

# **John Graham (Dromore) Limited**

## **Report and Financial Statements**

31 March 2009

Registered No. NI 3503

**Directors**

Michael EJ Graham  
Andrew K Bill  
Alan K Bill  
Ron J Clarke  
Steven H Creighton  
Alistair J McDonald  
Leo J Martin

**Secretary**

Alistair J McDonald

**Auditors**

Ernst & Young LLP  
Bedford House  
16 Bedford Street  
Belfast  
BT2 7DT

**Bankers**

Northern Bank Limited  
24 Church Street  
Dromore  
County Down  
BT25 1AA

**Solicitors**

L'Estrange & Brett  
Arnott House  
12/16 Bridge Street  
Belfast  
BT1 1LS

McGrigors  
2 Donegall Square East  
Belfast  
BT1 5HB

**Registered Office**

Lagan Mills  
Dromore  
County Down  
BT25 1AS

## Directors' report

Registered No. NI 3503

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

### Principal activities and review of business

The Group is primarily engaged in building and civil engineering, project investment and asset management activities. The Group provides services to local and national government, to commercial developers, and to the health, education and leisure sectors.

Revenue in 2008/2009 has shown continued growth on the previous year, helped by strong performance in areas of operational strength and an increased level of activity in the public sector.

With public capital expenditure likely to fall as central government strives to manage the macro economy, the outlook for the construction sector remains challenging. However we believe with the level of secured contracts the Group is well positioned for the year ahead although overall revenue is likely to drop.

### Results and dividends

The results for the year are set out on page 8. The consolidated profit for the financial year is £1.83m (2008: profit of £2.13m). During the year dividends of £0.75m were paid (2008: £4.25m, with £3.5m paid in specie through the transfer of an intercompany balance and £0.75m paid in cash). Retained profits carried forward are £23.91m (2008: £23.97m).

### Financial performance

The directors have determined that the following financial indicators are the most effective measures of progress towards achieving the Group's objectives.

	2009	2008
	£000	£000
Turnover	266,945	218,161
Profit on ordinary activities before taxation	2,428	2,945

While the business produced improved turnover due to volume growth and continued growth in the UK & Ireland markets margins remain competitive in the current economic climate.

### Risk management

The Group's strategy is to follow an appropriate risk policy, which effectively manages exposures related to the achievement of business objectives. The key risks which management face are detailed as follows:

#### *Business performance risk*

Business performance risk is the risk that the Group may not perform as expected either due to internal factors or due to competitive pressures in the markets in which they operate. This risk is managed through a number of measures: ensuring the appropriate management team is in place; budget and business planning; monthly reporting and variance analysis; financial controls; key performance indicators; and regular forecasting.

As part of our normal business process we will monitor the forecasts in all areas of our business and take appropriate action to mitigate any adverse trends arising.

## **Directors' report (continued)**

### **Risk management (continued)**

#### *Financial risk management and business control*

The Group's operations expose it to a variety of financial risks that include the effects of changes in foreign currency risk, credit risk, liquidity risk, interest rate risk and market price risk. The Group has in place a risk management programme that seeks to mitigate the adverse effects on the Group's financial performance of such risks.

Strong financial and business controls are necessary to ensure the integrity and reliability of financial and other information on which the Group relies for day-to-day operations, external reporting and for longer term planning.

The Group operates a number of divisions (within the UK and Ireland) which are managed through the recruitment of a local management team in each area which are further supported and controlled by the directors of John Graham (Dromore) Limited.

The Group exercises financial and business control through a combination of: qualified and experienced financial teams; performance analysis; budgeting and cash flow forecasting; and clearly defined approval limits. External advisors provide advice on specific accounting and tax issues as they arise.

#### *Management development*

Long-term growth of the business depends on the Group's ability to retain and attract personnel of high quality. This risk is managed through development plans which are regularly reviewed and updated. These are accompanied by specific policies in areas such as training, management development and performance management.

#### *Health and safety risk*

The Group is committed to ensuring a safe working environment. These risks are managed by the Group through: the strong promotion of a health and safety culture; and well defined health and safety policies.

### **Employee involvement**

Information concerning employees and their remuneration is given in the notes to the financial statements.

During the year the Group has maintained the practice of advising employees about current activities and progress by various methods including Group wide staff briefings on the group strategy and in-house publications. Special attention is given to training, health and safety and the employment of disabled persons.

### **Directors**

The members of the Board are listed on page 1. Leo J Martin was appointed as a director on 31 March 2009.

### **Disclosure of information to the auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Group's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

## Directors' report (continued)

### Auditors

A resolution to reappoint Ernst & Young LLP as the Group's auditor will be put to the forthcoming Annual General Meeting.

By order of the Board

A handwritten signature in blue ink, appearing to read 'A. C. Smith'.

Director

18 December 2009

## **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing 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. 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 Group and of the profit or loss of the Group 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 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 of the Group and to enable them to ensure that the financial statements comply with the Companies (Northern Ireland) Order 1986. 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.

# **Independent auditors' report**

## **to the members of John Graham (Dromore) Limited**

We have audited the group and parent company financial statements (the 'financial statements') of John Graham (Dromore) Limited for the year ended 31 March 2009, which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Company Balance Sheets, the Group Cash Flow Statement and the related notes 1 to 31. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Article 243 of the Companies (Northern Ireland) Order 1986. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and 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 in 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 (Northern Ireland) Order 1986. 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 in 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.

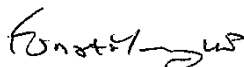
# Independent auditors' report

to the members of John Graham (Dromore) Limited (continued)

## 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 at 31 March 2009 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986; and
- the information given in the directors' report is consistent with the financial statements.

  
Ernst & Young LLP  
Registered auditor  
Belfast

18 Dec 2009

## Group profit and loss account

for the year ended 31 March 2009

	<i>Notes</i>	<i>2009</i> <i>£'000</i>	<i>2008</i> <i>£'000</i>
<b>Turnover</b>			
Group and share of joint venture's turnover		266,945	218,161
Less: share of turnover of joint ventures		(2,136)	(2,071)
		<hr/>	<hr/>
Cost of sales	3	264,809 (244,792)	216,090 (199,230)
		<hr/>	<hr/>
<b>Gross profit</b>		20,017	16,860
Administrative expenses		(18,265)	(16,229)
Other operating income		184	103
		<hr/>	<hr/>
<b>Group operating profit</b>	4	1,936	734
Share of operating profit in joint ventures		227	206
		<hr/>	<hr/>
<b>Total operating profit</b>		2,163	940
		<hr/>	<hr/>
<b>Profit on ordinary activities before finance charges</b>		2,163	940
		<hr/>	<hr/>
Interest receivable and similar income - Group		2,118	4,027
- Joint ventures		71	78
		<hr/>	<hr/>
		2,189	4,105
		<hr/>	<hr/>
Interest payable and similar charges - Group	5	(1,788)	(1,949)
- Joint ventures		(136)	(151)
		<hr/>	<hr/>
		(1,924)	(2,100)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		2,428	2,945
Tax charge on profit on ordinary activities	9	(596)	(811)
		<hr/>	<hr/>
<b>Profit for the financial year</b>		1,832	2,134
		<hr/> <hr/>	<hr/> <hr/>

## Group profit and loss account (continued)

for the year ended 31 March 2009

### Note of the historical cost profit and loss

	2009 £'000	2008 £'000
<i>Reported profit on ordinary activities before taxation</i>	2,428	2,945
<i>Historical cost profit on ordinary activities before taxation</i>	<u>2,428</u>	<u>2,945</u>
<i>Historical cost profit retained for the year after taxation</i>	<u>1,832</u>	<u>2,134</u>

