

**MANN CONSTRUCTION LIMITED
REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
30 APRIL 2006**

DIRECTORS AND OFFICERS

DIRECTORS:

P J Manning
B N Mulry
W J Coleman
N M Harris
G T Dann
G James
A McMahon
P Petz

SECRETARY:

Mr P J Manning

REGISTERED OFFICE:

20 Jute Lane
Brimsdown
Enfield
Middlesex
EN3 7PJ

AUDITORS:

Baker Tilly
Marlborough House
Victoria Road
South Chelmsford
Essex
CM1 1LN

BANKERS:

National Westminster Bank PLC
P.O. Box 500
Enfield
Middlesex

DIRECTORS' REPORT

The directors present their report and financial statements of Mann Construction Limited for the period ended 30 April 2006.

PRINCIPAL ACTIVITIES

The principal activities of the group during the period were that of building and civil engineering works. During the period the company and its subsidiary undertaking shortened their accounting reference date to 30 April 2006.

REVIEW OF THE BUSINESS

Mann Construction Ltd was founded by Peter Manning and Brian Mulry on 8th January 1996 with the objective of supplying the construction industry with a professional service providing civil engineering, groundwork and reinforced concrete structures.

The company has continued to achieve its planned growth and benefited from pre-contract investment resulting in a turnover increase of 16%. Profit was achieved in line with expectations, which as in previous years, has been reinvested in the development of the company.

Turnover for the year was £41 million (2005: £36 million) which produced an operating profit of 3% (2005: 3%). Had the company not shortened its accounting date it would have expected to achieve turnover of circa £50 million.

The company operates in a sector facing many risks such as contractual over runs and the failure of clients. The directors believe that the company has controls in place that should manage these risks professionally and efficiently.

The Directors continue to follow their strategy of competing in the market on both quality of service and price. This offers clients a qualitative professional service with added value and no added cost. An overriding attitude of "providing what the client wants" and constantly addressing the difficult issues involved in construction from technical, financial and safety points of view has brought about this success. The positive and proactive attitude of the company towards the service it provides to its clients is reflected in the amount of continued repeat business.

The company strives to give their customers breadth of choice in the services provided and continue to add to those currently offered to both new and existing clients. The company continues to offer a complete groundwork and frame package to aid clients in their quest for a seamless transition from the substructure to superstructure. The company also provides a complete package of site and soil remediation solutions through Mann Environmental Plc. Offering a complete service to developers, project and construction management companies.

During the period the company succeeded in achieving the Environmental Management Standard ISO 14001:2004.

EMPLOYEES

It is the policy of the company to keep all employees informed of the progress and affairs of the group by various means. Employee company statements, notices etc are published as appropriate.

Employee safety, health and welfare are an integral part of group policy as is our continued investment in training of our valued work force remains. Operatives are constantly trained to gain qualifications under the CITB or City & Guilds scheme in the skills pertaining to their occupations. This on going programme of training has lead to greater personnel retention of a superior quality. The company and their clients benefit through the employment of a highly trained and motivated workforce.

EVENTS SINCE THE END OF THE PERIOD

As part of a planned upgrading and expansion of the plant and machinery fleet to accommodate an expected increase in turnover to £70m subsequent to the period end the group has sold plant and machinery which has generated a surplus over net book value of £400,000.

DIRECTORS' REPORT (CONTINUED)

RESULTS AND DIVIDENDS

The consolidated profit and loss account for the period is set out on page 8.
 The trading profit of the group for the period after taxation was £773,442 (2005 £641,208).
 No dividend was distributed for the period ended 30 April 2006.

