



Redwing Construction Limited

Financial Statements

for the eighteen months ended

30th September 2008

Company Registration number 5402212

Redwing Construction Limited

Officers and professional advisors

Directors

Stephen Pope
Vince Callari
Alistair Sloan

Managing director
Commercial director
Non executive director

Secretary

Alistair Sloan

Registered office

2 Amberley Court
Whitworth Road
Crawley
West Sussex
RH11 7XL

Auditors

Baker Tilly UK Audit LLP
Chartered Accountants
12 Gleneagles Court
Brighton Road
Crawley
West Sussex
RH10 6AD

Redwing Construction Limited

Directors' report

The directors submit their report and the financial statements of Redwing Construction Limited for the eighteen months ended 30th September 2008.

Principal activities

The principal activity of the company during the period was building contracting.

Review of the business

The first draft of this report was prepared in November 2008. At that time, the directors wrote that we were very pleased to say that the period to 30th September 2008 had been a successful trading period for the company which had seen us increase our turnover, our profits and our staff levels. We were confident that we had taken a significant step towards our goal of becoming the top regional contractor in the south east of England. At that time we had just been awarded a £2.8m negotiated project by a major property developer and with an order book of roughly £5m we entered the new trading year with great confidence.

Just over six months later it is evident that we now live in a very different world. During that period our £2.8m scheme has been shelved and the volume of new order input in the construction industry appears to be at historically low levels. That has put pressure on the company forcing us to cut our cost base and reduce staff numbers. For a growing business that is a major disappointment. Although our numbers were initially audited within six weeks of the period end, we took the decision that it would be more prudent to delay the completion of the financial statements until the dust had settled.

Having now adapted to the radically different trading circumstances we now feel more confident to publish our report. It is clear that 2009 will not be as successful as we had anticipated just six months ago. However, we have altered the structure of our business, our staff have graciously accepted salary cuts and our shareholders have committed to provide additional finance of between £150,000 and £250,000 to the company to ensure that we are in a position to capitalise when the market eventually returns to some degree of normality. In this industry, a period of reduced turnover has a disproportionately large impact on cash flow. Over the past few months we have at times been forced to delay payments to some of our suppliers. We would like to apologise to them. A number of companies have worked closely with us over the past five years. We take our responsibilities towards those companies very seriously and with the financial commitments made by the shareholders we will now be able to return to normal payment terms.

April and May 2009 have seen an increase in the volume of tender opportunities. It is difficult to gauge if that is a general increase in the market or a result of the huge effort that we have put into sales and marketing. We are very pleased to report that we have secured three new projects in the first week of June 2009, which increases our optimism that the market is improving.

For the record, during the period we completed a very prestigious refurbishment and fit out with a value in excess of £2m for the Government of Gibraltar. Having very successfully completed the refurbishment and fit out of Restaurant Gordon Ramsay we can now boast two of the top central London fit outs in the past couple of years. We have proved that we can compete very successfully in the fit out market.

During the period we also carried out our second successful school project for the London Borough of Hillingdon with the £840,000 refurbishment of the science laboratories at Bishopshalt School and were awarded a £1.1 community project by Surrey County Council. Two of the three projects secured in June 2009 are also education projects for Hillingdon which is particularly pleasing. We will continue to target an increased volume of public sector projects in coming years.

In spite of the difficult trading conditions, we remain confident that our target of becoming the top regional contractor in the south east of England is achievable.

Redwing Construction Limited

Directors' report

Dividends

The directors do not recommend a final dividend on the ordinary shares. During the period an interim dividend of 25p per share was paid. Two shareholders, Stephen Pope and Richard Williams declined to take the offered dividend amounting to £6,250. In total, dividends of £5,000 were paid leaving a profit of £12,848 to be retained.