### Group statement of total recognised gains and losses

	2009 £'000	2008 £'000
Profit for the financial year excluding share of joint ventures	1,710	1,989
Share of joint ventures' profits for the year	122	145
Profit for the financial year attributable to members	<u>1,832</u>	<u>2,134</u>
Net actuarial (loss)/gain recognised in respect of pension scheme	(2,260)	1,267
Deferred tax credit/(charge) arising on net actuarial gain/(loss)	633	(380)
Currency adjustments on retranslation of foreign undertakings	485	266
<i>Total recognised gains and losses relating to the period</i>	<u>690</u>	<u>3,287</u>

## Group balance sheet

at 31 March 2009

	Notes	2009 £'000	2008 £'000
<b>Fixed assets</b>			
Intangible assets	11	2,235	2,367
Tangible fixed assets	12	6,014	5,556
Investments - joint ventures - share of gross assets	13	1,726	2,046
- share of gross liabilities	13	(1,823)	(2,200)
		(97)	(154)
Investment in associate	13	7	2
Loans to associate	13	1,709	-
Investments – other	13	13	8
		9,881	7,779
<b>Current assets</b>			
Stocks	14	169	153
Debtors - amounts receivable in less than one year	15	86,074	79,758
- amounts receivable in more than one year	15	20,035	20,778
		106,109	100,536
Investments	16	17,107	13,905
Cash at bank and in hand	17	11,944	12,792
		135,329	127,386
<b>Creditors: amounts falling due within one year</b>	18	(81,575)	(69,686)
<b>Net current assets</b>		53,754	57,700
<b>Total assets less current liabilities</b>		63,635	65,479
<b>Creditors: amounts falling due after more than one year</b>	19	(18,742)	(22,060)
Deferred income	22	(1,328)	(1,393)
Provisions for liabilities	23	(3,278)	(3,004)
<b>Net assets excluding pension (liability)/asset</b>		40,287	39,022
Pension (liability)/asset	8	(1,012)	313
<b>Net assets including pension (liability)/asset</b>		39,275	39,335

## Group balance sheet

at 31 March 2009

	<i>Notes</i>	<i>2009</i> <i>£'000</i>	<i>2008</i> <i>£'000</i>
<b>Capital and reserves</b>			
Called up share capital	24	55	55
Capital redemption reserve	25	45	45
Other capital reserve	25	15,267	15,267
Profit and loss account	25	23,908	23,968
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>		<b>39,275</b>	<b>39,335</b>
		<hr/> <hr/>	<hr/> <hr/>

Approved by the Board



Director

18 December 2009

## Company balance sheet

at 31 March 2009

	Notes	2009 £'000	2008 £'000
<b>Fixed assets</b>			
Tangible assets	12	5,952	5,444
Investments	13	5,935	4,359
		11,887	9,803
<b>Current assets</b>			
Stocks	14	169	153
Debtors	15	75,561	72,243
Investments	16	12,513	9,828
Cash at bank and in hand	17	4,300	3,560
		92,543	85,784
<b>Creditors:</b> amounts falling due within one year	18	(68,917)	(57,027)
<b>Net current assets</b>		23,626	28,757
<b>Total assets less current liabilities</b>		35,513	38,560
<b>Creditors:</b> amounts falling after more than one year	19	(542)	(2,801)
Deferred income	22	(449)	(465)
<b>Net assets including pension (liability)/asset</b>		34,522	35,294
Pension (liability)/asset	8	(1,118)	271
<b>Net assets including pension (liability)/asset</b>		33,404	35,565
		33,404	35,565
<b>Capital and reserves</b>			
Called up share capital	24	55	55
Merger reserve	25	45	45
Other capital reserve	25	15,267	15,267
Profit and loss account	25	18,037	20,198
<b>Equity shareholders' funds</b>		33,404	35,565
		33,404	35,565

Approved by the Board



Director

18 December 2009

## Group cash flow statement

for the year ended 31 March 2009

	2009	2008
<i>Notes</i>	<i>£'000</i>	<i>£'000</i>
<b>Net cash inflow from operating activities</b>	30 11,375	3,139
<b>Returns on investment and servicing of finance</b>		
Interest received	2,796	2,423
Interest paid	(1,905)	(1,710)
Interest element of hire purchase rental	(59)	(78)
<b>Net cash inflow from returns on investments and servicing of finance</b>	832	635
<b>Taxation</b>		
Corporation tax paid	(1,062)	(1,537)
	(1,062)	(1,537)
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets	(2,322)	(2,675)
Receipts from sales of tangible fixed assets	139	316
Loans to associate	(1,709)	-
Investment in associate	(10)	-
<b>Net cash outflow from capital expenditure and financial investment</b>	(3,902)	(2,359)
<b>Acquisitions and disposals</b>		
Capital distribution from joint venture	65	-
	65	-
<b>Equity dividends paid</b>	(750)	(750)
<b>Inflow/(outflow) from operating activities and before use of liquid resources and financing</b>	6,558	(872)
<b>Management of liquid resources</b>		
(Lodgements to)/withdrawals from deposit accounts	(2,308)	6,578
<b>Financing</b>		
Capital element of hire purchase rental	(557)	(601)
Net movement on loans	(3,353)	(1,257)
	(3,910)	(1,858)
<b>Increase in cash</b>	30 340	3,848

## Notes to the financial statements

at 31 March 2009

### 1. Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 March each year. No profit and loss account is presented for John Graham (Dromore) Limited as permitted by Article 238(3) of the Companies (Northern Ireland) Order 1986. Entities in which the Group holds an interest on a long-term basis and are jointly controlled by the Group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the Group financial statements, joint ventures are accounted for using the gross equity method.

### 2. Accounting policies

#### *Change in accounting policy*

The amendment to FRS 17 'Retirement Benefits' is effective for accounting periods beginning on or after 6 April 2007, thus the Group has adopted this amendment for the year ended 31 March 2009. The adoption of the amendment to FRS 17 has resulted in a change in accounting policy for the valuation of quoted securities included in plan assets. The fair values of these securities are now based on the current bid price, rather than the mid-market value as previously used by the Group. There was no material impact on the profit or loss account, statement of total recognised gains or losses, nor balance sheet of the Group. The amendment to FRS 17 also aligns the disclosures in the standard with those of the equivalent International Accounting Standard 19.

These disclosures have been given in note 8.

#### *Basis of preparation*

The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain tangible assets, and in accordance with applicable accounting standards.

#### *Turnover*

Turnover is the amount derived from the provision of goods and services falling within the Group's ordinary activities after deduction of value added tax. In the case of long term contracts, turnover is calculated by reference to the value of work performed to date as a proportion of the total contract value together with attributable profit. 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.

#### *FRS 5 "Reporting the substance of transactions"*

Some companies within the Group are special purpose vehicles providing services under the Private Finance Initiative (PFI). The Group has applied the provisions of Application Note F – Private Finance Initiative and similar contracts of FRS 5 "Reporting the substance of transactions" in relation to these companies and consequently considers that the relevant company, as operator of the PFI facility, does not have ownership of the property and thus the cost of construction is included in the consolidated balance sheet as a PFI debtor, and is repaid via applicable elements of the relevant unitary payment.

## Notes to the financial statements

at 31 March 2009

### 2. Accounting policies (continued)

#### *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 exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- 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.

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.

