasso, on the company's Foots Cray freehold property, the company now has planning permission to begin phase 2 of the development, which we will be a second £1.25 million office building, Caspian. Although not contacted for at the year end date, preliminary building work has now commenced.

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10.21 Leasing Commitments

At 31 March 2007 the company had annual commitments under non-cancellable operating leases as detailed below:

	2007		2006	
	Land and buildings	**Other**	**Land and buildings**	**Other**
	£	**£**	**£**	**£**
Operating leases which expire:				
Within one year	-	30,755	-	-
Within two to five years	65,640	292,090	20,000	216,778
	65,640	322,845	20,000	216,778

10.22 Pension Costs

The company operates a contributory pension scheme. It is a defined contribution scheme and contributions are charged in the profit and loss account as they accrue. The charge for the year was £437,714 (2006 - £334,427).

10.23 Related Parties

Longcross Group Limited is related to the companies listed below by virtue of the fact that all the companies have common directors and shareholders.

	Sales to Party	Purchases from Party	Management Charges to Party	Owed to Party	Owed by Party
	£	£	£	£	£
2007					
Longcross Developments Limited	-	-	-	70,300	-
Longcross Security Limited	-	818,643	-	-	20,967
Longcross Building Limited	3,478,936	78,336	300,000	-	290,973
2006					
Longcross Developments Limited	-	-	-	72,062	-
Longcross Security Limited	-	547,530	-	-	47,361
Longcross Building Limited	1,645,329	-	300,000	-	341,638

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10.24 Reconciliation of Operating Profit to Net Cash Inflow From Operating Activities

	Year Ended 31 March 2007	18 Months 31 March 2006
	£	£
Operating profit	1,904,039	1,370,394
Depreciation charge	223,925	210,148
Loss on sale of fixed assets	75,090	4,475
Increase in stocks	2,506,363	1,490,455
(Increase) in debtors	(742,921)	(13,770,692)
Increase in creditors	(1,254,986)	10,536,181
Net cash (outflow)/inflow from operating activities	2,711,510	(159,309)

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10.25 Gross Cash Flows

	Year Ended 31 March 2007 £	18 Months 31 March 2006 £
Returns on investments and servicing of finance		
Interest paid		(331,977)
Interest element of finance lease rental payments		(28,243)
		(360,220)
Capital expenditure		
Payments to acquire fixed assets		(707,342)
Receipts from sales of fixed assets		50,750
		(656,592)
Financing		
Loans advanced to associated companies		(216,981)
Loans received from associated companies		75,000
Loans repaid by associated companies		311
Repayment of long term loan		(81,027)
Loan repayment received		-
Long term bank loan received		688,243
Capital element of finance lease rental payments		(289,081)
		176,465

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10.26 Analysis of Net Debt

	2006	Cash flow	Other changes	2007
	£	£	£	£
Cash at bank and in hand	8,272	1,866		10,138
Overdraft	(5,444,426)	2,635,580		(2,808,846)
		2,637,446		
Debt due within 1 year	(67,003)	(1,932,997)	(174,089)	(2,174,089)
Debt due after 1 year	(2,685,488)	(463,810)	174,089	(2,975,209)
Finance leases	(37,305)	34,540	-	(2,765)
Total	(8,225,950)	275,179	-	(7,950,771)

10.27 Reconciliation of Net Cash Flow to Movement in Net Debt

	Year Ended 31 March 2007	18 Months 31 March 2006
	£	£
Increase/(decrease) in cash in the year	2,637,446	(1,144,150)
Cash inflow from increase in debt and lease financing	(2,362,267)	(1,292,573)
Movement in net debt in the year	275,179	(2,436,723)
Net debt at 1 April 2006	(8,225,950)	(5,789,227)
Net debt at 31 March 2007	(7,950,771)	(8,225,950)

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