Directors

The following directors have held office since April 1st 2007:

Stephen Pope
Vince Callari
Alistair Sloan

Directors' interests in shares

Directors' interests in the shares of the company, including family interests, were as follows:

	Ordinary shares of £ 1 each	
	30/09/2008	01/10/2007
Stephen Pope	20,000	20,000
Vince Callari	10,000	-
Alistair Sloan	20,000	20,000

Auditors

Baker Tilly UK Audit LLP has indicated its willingness to continue as auditors for the company, and a resolution to appoint Baker Tilly UK Audit LLP has been approved by the members.

Statement as to disclosure of information to auditors

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the board

Alistair Sloan

Secretary

Date June 12th 2009

Redwing Construction Limited

Directors' responsibilities in the preparation of financial statements

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare the financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice. 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:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of 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.

Independent auditor's report to the members of Redwing Construction Limited

We have audited the financial statements on pages 6 to 15.

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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and 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

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 at 30th September 2008 and of its profit for the period 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.

BAKER TILLY UK AUDIT LLP
Registered Auditor
Chartered Accountants
12 Gleneagles Court, Brighton Road
Crawley RH10 6AD

12th June 2009

Redwing Construction Limited

Profit and loss account

for the eighteen months ended 30th September 2008

	Notes	2008 £	2007 (12 Months) £
Turnover	1	5,505,696	3,580,309
Cost of sales		(4,756,418)	(3,184,957)
Gross profit		<u>749,278</u>	<u>395,352</u>
Administrative expenses		(733,545)	(379,692)
Operating profit		<u>15,733</u>	<u>15,660</u>
Bank interest received		6,615	2,036
Profit on ordinary activities before taxation	2	<u>22,348</u>	<u>17,696</u>
Taxation	4	(4,500)	(3,000)
Profit on ordinary activities after taxation	11	<u>17,848</u>	<u>14,696</u>

The operating profit for the period arises from the company's continuing operations.

No separate statement of total recognised gains and losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

Redwing Construction Limited

Balance sheet

As at 30th September 2008

	Notes	2008 £	31 March 2007 £
Fixed assets			
Tangible assets	6	<u>18,000</u>	<u>4,140</u>
Current assets			
Debtors	7	1,192,523	751,930
Cash at bank and in hand		285,219	278,240
		<u>1,477,742</u>	<u>1,030,170</u>
Creditors			
Amounts falling due within one year	8	(1,407,946)	(914,362)
Net current assets		<u>69,796</u>	<u>115,808</u>
Total assets less current liabilities		87,796	119,948
Creditors			
Amounts falling due after more than one year	9	0	(50,000)
Net assets		<u>87,796</u>	<u>69,948</u>
Capital and reserves			
Called up share capital	10	50,000	45,000
Profit and loss account	11	37,796	24,948
Shareholders' funds	12	<u>87,796</u>	<u>69,948</u>

The financial statements on pages 6 to 15 were approved by the board of directors and authorised for issue on June 12th 2009 and signed on its behalf by:

Alistair Sloan
Director

Redwing Construction Limited

Cashflow statement

for the eighteen months ended 30th September 2008

	Notes	2008	2007
			(12 months)
		£	£
Cash inflow from operating activities		77,344	24,209
Returns on investments and servicing of finance			
Interest received		6,615	2,036
Taxation		(4,508)	(3,204)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(22,472)	(1,478)
Equity dividends paid		(5,000)	(5,000)
Cash inflow before management of liquid resources and financing		<u>51,979</u>	<u>16,563</u>
Financing			
Issue of share capital		5,000	0
Directors' loan		(50,000)	50,000
Increase in cash in the period		<u>6,979</u>	<u>66,563</u>

Further details are given in note 13

Redwing Construction Limited

Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Basis of preparation - going concern

The financial statements have been prepared on the basis that the company remains a going concern because the directors believe that the company will continue to meet its liabilities, as they fall due, for a minimum period of at least twelve months from the date of approval of these financial statements. The directors have committed to provide additional finance of between £150,000 and £250,000 to the company in order that it can capitalise on opportunities when the construction industry returns to more normal market conditions. The directors have prepared forecasts for a period of twelve months from the date of approval of these financial statements which indicate that, given the injection of additional finance committed by the directors, the company will be able to meet its liabilities as they fall due. The outcome of these forecasts is uncertain given the continuing UK economic climate, but the directors believe that their commitment to provide additional finance to support the company's operations as necessary, coupled with the reduction in the company's overhead base, support the preparation of the financial statements on the basis that the company remains a going concern.