#### *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation of fixed assets is provided on a basis calculated to write off the cost of the assets over their estimated useful lives. The rates at present in use are as follows:

Plant and machinery	8 $\frac{1}{3}$ % to 33 $\frac{1}{3}$ % straight line
Fixtures, fittings and office equipment	12 $\frac{1}{2}$ % to 33 $\frac{1}{3}$ % straight line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Investments*

Investments held as fixed assets are stated at cost less provision for any impairment.

The consolidated profit and loss account includes the Group's share of any pre tax profits and attributable taxation of any joint ventures based on the latest available information. In the consolidated balance sheet, the investment in joint ventures is shown as the Group's share of gross assets and gross liabilities of the joint venture.

## Notes to the financial statements

at 31 March 2009

### 2. Accounting policies (continued)

#### ***Leased assets***

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Group, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

#### ***Operating Leases***

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

#### ***Stocks***

Stocks are stated at the lower of cost and net realisable value. Stocks originating from own production include production overhead cost allocations.

#### ***Long-term contracts***

Long-term contract balances in stock are stated at net cost, less foreseeable losses and payments on account. The excess of recorded turnover over payments on account for the same contracts are included in debtors as amounts recoverable on contracts. The excess of payments on account over both turnover and long term contract balances is reflected in creditors as payments on account.

#### ***Pension cost***

The Group operates two defined benefit pension schemes, both of which require contributions to be made to separately administered funds. The John Graham (Dromore) Limited became a closed scheme in 1999, from which time membership of a defined contribution plan is available.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occurs the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the profit and loss account. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction.

## Notes to the financial statements

at 31 March 2009

### 2. Accounting policies (continued)

#### *Pension cost* (continued)

The interest element of the defined benefit cost represents the change in present value of scheme obligations relating from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest cost is recognised in the income statement as other finance income or expense.

Actuarial gains and losses are recognised in full in the statement of recognised gains and losses in the period in which they occur.

The defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation, less any past service cost not yet recognised and less the fair-value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Retirement benefits to employees in the Company are also provided by a defined contribution pension scheme, whereby the assets of the scheme are held separately from those of the Company in an independently administered fund.

#### *Goodwill*

Positive goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

#### *Foreign currency*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings, to the extent that they are used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves together with the exchange difference on the carrying amount of the related investments.

#### *Joint arrangements*

The Group has certain contractual arrangements with other participants to engage in joint activities that do not create an entity carrying on a trade or business of its own. The Company includes its share of the assets and liabilities in such joint arrangements measured in accordance with the terms of each arrangement, which is pro-rata to the Group's interest in the joint arrangement.

#### *Provisions for liabilities*

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions for the expected costs of maintenance under PPP project agreements are charged against profits each year in order to build up the costs of the contracted repairs. The effect of the time value of money is not material and therefore the provisions are not discounted.

## Notes to the financial statements

at 31 March 2009

### 3. Turnover and segmental analysis

Turnover represents the amount derived from the provision of goods and services falling within the Group's ordinary activities after deduction of value added tax. The Group operates in three principal areas of activity, that of construction, asset management and investment projects.

The Group operates within two geographical markets, the United Kingdom and the Republic of Ireland. Group turnover within the Republic of Ireland for the year ended 31 March 2009 amounted to £41m (2008 - £30m).

Turnover is analysed as follows:

#### Area of activity – year ended 31 March 2009

	<i>Construction</i>	<i>Asset management</i>	<i>Investment projects</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Turnover</b>	244,803	22,141	6,223	273,167
Inter-segment sales	(3,414)	(4,788)	(156)	(8,358)
	<hr/>	<hr/>	<hr/>	<hr/>
Sales to third parties	241,389	17,353	6,066	264,809
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

#### Area of activity – year ended 31 March 2008

	<i>Construction</i>	<i>Asset management</i>	<i>Investment projects</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Turnover</b>	197,224	20,878	5,708	223,810
Inter-segment sales	(3,050)	(4,513)	(157)	(7,720)
	<hr/>	<hr/>	<hr/>	<hr/>
Sales to third parties	194,174	16,365	5,708	216,090
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

These financial statements are exempt from the requirements of SSAP 25 'Segmental Reporting' as the results of the John Graham (Dromore) Limited group are included within the consolidated financial statements of the company's ultimate parent undertaking, John Graham Holdings Limited, which comply with the requirements of SSAP 25 'Segmental Reporting'.

## Notes to the financial statements

at 31 March 2009

### 4. Group operating profit

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

		2009 £'000	2008 £'000
Depreciation	- owned assets	1,779	1,604
	- assets held under hire purchase contracts	460	325
		<u>2,239</u>	<u>1,929</u>
Auditors' remuneration	- Group auditor's fees	76	68
	- Other auditors' fees	20	20
	- other services	60	52
Property rental		1,670	1,651
Other operating leases		330	306
Rental income, net of outgoings		(14)	(17)
Amortisation of goodwill		132	131
Profit on sale of fixed assets		(94)	(129)
		<u><u>1,788</u></u>	<u><u>1,949</u></u>

Auditors remuneration in respect of audit services to the Company was 62k (2008: £61k).

### 5. Interest payable and similar charges

		2009 £'000	2008 £'000
Bank loans and overdrafts		1,713	1,882
Finance charges under finance leases and hire purchase contacts		59	78
		<u>1,772</u>	<u>1,960</u>
Expected return on pension scheme assets		(797)	(774)
Interest on pension scheme liabilities		813	763
Net cost/(income)		<u>16</u>	<u>(11)</u>
		<u><u>1,788</u></u>	<u><u>1,949</u></u>

## Notes to the financial statements

at 31 March 2009

### 6. Emoluments of directors

	2009 £'000	2008 £'000
Aggregate directors' emoluments for the year	1,023	941
	2009 No.	2008 No.
Number of directors to whom benefits are accruing under defined benefit schemes	5	5
	2009 £'000	2008 £'000
<i>Amounts attributable to the highest paid director:</i>		
For service as executive	187	192
Accrued annual pension	10	10

### 7. Staff costs

The average number of persons, including directors employed by the Group during the year is analysed below:

	2009 £'000	2008 £'000
<i>The costs incurred in respect of these employees were:</i>		
Wages and salaries	33,202	22,077
Social security costs	3,274	2,315
Pension contribution	1,554	1,198
	38,030	25,590

The average number of persons employed by the Group (including directors) during the year was 1,161 (2008: 778).

## Notes to the financial statements

at 31 March 2009

### 8. Pension costs

The Group operates two defined benefit pension schemes, the John Graham (Dromore) Limited Pension and Life Assurance Scheme (which is a closed scheme) and the Graham and Maybin Limited Pension and Life Assurance Scheme, the assets of each scheme are held in a separate trustee-administered fund. The contributions to the schemes are determined with the advice of independent qualified actuaries on the basis of triennial valuations.

#### **Actuarial valuation**

The valuation used for FRS 17 purposes has been based on the most recent actuarial valuations at 5 April 2007 for both schemes and have been updated by independent qualified actuaries to take account of the requirements of FRS 17 in order to assess the liabilities of the schemes at 31 March 2009; the present value of the defined benefit obligation was measured using the projected unit credit method. Scheme assets are stated at their market value at 31 March 2009. The principal assumptions used by the independent qualified actuaries in updating the latest valuation of the schemes for FRS 17 purposes were:

#### (i) Financial assumptions

*John Graham (Dromore) Limited Pension and Life Assurance Scheme*

	<i>31 Mar 2009 (% p.a.)</i>	<i>31 Mar 2008 (% p.a.)</i>
Inflation	3.6	3.4
Rate of increase of pensions in payment		
- prior to 6 April 1997	3.0	3.0
- after 5 April 1997	3.8	3.6
Discount rate for scheme liabilities	6.5	6.8

John Graham (Dromore) Limited employs a building block approach in determining the long-term rate of return on pension plan assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed long-term rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over actual asset allocation for the scheme at the 5 April 2009.

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member currently aged 63 will live on average for a further 24 years if they are male and for a further 26 years if they are female. For a member who retires in 20 years at age 63 the assumptions are that they will live on average for a further 26 years after retirements if they are male and for a further 27 years if they are female.

The valuation under FRS 17 at 31 March 2009 shows a net pension deficit (before deferred tax) of £1,552,934. A 0.1% increase / decrease in the assumed discounted rate would decrease / increase in the net pension deficit by £9k. A 0.1% increase / decrease in the assumed inflation rate would increase / decrease in the net pension deficit by £31k.

## Notes to the financial statements

at 31 March 2009

### 8. Pension costs (continued)

*Graham and Maybin Limited Pension and Life Assurance Scheme*

	<i>31 Mar 2009 (% p.a.)</i>	<i>31 Mar 2008 (% p.a.)</i>
Rate of increase in salaries	4.2	4.7
Retail price inflation (RPI) assumption	3.2	3.7
Rate of increase of pensions in payment	3.1	3.6
Discount rate for scheme liabilities	6.7	6.8

The expected rate of return on equities has been determined by setting an appropriate risk premium above gilt yields having regard to market conditions at the balance sheet date. The expected long term return on the other asset classes is determined by reference to UK long dated gilt yields at the balance sheet date.

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member currently aged 65 will live on average for a further 22 years if they are male and for a further 25 years if they are female. For a member who retires in 20 years at age 63 the assumptions are that they will live on average for a further 23 years after retirements if they are male and for a further 26 years if they are female.

The valuation under FRS 17 at 31 March 2009 shows a net pension surplus (before deferred tax) of £147,000.

## Notes to the financial statements

at 31 March 2009

### 8. Pension costs (continued)

#### (ii) Assets of the schemes and the expected rates of return

*Combined*

	<i>Value at 31 Mar 2009 £'000</i>	<i>Value at 31 Mar 2008 £'000</i>
Equities and property	3,664	4,706
Bonds	2,273	2,152
Cash and other	1,471	1,486
Assets held in respect of insured pensioners	4,304	4,278
	<hr/>	<hr/>
Total market value of assets	11,712	12,622
	<hr/> <hr/>	<hr/> <hr/>

*John Graham (Dromore) Limited Pension and Life Assurance Scheme*

	<i>Long term rate of expected return at 31 Mar 2009 (% p.a.)</i>	<i>Value at 31 Mar 2009 £'000</i>	<i>Long term rate of expected return at 31 Mar 2008 (% p.a.)</i>	<i>Value at 31 Mar 2008 £'000</i>
Equities and property	7.9	3,236	7.75	4,342
Bonds	4.0	2,221	4.50	2,100
Cash and other	1.7	1,449	6.00	1,468
Assets held in respect of insured pensioners	6.5	4,304	6.80	4,278
		<hr/>		<hr/>
Total market value of assets		11,210		12,188
		<hr/> <hr/>		<hr/> <hr/>

## Notes to the financial statements

at 31 March 2009

### 8. Pension costs (continued)

*Graham and Maybin Limited Pension and Life Assurance Scheme*

	<i>Long term rate of expected return at 31 Mar 2009 (% p.a.)</i>	<i>Value at 31 Mar 2009 £'000</i>	<i>Long term rate of expected return at 31 Mar 2008 (% p.a.)</i>	<i>Value at 31 Mar 2008 £'000</i>
Equities	5.3	428	5.9	364
Bonds	3.3	52	3.9	52
Cash and other	3.3	22	3.9	18
Total market value of assets		<u>502</u>		<u>434</u>

#### (iii) Analysis of the amount charged to operating profit

##### **Group**

	<i>For the year ending 31 Mar 2009 £'000</i>	<i>For the year ending 31 Mar 2008 £'000</i>
Current service cost	59	58
Past service cost	-	-
Total operating charge	<u>59</u>	<u>58</u>

##### **Company**

	<i>For the year ending 31 Mar 2009 £'000</i>	<i>For the year ending 31 Mar 2008 £'000</i>
Current service cost	-	-
Past service cost	-	-
Total operating charge	<u>-</u>	<u>-</u>

## Notes to the financial statements

at 31 March 2009

### 8. Pension costs (continued)

#### (iv) Analysis of the amount charged to interest payable and similar charges

##### Group

	<i>For the year ending 31 Mar 2009</i>	<i>For the year ending 31 Mar 2008</i>
	<i>£'000</i>	<i>£'000</i>
Expected return on pension scheme assets	797	774
Interest on pension scheme liabilities	(813)	(763)
Net (charge)/income	<u>(16)</u>	<u>11</u>

The above asset and liability figures exclude the insured pension liability.

The actual return on scheme assets for the year ended 31 March 2009 was £879,000.

##### Company

	<i>For the year ending 31 Mar 2009</i>	<i>For the year ending 31 Mar 2008</i>
	<i>£'000</i>	<i>£'000</i>
Expected return on pension scheme assets	768	751
Interest on pension scheme liabilities	(786)	(744)
Net (charge)/income	<u>(18)</u>	<u>7</u>

The above asset and liability figures exclude the insured pension liability.

The actual return on scheme assets for the year ended 31 March 2009 was £788,000.

#### (v) Analysis of the amount recognised in the Statement of Total Recognised Gains and Losses

##### Group

	<i>For the year ending 31 Mar 2009</i>	<i>For the year ending 31 Mar 2008</i>
	<i>£'000</i>	<i>£'000</i>
Actual return less expected return on pension scheme assets	(1,676)	(1,229)
Experience gains and losses arising on the scheme liabilities	(2)	(176)
Changes in assumptions underlying the present value of the scheme liabilities	(582)	2,672
Actuarial (loss)/gain recognised in the statement of total recognised gains and losses	<u>(2,260)</u>	<u>1,267</u>

## Notes to the financial statements

at 31 March 2009

### 8. Pension costs (continued)

#### *Company*

	<i>For the year ending 31 Mar 2009</i>	<i>For the year ending 31 Mar 2008</i>
	<i>£'000</i>	<i>£'000</i>
Actual return less expected return on pension scheme assets	(1,556)	(1,180)
Experience gains and losses arising on the scheme liabilities	(77)	(121)
Changes in assumptions underlying the present value of the scheme liabilities	(607)	2,581
	<hr/>	<hr/>
Actuarial (loss)/gain recognised in the statement of total recognised gains and losses	(2,240)	1,280
	<hr/> <hr/>	<hr/> <hr/>

#### (vi) **Reconciliation to balance sheet**

#### *Group*

	<i>For the year ending 31 Mar 2009</i>	<i>For the year ending 31 Mar 2008</i>
	<i>£'000</i>	<i>£'000</i>
Total market value of non-insured asset	7,407	8,343
Assets held in respect of insured pensioners	4,304	4,278
	<hr/>	<hr/>
Total market value of assets	11,711	12,621
	<hr/>	<hr/>
Present value of non-insured scheme liabilities	8,813	7,907
Liability in respect of insured pensioners	4,304	4,278
	<hr/>	<hr/>
Present value of scheme liabilities	13,117	12,185
	<hr/>	<hr/>
(Deficit)/surplus in scheme	(1,406)	436
Related deferred tax asset/(liability) (28%)	394	(123)
	<hr/>	<hr/>
Net pension (liability)/asset	(1,012)	313
	<hr/> <hr/>	<hr/> <hr/>

The pension plans have not invested in any of the Group's own financial instruments nor in properties or other assets used by the Group.