Tangible fixed assets

Fixed assets are stated at historical cost

Depreciation is provided on all tangible fixed assets at rates calculated to write off each asset down to its estimated residual value over its expected useful life, as follows:

Fixtures and fittings	Over three years
Computer equipment	Between two and five years

Amounts recoverable on contracts

Amounts recoverable on contracts are valued at fair value including the proportion of expected recovery on each contract for work completed at the balance sheet date.

Leased assets and obligations

All leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

Turnover

Turnover represents the invoiced value, net of value added tax, of goods sold and services provided to customers.

Redwing Construction Limited

Notes to the financial statements

for the eighteen months ended 30th September 2008

1 Turnover and profit on ordinary activities before taxation

The company's turnover and profit before taxation were all derived from its principal activity. All sales were made in the United Kingdom

2 Profit on ordinary activities before taxation	2008	2007
		(12 months)
	£	£

Profit on ordinary activities before taxation is stated after charging

Depreciation and amounts written off tangible fixed assets

Charge for the period: owned assets	8,612	4,838
Operating lease rentals: land and buildings	25,770	8,174
: hire of equipment	1,021	141

Auditors' remuneration

As auditors	6,000	6,000
Other services	1,000	1,000

3 Employees	2008	2007
	No.	(12 months) No.

The average number of persons (including directors) employed by the company during the period was:

Office and management	14	10
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Staff costs for the above persons	2008	2007
	£	(12 months) £

Wages and salaries	863,496	393,109
Social security costs	98,842	44,092

	<u>962,338</u>	<u>437,201</u>
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Directors' remuneration

Emoluments	<u>220,267</u>	<u>129,665</u>
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Highest paid director	<u>110,766</u>	<u>63,000</u>
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Redwing Construction Limited

Notes to the financial statements
for the eighteen months ended 30th September 2008

4 Taxation	2008	2007 (12 months)
	£	£
Current tax:		
UK corporation tax on profits of period	4,500	2,904
Undercharge from previous year	0	96
Total current tax	<u>4,500</u>	<u>3,000</u>
Deferred tax:		
Origination and reversal of timing differences	0	0
Total deferred tax	<u>0</u>	<u>0</u>
Tax on profit on ordinary activities	<u>4,500</u>	<u>3,000</u>
Factors affecting the tax charge for the period:		
The tax assessed for the period is lower than the standard rate of corporation tax for small companies of 20% (19%) as explained below		
Profit on ordinary activities before taxation	<u>22,348</u>	<u>17,696</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax for small companies of 20% (19%)	4,470	3,362
Effects of:		
Expenses not deductible for tax purposes	1,067	704
Capital allowances in excess of depreciation	(1,304)	441
Undercharge from previous year	0	96
Other adjustments	267	(1,603)
Current tax charge for the period	<u>4,500</u>	<u>3,000</u>
5 Dividends	2008	2007 (12 months)
	£	£
Interim dividend	<u>5,000</u>	<u>5,000</u>

Redwing Construction Limited

Notes to the financial statements
for the eighteen months ended 30th September 2008