## Notes to the financial statements

at 31 March 2009

### 8. Pension costs (continued)

#### Company

	<i>For the year ending 31 Mar 2009</i>	<i>For the year ending 31 Mar 2008</i>
	<i>£'000</i>	<i>£'000</i>
Total market value of non-insured asset	6,906	7,910
Assets held in respect of insured pensioners	4,304	4,278
<b>Total market value of assets</b>	<b>11,210</b>	<b>12,188</b>
Present value of non-insured scheme liabilities	8,458	7,533
Liability in respect of insured pensioners	4,304	4,278
<b>Present value of scheme liabilities</b>	<b>12,762</b>	<b>11,811</b>
(Deficit)/surplus in scheme	(1,552)	377
Related deferred tax asset/(liability)	434	(106)
<b>Net pension (liability)/asset</b>	<b>(1,118)</b>	<b>271</b>

#### (vii) Analysis of movement in (deficit)/surplus during the year

#### Group

	<i>For the year ending 31 Mar 2009</i>	<i>For the year ending 31 Mar 2008</i>
	<i>£'000</i>	<i>£'000</i>
Asset/(deficit) in scheme at beginning of the year	436	(1,709)
Acquisition of subsidiary		-
Current service cost	(59)	(58)
Contributions	493	925
Past service costs		-
Net interest received	(16)	11
Actuarial (loss)/gain	(2,260)	1,267
<b>(Deficit)/Surplus in scheme at end of the year</b>	<b>(1,406)</b>	<b>436</b>

Contributions to the Graham and Maybin Limited Pension and Life Assurance Scheme are payable at the rate of 36.4% of pensionable salaries. This amounted to £164k during the year ended 31 March 2009 (2008: £97k).

## Notes to the financial statements

at 31 March 2009

### 8. Pension costs (continued)

#### Company

	<i>For the year ending 31 Mar 2009</i>	<i>For the year ending 31 Mar 2008</i>
	<i>£'000</i>	<i>£'000</i>
Surplus/(deficit) in scheme at beginning of the year	377	(1,739)
Current service cost	-	-
Contributions	329	829
Past service costs	-	-
Net interest received	(18)	7
Actuarial gain	(2,240)	1,280
	<hr/>	<hr/>
(Deficit)/surplus in scheme at end of the year	(1,552)	377
	<hr/> <hr/>	<hr/> <hr/>

The Company contributed £27,400 per month. Regular employer contributions during year ended 31 March 2009 are estimated to be £329k (2008: £328k).

#### (viii) History of experience gains and losses

##### Group

	<i>At 31 Mar 2009</i>	<i>At 31 Mar 2008</i>	<i>At 31 Mar 2007</i>	<i>At 31 Mar 2006</i>	<i>At 31 Mar 2005</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Fair value of scheme asset	11,711	12,621	12,636	11,503	10,078
Defined benefit obligation	(13,117)	(12,185)	(14,345)	(13,693)	(13,211)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
(Deficit)/surplus in scheme	(1,406)	436	(1,709)	(2,190)	(3,133)
Experience (losses)/gains on scheme assets	(1,676)	(1,229)	280	863	576
Experience (losses)/gains on scheme liabilities	(2)	(176)	(83)	3	(69)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The above asset and liability figures include the insured pension liability.

## Notes to the financial statements

at 31 March 2009

### 8. Pension costs (continued)

#### Company

	<i>At</i> <i>31 Mar</i> <i>2009</i> <i>£'000</i>	<i>At</i> <i>31 Mar</i> <i>2008</i> <i>£'000</i>	<i>At</i> <i>31 Mar</i> <i>2007</i> <i>£'000</i>	<i>At</i> <i>31 Mar</i> <i>2006</i> <i>£'000</i>	<i>At</i> <i>31 Mar</i> <i>2005</i> <i>£'000</i>
Fair value of scheme assets	11,210	12,188	12,278	11,503	10,078
Defined benefit obligation	(12,762)	(11,811)	(14,017)	(13,693)	(13,211)
(Deficit)/Surplus in scheme	(1,552)	377	(1,739)	(2,190)	(3,133)
Experience (losses)/gains on scheme assets	(1,556)	(1,180)	281	863	576
Experience (losses)/gains on scheme liabilities	(77)	(121)	(87)	3	(69)

The above asset and liability figures include the insured pension liability.

### 9. Tax on profit on ordinary activities

#### (a) Analysis of charge in year

	<i>2009</i> <i>£'000</i>	<i>2008</i> <i>£'000</i>
<i>Current tax:</i>		
UK corporation tax on profits of the current year	324	626
Adjustments in respect of previous periods	(155)	(61)
Foreign (Republic of Ireland) tax on profits of the current year	157	177
Tax on profit on ordinary activities (note 9 (b))	326	742
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(17)	(234)
Timing differences arising from FRS17 pension adjustments	117	264
Rate changes	(2)	49
Adjustment in respect of previous periods	132	2
Total deferred tax	230	81
Share of associates and joint venture tax	40	(12)
Total tax on profit on ordinary activities	596	811

## Notes to the financial statements

at 31 March 2009

### 9. Tax on profit on ordinary activities (continued)

(b) *Factors affecting tax charge for the year*

	2009	2008
	£'000	£'000
Profit on ordinary activities before tax	2,428	2,945
<i>Deduct:</i> share of joint ventures (profit) before tax	(162)	(133)
	<u>2,266</u>	<u>2,812</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008: 30%)	635	844
<i>Effects of:</i>		
Expenses not deductible for tax purposes		
Amortisation of goodwill	37	39
Other items	62	134
Income not taxable	(3)	(3)
Depreciation for period in excess of capital allowances	29	410
FRS 17 Pension timing differences	(117)	(264)
Utilisation of tax losses	(10)	(191)
Other timing differences	3	27
Lower Irish tax rates on subsidiary results (net of remittances)	(155)	(193)
Prior year adjustment	(155)	(61)
	<u>326</u>	<u>742</u>

(c) *Factors that may affect future tax charges*

The 2007 Finance Act, reduced the rate of corporation tax from 30% to 28% with effect from 1 April 2008. As a result, any taxable profits arising in future periods are likely to be taxed at a maximum rate of 28%.

Future tax charges will be affected by the level of capital expenditure and the continued level of profits earned by ROI subsidiaries.

## Notes to the financial statements

at 31 March 2009

### 9. Tax on profit on ordinary activities (continued)

(d) *Deferred tax asset*

	2009	2009	2008	2008
	£'000	£'000	£'000	£'000
	Group	Company	Group	Company
Accelerated capital allowances	(486)	(473)	(508)	(501)
Short term timing differences	(60)	(59)	(57)	-
Losses	(134)	-	(211)	-
Other timing differences	(59)	(59)	(76)	(77)
FRS 17 Pension provisions	(394)	(434)	123	106
	<u>(1,133)</u>	<u>(1,025)</u>	<u>(729)</u>	<u>(472)</u>
Shown against pension provision (note 8)	394	434	(123)	(106)
	<u>(739)</u>	<u>(591)</u>	<u>(852)</u>	<u>(578)</u>
			£'000	£'000
			Group	Company
<i>Deferred tax:</i>				
Asset at start of year			(728)	(472)
Charge to profit and loss account - current year			98	10
- prior periods			132	64
Charge to statement of total recognised gains and losses			(633)	(627)
Exchange differences			(2)	-
			<u>(1,133)</u>	<u>(1,025)</u>

The Company applies FRS17 "Retirement Benefits". As a result, the pension related deferred tax liability is included on the face of the balance sheet under the heading "Pension Liability". The total movement for the year amounted to a credit of £541k (2008: charge of £628k) with a charge to the profit and loss account of £86k (2008: £244k) and a credit to the Statement of Total Recognised Gains and Losses of £627k (2008: charge of £384k).

The Group total movement for the year amounted to a credit of £518k (2008: charge of £637k) with a charge to the profit and loss account of £115k inclusive of rate adjustment (2008: £257k) and a credit to the statement of total recognised gains and losses of £633k (2008: charge of £380k).

(e) The Company is a close company for tax purposes.

### 10. Profit of parent company

The parent Company's profit after tax for the financial year amounted to £0.33m (2008: £0.34m).

## Notes to the financial statements

at 31 March 2009

### 11. Intangible fixed assets

#### Group

	<i>Goodwill</i> £'000
<i>Cost</i>	
At 31 March 2008 and 31 March 2009	2,630
<i>Amortisation</i>	
At 31 March 2008	263
Charge in the year	132
At 31 March 2009	395
<i>Net book value</i>	
At 31 March 2009	2,235
At 31 March 2008	2,367

The goodwill which arose on acquisitions in prior years, is being amortised on a straight line basis over its estimated useful economic life of 20 years.

### 12. Tangible fixed assets

#### Group

	<i>Plant and machinery</i> £'000	<i>Fixtures fittings, tools and equipment</i> £'000	<i>Total</i> £'000
<i>Cost</i>			
At 31 March 2008	11,771	1,748	13,519
Translation adjustment	-	36	36
Additions	2,042	682	2,724
Disposals	(651)	(503)	(1,154)
At 31 March 2009	13,162	1,963	15,125
<i>Depreciation</i>			
At 31 March 2008	6,898	1,065	7,963
Translation adjustment	-	18	18
Charge for the year	1,809	430	2,239
Disposals	(612)	(497)	(1,109)
At 31 March 2009	8,095	1,016	9,111
<i>Net book value</i>			
At 31 March 2009	5,067	947	6,014
At 31 March 2008	4,873	683	5,556

## Notes to the financial statements

at 31 March 2009

### 12. Tangible fixed assets (continued)

The balance sheet value of fixed assets includes £1.36m (2008: £1.38m) in respect of assets held under hire purchase contracts.

Fully depreciated assets costing approximately £4.8m (2008: £4.7m) are included in fixed assets.

#### **Company**

	<i>Plant and machinery</i>	<i>Fixtures fittings, tools and equipment</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Cost</i>			
At 31 March 2008	11,713	1,533	13,246
Additions	2,037	682	2,719
Disposals	(651)	(503)	(1,154)
	<hr/>	<hr/>	<hr/>
At 31 March 2009	13,099	1,712	14,811
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 31 March 2008	6,844	958	7,802
Charge for the year	1,807	359	2,166
Disposals	(612)	(497)	(1,109)
	<hr/>	<hr/>	<hr/>
At 31 March 2009	8,039	820	8,859
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 March 2009	5,060	892	5,952
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2008	4,869	575	5,444
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The balance sheet value of fixed assets includes £1.36m (2008: £1.38m) in respect of assets held under hire purchase contracts.

Assets costing approximately £4.8m (2008: £4.7m) are included in fixed assets and are fully depreciated.

## Notes to the financial statements

at 31 March 2009

### 13. Fixed asset investments

#### Group

	2009 £'000	2008 £'000
Joint venture (b)	(97)	(154)
Associate (e)	7	2
Other investments (d)	13	8

#### Company

	2009 £'000	2008 £'000
Associate (e)	7	2
Subsidiaries (c)	1,847	1,847
Joint ventures (c)	150	215
Loans to subsidiaries (c)	2,209	2,285
Loans to Associates (e)	1,709	-
Other investments (d)	13	8
Unlisted Investments	-	2
	5,935	4,359

#### (b) Group

Joint ventures	£'000
At 1 April 2008	(154)
Share of profit retained by joint venture	122
Capital Repaid	(65)
At 31 March 2009	(97)

	2009 £'000	2008 £'000
<i>Share of assets</i>		
Fixed assets	180	211
Current assets	1,546	1,835
	1,726	2,046
<i>Share of liabilities</i>		
Liabilities due within one year	(499)	(667)
Liabilities due after one year or more	(1,324)	(1,533)
	(1,823)	(2,200)
	(97)	(154)

## Notes to the financial statements

at 31 March 2009

### 13. Fixed asset investments (continued)

#### (c) Company

	£'000
<i>Shares in subsidiaries - cost and net book value</i>	
At 1 April 2008 and 31 March 2009	1,847

*Shares in joint ventures - cost and net book value*

	£'000
At 1 April 2008	215
Capital repaid	(65)
At 31 March 2009	150

*Loans to subsidiaries*

At 1 April 2008	2,285
Repaid	(76)
At 31 March 2009	2,209

#### (d) Other investments

##### Group and Company

	£'000
At 1 April 2008	8
Additions	5
At 31 March 2009	13

#### (e) Associate

##### Group and Company

	£'000
<i>Shares in associates at cost</i>	
At 1 April 2008	2
Additions	5
At 31 March 2009	7

## Notes to the financial statements

at 31 March 2009

### 13. Fixed asset investments (continued)

*Loans to associates*

	<i>£'000</i>
At 1 April 2008	-
Additions	1,709
	<hr/>
At 31 March 2009	1,709
	<hr/> <hr/>

The Group currently does not consolidate the associate investments due to the fact that they have not returned a net profit or loss to date, and thus there is no change in the share of net assets in comparison to the cost of investment held.

#### Subsidiaries

At the balance sheet date, the wholly owned subsidiaries comprise:

<i>Subsidiary</i>	<i>Principal activity</i>	<i>Country of registration</i>
Graham Projects Limited	Building and civil engineering works	Republic of Ireland
Irish Waterways Limited	Dormant	Northern Ireland
Northwin Limited	Provision of an educational facility under PPP	Northern Ireland
Northwin Holdings (Belfast) Limited	Holding company non-trading	Northern Ireland
Northwin Intermediate * (Belfast) Limited	Non-trading	Northern Ireland
Northwin (Belfast) Limited**	Provision of an educational facility under PPP	Northern Ireland
GGF Developments ** Limited	Non-trading	Northern Ireland
Northwin Developments * (Belfast) Limited	Property development	Northern Ireland
Northwin (Balmoral & Wellington) Limited	Provision of an educational facility under PPP	Northern Ireland
Graham and Maybin Limited	Facilities management services	Northern Ireland

\* held by Northwin Holdings (Belfast) Limited

\*\* held by Northwin Intermediate (Belfast) Limited

All of the above holdings are of ordinary share capital.

## Notes to the financial statements

at 31 March 2009

### 13. Fixed asset investments (continued)

#### Joint ventures

<i>Joint venture</i>	<i>Activity</i>	<i>Direct or Indirect holding</i>	<i>Group equity holding %</i>	<i>Total issued share capital</i>
Graham Gambro Limited	Services under PPP	Direct	50	£300,000
Partners in Healthcare Technology Limited	Provision of a healthcare facility under PPP	Direct	33 $\frac{1}{3}$	£300

\* For the non trading companies, the retained reserves are nil

All joint ventures are incorporated in Northern Ireland. The results for all joint ventures are to 31 March.