6 Tangible fixed assets	Fixtures & Fittings £	Computer Equipment £	Total £
Cost			
1st April 2007	3,405	9,927	13,332
Additions	11,680	10,792	22,472
30th September 2008	<u>15,085</u>	<u>20,719</u>	<u>35,804</u>
Depreciation			
1st April 2007	2,210	6,982	9,192
Charged in period	2,875	5,737	8,612
30th September 2008	<u>5,085</u>	<u>12,719</u>	<u>17,804</u>
Net book value			
1st April 2007	<u>1,195</u>	<u>2,945</u>	<u>4,140</u>
30th September 2008	<u>10,000</u>	<u>8,000</u>	<u>18,000</u>

7 Debtors	2008 £	2007 £
Due within one year:		
Amounts recoverable on contracts	984,183	637,302
Trade debtors	129,552	94,617
Other debtors	16,250	3,373
Prepayments and accrued income	62,538	16,638
	<u>1,192,523</u>	<u>751,930</u>

8 Creditors: amounts falling due within one year:	2008 £	2007 £
Trade creditors	269,128	198,423
Corporation tax	2,896	2,904
Other taxation and social security	138,617	95,507
Other creditors	0	157,953
Accruals and deferred income	997,305	459,575
	<u>1,407,946</u>	<u>914,362</u>

Redwing Construction Limited

Notes to the financial statements
for the eighteen months ended 30th September 2008

9 Creditors: amounts falling due greater than one year	2008	2007
	£	£
Loan	<u>0</u>	<u>50,000</u>

The loan was made by Alistair Sloan a director of the company and bore no interest.

10 Share capital	2008	2007
	£	£
Authorised: 50,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Allotted, issued and fully paid: 50,000 (45,000) ordinary shares of £1 each	<u>50,000</u>	<u>45,000</u>

On April 24th 2008 the company issued 5,000 ordinary shares of £1 at par value for cash

11 Profit and loss account	2008	2007
	£	£
Opening balance	24,948	15,252
Retained profit for the period	17,848	14,696
Dividend paid in period	(5,000)	(5,000)
Closing balance	<u>37,796</u>	<u>24,948</u>

12 Reconciliation of movement in shareholders' funds	2008	2007
	£	£
Opening balance	69,948	60,252
Retained profit for the period	17,848	14,696
Dividend paid in period	(5,000)	(5,000)
Issue of share capital	5,000	0
Closing balance	<u>87,796</u>	<u>69,948</u>

Redwing Construction Limited

Notes to the financial statements
for the eighteen months ended 30th September 2008

13 Cashflows

a Reconciliation of operating profit to net cash inflow from operating activities	2008	2007	
	£	£	
Operating profit	15,733	15,660	
Depreciation	8,612	4,838	
Increase in debtors	(440,593)	(195,205)	
Increase in creditors	493,592	198,916	
Net cashflow from operating activities	<u>77,344</u>	<u>24,209</u>	
b Reconciliation of net cash flow to movement in net funds	2008	2007	
	£	£	
Increase in cash in the period	6,979	66,563	
cash outflow (inflow) from movement in debt	50,000	(50,000)	
Change in net funds resulting from cashflows	<u>56,979</u>	<u>16,563</u>	
Net funds at 1st April 2007	228,240	211,677	
Net funds at 30th September 2008	<u>285,219</u>	<u>228,240</u>	
c Analysis of change in net debt	At 01/04/07	Cash flow	At 30/09/08
Cash at bank and in hand	278,240	6,979	285,219
Directors' loan	(50,000)	50,000	0
Net funds	<u>228,240</u>	<u>56,979</u>	<u>285,219</u>

Redwing Construction Limited

Notes to the financial statements
for the eighteen months ended 30th September 2008

13 Related party transactions

Alistair Sloan is a director and shareholder of both Redwing Construction Ltd and Tytherley Financial Management Ltd. During the period to 30th September 2008, Tytherley Financial Management Ltd provided accountancy services to redwing Construction Ltd for which it charged £54,930 (2007 £35,803).

14 Financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 30 September 2009

	Year to Sept 2009		Year to Sept 2008	
	Land and buildings	Other	Land and buildings	Other
Expiring within one to five years	26,669	1,600	26,669	336