#### Associates

<i>Associate</i>	<i>Activity</i>	<i>Direct or Indirect holding</i>	<i>Group equity holding %</i>	<i>Total issued share capital</i>
Scottish Borders Education Partnership (Holdings) Limited	Provision of educational facilities under PPP	Direct	25	£10,000
East Down Education Partnership (Holdings) Limited	Provision of educational facilities under PPP	Direct	25	£10,000
Lisburn Education Partnership (Holdings) Limited	Provision of educational facilities under PPP	Direct	25	£10,000

### 14. Stocks

	<i>Group 2009 £'000</i>	<i>Company 2009 £'000</i>	<i>Group 2008 £'000</i>	<i>Company 2008 £'000</i>
Raw materials and consumables	169	169	153	153
	<u>169</u>	<u>169</u>	<u>153</u>	<u>153</u>
	=====	=====	=====	=====

## Notes to the financial statements

at 31 March 2009

### 15. Debtors

	<i>Group</i> 2009 £'000	<i>Company</i> 2009 £'000	<i>Group</i> 2008 £'000	<i>Company</i> 2008 £'000
<i>Amounts receivable in less than one year:</i>				
PFI debtor	743	-	710	-
Trade debtors	4,998	5,042	6,317	5,052
Amounts owed by Group companies	28,922	28,935	28,912	32,025
Amounts recoverable on long term contracts	40,311	31,127	36,532	28,149
Other debtors	660	330	100	86
Corporation tax recoverable	1,030	961	764	786
Deferred tax asset	739	591	852	578
Prepayments and accrued income	8,671	8,575	5,571	5,567
	<u>86,074</u>	<u>75,561</u>	<u>79,758</u>	<u>72,243</u>
<i>Amounts receivable in more than one year:</i>				
PFI debtor	<u>20,035</u>	<u>-</u>	<u>20,778</u>	<u>-</u>

### 16. Current asset investments

	<i>Group</i> 2009 £'000	<i>Company</i> 2009 £'000	<i>Group</i> 2008 £'000	<i>Company</i> 2008 £'000
<i>Listed investments:</i>				
Cost at start and end of year	13	13	13	13
Other investments	17,094	12,500	13,892	9,815
	<u>17,107</u>	<u>12,513</u>	<u>13,905</u>	<u>9,828</u>

The market value of listed investments as at 31 March 2009 was £ 10k (2008: £11k). Other investments represent short-term deposits recognised as current asset investments.

A balance of £2,866k is included within current asset investments over which a fixed charge is held.

### 17. Cash at bank and in hand

A balance of £151k (2008: £2,467k) is included within cash at bank and in hand over which a fixed charge is held.

Included within cash at bank and in hand are deposits totalling £1,479k (2008: £2,462k) in relation to payments in advance by a customer. These deposits are held in the company's name and can only be used subject to customer agreement.

## Notes to the financial statements

at 31 March 2009

### 18. Creditors: amounts falling due within one year

	<i>Group</i> 2009 £'000	<i>Company</i> 2009 £'000	<i>Group</i> 2008 £'000	<i>Company</i> 2008 £'000
Bank loans and overdrafts (see note 21)	3,712	279	4,788	991
Trade creditors and accruals	61,984	54,581	49,189	43,315
Other taxation and social security	2,210	1,867	3,277	2,748
Other creditors	282	282	1,589	1,589
Payments on account	12,902	11,423	10,259	7,797
Consortium relief	49	49	47	50
Hire purchase and finance lease creditors (see note 20)	436	436	537	537
	<u>81,575</u>	<u>68,917</u>	<u>69,686</u>	<u>57,027</u>

### 19. Creditors: amounts falling due in more than one year

	<i>Group</i> 2009 £'000	<i>Company</i> 2009 £'000	<i>Group</i> 2008 £'000	<i>Company</i> 2008 £'000
Obligations under hire purchase contracts (see note 20)	542	542	596	596
Bank loans and overdrafts (see note 21)	18,200	-	21,464	2,205
	<u>18,742</u>	<u>542</u>	<u>22,060</u>	<u>2,801</u>

### 20. Hire purchase obligations

	<i>Group</i> 2009 £'000	<i>Company</i> 2009 £'000	<i>Group</i> 2008 £'000	<i>Company</i> 2008 £'000
<i>Analysis of obligations under hire purchase contracts:</i>				
Within one year	436	436	537	537
Between one and two years	275	275	355	355
Between two and five years	267	267	241	241
	<u>978</u>	<u>978</u>	<u>1,133</u>	<u>1,133</u>

## Notes to the financial statements

at 31 March 2009

### 21. Bank loans and overdrafts

	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>2009</i>	<i>2009</i>	<i>2008</i>	<i>2008</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Amounts payable:</i>				
Within one year or on demand	3,712	279	4,788	991
Between one and two years	1,139	-	1,185	113
Between two and five years	3,325	-	3,868	374
In more than five years	13,736	-	16,411	1,718
	<u>21,912</u>	<u>279</u>	<u>26,252</u>	<u>3,196</u>

Long term loans are repayable in monthly instalments. Interest is charged as LIBOR plus 1 to 2%.

#### Security

Bank borrowings are secured by way of fixed and floating charges over the assets of the Group. Bank overdrafts are repayable on demand.

With respect to the Group providing an educational facility at Belfast Institute of Further and Higher Education, under the Private Finance Initiative, the Bank of Scotland (Ireland) Limited holds as security the following:

- a charge over all contracts associated with the project;
- a direct agreement with the Education Board regarding step-in rights; and
- collateral warranties.

### 22. Deferred income

	<i>Group</i>	<i>Company</i>
	<i>£'000</i>	<i>£'000</i>
Balance at 31 March 2008	1,393	465
Release to profit and loss	(65)	(16)
Balance at 31 March 2009	<u>1,328</u>	<u>449</u>

## Notes to the financial statements

at 31 March 2009

### 23. Provision for liabilities

#### Group

	£'000
<i>Dilapidations provision</i>	
At 31 March 2008	3,004
Charged to the profit and loss account	618
Utilisation	(344)
	<hr/>
At 31 March 2009	3,278
	<hr/> <hr/>

A provision is recognised for the costs incurred in relation to the contracted ongoing renewal requirements for PPP premises. The projected expenditure upon which this provision is based is reviewed annually.

### 24. Called up share capital

	2009	2008
	£	£
<i>Authorised</i>		
237,500 ordinary shares of £1 each	237,500	237,500
250,000 'A' ordinary shares of 5p each	12,500	12,500
	<hr/>	<hr/>
	250,000	250,000
	<hr/> <hr/>	<hr/> <hr/>
<i>Called up, allotted and fully paid</i>		
52,250 ordinary shares of £1 each	52,250	52,250
55,005 'A' ordinary shares of 5p each	2,750	2,750
	<hr/>	<hr/>
	55,000	55,000
	<hr/> <hr/>	<hr/> <hr/>

## Notes to the financial statements

at 31 March 2009

### 25. Reconciliation of shareholders' funds and movements on reserves

#### Group

	<i>Share capital £'000</i>	<i>Capital redemption reserve £'000</i>	<i>Other capital reserve £'000</i>	<i>Profit and loss account £'000</i>	<i>Total £'000</i>
At 31 March 2007	55	45	18,467	21,731	40,298
Profit for the year	-	-	-	2,134	2,134
Net actuarial gains	-	-	-	1,267	1,267
Deferred tax on actuarial gains	-	-	-	(380)	(380)
Currency adjustments	-	-	-	266	266
Transfer on payment of dividends in specie	-	-	(3,200)	3,200	-
Dividends paid	-	-	-	(750)	(750)
Dividends paid in specie	-	-	-	(3,500)	(3,500)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2008	55	45	15,267	23,968	39,335
Profit for the year	-	-	-	1,832	1,832
Net actuarial gains	-	-	-	(2,260)	(2,260)
Deferred tax on actuarial gains	-	-	-	633	633
Currency adjustments	-	-	-	485	485
Dividends paid	-	-	-	(750)	(750)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2009	55	45	15,267	23,908	39,275
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## Notes to the financial statements

at 31 March 2009

### 25. Reconciliation of shareholders' funds and movements on reserves (continued)

#### Company

	<i>Share capital £'000</i>	<i>Capital redemption reserve £'000</i>	<i>Other capital reserve £'000</i>	<i>Profit and loss account £'000</i>	<i>Total £'000</i>
At 31 March 2007	55	45	18,467	20,120	38,687
Profit for the year	-	-	-	341	341
Net actuarial gains	-	-	-	1,280	1,280
Deferred tax on actuarial gains	-	-	-	(384)	(384)
Currency adjustments	-	-	-	(109)	(109)
Transfer on payment of dividends in specie	-	-	(3,200)	3,200	-
Dividends paid	-	-	-	(750)	(750)
Dividends paid in specie	-	-	-	(3,500)	(3,500)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2008	55	45	15,267	20,198	35,565
Profit for the year	-	-	-	329	329
Net actuarial gains	-	-	-	(2,240)	(2,240)
Deferred tax on actuarial gains	-	-	-	627	627
Currency adjustments	-	-	-	(127)	(127)
Dividends paid	-	-	-	(750)	(750)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2009	55	45	15,267	18,037	33,404
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

### 26. Contingent liabilities

Contingencies exist in respect of guarantees and undertakings of a trading nature including, for instance, obligations accepted in entering contract joint ventures and joining in contract bonds. Appropriate provisions are made in assessing amounts recoverable on contracts when any liabilities are deemed to exist in relation to these guarantees and undertakings.

## Notes to the financial statements

at 31 March 2009

### 27. Other financial commitments

At 31 March, the Group and Company had annual commitments under cancellable and non-cancellable operating leases as set out below:

#### Group

	<i>Property</i>	<i>Motor</i>	<i>Property</i>	<i>Motor</i>
	<i>2009</i>	<i>vehicles</i>	<i>2008</i>	<i>Vehicles</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Leases which expire:</i>				
Within one year	15	83	-	48
Within 2 to 5 years	-	168	45	223
After 5 years	-	-	-	-
	15	251	45	271
	15	251	45	271

#### Company

	<i>Property</i>	<i>Motor</i>	<i>Property</i>	<i>Motor</i>
	<i>2009</i>	<i>vehicles</i>	<i>2008</i>	<i>Vehicles</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Leases which expire:</i>				
Within one year	15	83	-	48
Within 2 to 5 years	-	168	45	223
After 5 years	-	-	-	-
	15	251	45	271
	15	251	45	271

### 28. Related party transactions

The Company has taken advantage of the exemption in Financial Reporting Standard No.8 "Related Party disclosures" from disclosing transactions with greater than 90% owned subsidiaries that are part of the John Graham Holdings Limited group of companies.

In the normal course of business the Group provides construction, facilities management, and management services, on an arms-length basis, to Joint Ventures and Associates. The total services provided by the Group to Joint Ventures amounted to £263k (2008: £278k). Amounts due from the Joint Venture at the year end were £8k (2008: £143k). The total services provided by the Group to Associates amounted to £26,109k (2008: £31,244k).

Moss Lane Holdings Limited, and its subsidiary undertaking Moss Lane Developments Limited, are regarded as related parties as defined by Financial Reporting Standard 8 'Related Party Disclosures' due to their common shareholders and directors. The total services provided by the Group to Joint Ventures amounted to £nilk (2008: £nil) and the total services provided by Moss Lane Developments Limited to the Group amounted to £136k (2008: £121k).

## Notes to the financial statements

at 31 March 2009

### 29. Ultimate parent undertaking and controlling party

The Company's ultimate parent undertaking and controlling party is John Graham Holdings Limited.

The parent company of the smallest and largest group for which consolidated financial statements are prepared that include the company is John Graham Holdings Limited.

Copies of the consolidated financial statements of John Graham Holdings Limited, which include the company, can be obtained from the Company Secretary at Lagan Mills, Dromore, County Down, BT25 1AS.

### 30. Notes to the cash flow statement

(i) Reconciliation of operating profit to net cash inflow from operating activities:

	2009	2008
	£'000	£'000
Operating profit	1,831	734
Depreciation	2,239	1,929
Profit on sale of fixed assets	(94)	(129)
Amortisation of goodwill	132	131
(Increase) in stock	(16)	(27)
(Increase) in debtors	(4,534)	(14,657)
Increase in creditors and deferred income	12,042	15,681
Deferred income released	(65)	(66)
Movement in provisions	274	411
Difference between pension charge and cash contributions	(434)	(868)
	11,375	3,139
	11,375	3,139

(ii) Reconciliation of net cash flow to movement in net (debt)/funds:

	2009	2008
	£'000	£'000
Increase in cash in the year	340	3,848
Cash outflow re hire purchase financing	557	601
Cash outflow/(inflow) from movement in liquid resources	2,308	(6,578)
Cash outflow from decrease/(increase) in debt	3,353	1,257
	6,558	(872)
Change in net funds/(debt) resulting from cash flows	6,558	(872)
New hire purchase agreements	(402)	(503)
Translation difference	693	161
	6,849	(1,214)
Movement in net funds/(debt) in the year	6,849	(1,214)
Net (debt)/funds at 1 April	(688)	526
	6,161	(688)
Net funds/(debt) at 31 March	6,161	(688)

## Notes to the financial statements

at 31 March 2009

### 30. Notes to the cash flow statement (continued)

(iii) Analysis of net (debt)/funds:

	<i>At 1</i> <i>April</i> <i>2008</i> £'000	<i>Cash flow</i> £'000	<i>Other</i> <i>non-cash</i> <i>changes</i> £'000	<i>Exchange</i> <i>movement</i> £'000	<i>At 31</i> <i>March</i> <i>2009</i> £'000
Cash at bank and in hand	8,779	(647)	-	693	8,825
Overdrafts	(1,317)	987	-	-	(330)
	7,462	340		693	8,495
Hire purchase agreements	(1,133)	557	(402)	-	(978)
	6,329	897	(402)	693	7,517
Short term loans	(3,471)	1,148	(1,059)	-	(3,382)
Long term loans	(21,464)	2,205	1,059	-	(18,200)
Current asset investments	17,918	2,308	-	-	20,226
	(688)	6,558	(402)	693	6,161

During the year the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £402k.

For the purposes of the cash flow statement short-term deposits (with less than 3 months maturity) are included within current asset investments .

### 31. Dividends

*Declared and paid during the year:*

	2009 £'000	2008 £'000
<i>Equity dividends on ordinary shares</i>		
1 <sup>st</sup> interim dividend for 2008 - £6.36 per share	-	333
2 <sup>nd</sup> interim dividend for 2008 - £7.27 per share	-	381
Final dividend for 2008 - £63.64 per share	-	3,333
1 <sup>st</sup> interim dividend for 2009 - £6.82 per share	356	-
Final dividend for 2009 - £6.82 per share	356	-
<i>Equity dividends on A ordinary shares</i>		
1 <sup>st</sup> interim dividend for 2008 - £0.32 per share	-	17
2 <sup>nd</sup> interim dividend for 2008 - £0.36 per share	-	19
Final dividend for 2008 - £3.18 per share	-	167
1 <sup>st</sup> interim dividend for 2009 - £0.34 per share	19	-
Final dividend for 2009 - £0.34 per share	19	-
	750	4,250