DIRECTORS

The following directors have held office since 1 July 2005:

P J Manning
 B N Mulry
 W J Coleman
 N M Harris

G T Dann (Appointed 13 February 2006)
 G James (Appointed 13 February 2006)
 A McMahon (Appointed 13 February 2006)
 P Petz (Appointed 13 February 2006)

DIRECTORS' INTERESTS IN SHARES

Directors' interests in the shares of the company and other group companies, including family interests, were as follows:

MANN CONSTRUCTION LIMITED

Ordinary of £1 each
 30.4.06 1.7.05

P J Manning	47,500	47,500
B N Mulry	47,500	47,500
W J Coleman	5,000	5,000
N M Harris	-	-
G T Dann	-	-
G James	-	-
A McMahon	-	-
P Petz	-	-

MANN ENVIRONMENTAL PLC

Ordinary of £1 each
 30.4.06 1.7.05

B N Mulry	-	-
P J Manning	-	-

CHARITABLE DONATIONS	2006	2006
	£	£

During the period the group made the following payments:

Charitable donations	£8,173	£1,350
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CREDITOR PAYMENT POLICY

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

On average, trade creditors at the year end represented 63 (2005 - 58) days' purchases.

AUDITORS

Baker Tilly were appointed auditors to the company and in accordance with Section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

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 have confirmed that they have taken all 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.

On behalf of the board

P J Manning
Director

3 October 2006

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Practice. Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MANN CONSTRUCTION LIMITED

We have audited the financial statements on pages 8 to 25.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE 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, and whether the information given in the Directors' report is consistent with the financial statements. We also 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.

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 and the group'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 group's and parent company's affairs at 30 April 2006 and of the group's 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.

Registered Auditor Chartered Accountants
Marlborough House
Victoria Road
South Chelmsford
Essex
CM1 1LN

3 October 2006

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the period ended 30 April 2006

	Notes	Period ended 30 April 2006 £	Year ended 30 June 2005 £
TURNOVER	1	41,123,407	35,648,924
Cost of sales		<u>35,731,937</u>	<u>30,738,795</u>
Gross profit		5,391,470	4,910,129
Other operating expenses	2	<u>4,062,373</u>	<u>3,917,083</u>
OPERATING PROFIT		1,329,097	993,046
Investment income	3	<u>15,627</u>	<u>13,124</u>
		1,344,724	1,006,170
Interest payable	4	<u>113,917</u>	<u>127,084</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	1,230,807	879,086
Taxation	7	<u>457,365</u>	<u>237,878</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	18	<u><u>773,442</u></u>	<u><u>641,208</u></u>

The operating profit for the period arises from the group'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.

BALANCE SHEETS

30 April 2006

	Notes	GROUP		MANN CONSTRUCTION LIMITED	
		2006 £	2005 £	2006 £	2005 £
FIXED ASSETS					
Intangible assets	9	216,660	238,760	-	-
Tangible assets	10	2,739,232	3,160,246	2,504,441	2,941,756
Investments	11	-	-	537,860	537,860
		<u>2,955,892</u>	<u>3,399,006</u>	<u>3,042,301</u>	<u>3,479,616</u>
CURRENT ASSETS					
Stocks	12	66,000	62,000	66,000	62,000
Debtors	13	9,065,531	6,416,185	9,022,823	6,372,304
Cash at bank and in hand		2,451,675	2,001,417	2,451,675	2,001,417
		<u>11,583,206</u>	<u>8,479,602</u>	<u>11,540,498</u>	<u>8,435,721</u>
CREDITORS: Amounts falling due within 1 year	14	<u>(10,968,494)</u>	<u>(8,126,294)</u>	<u>(10,947,860)</u>	<u>(8,115,800)</u>
NET CURRENT ASSETS		<u>614,712</u>	<u>353,308</u>	<u>592,638</u>	<u>319,921</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,570,604</u>	<u>3,752,314</u>	<u>3,634,939</u>	<u>3,799,537</u>
CREDITORS: Amounts falling due after 1 year	15	<u>-</u>	<u>(912,398)</u>	<u>-</u>	<u>(891,849)</u>
PROVISIONS FOR LIABILITIES AND CHARGES	16	<u>(177,631)</u>	<u>(220,385)</u>	<u>(166,654)</u>	<u>(209,122)</u>
		<u>3,392,973</u>	<u>2,619,531</u>	<u>3,468,285</u>	<u>2,698,566</u>
CAPITAL AND RESERVES					
Called up share capital	17	100,000	100,000	100,000	100,000
Profit and loss account	18	3,292,973	2,519,531	3,368,285	2,598,566
Shareholders' funds - equity interests	19	<u>3,392,973</u>	<u>2,619,531</u>	<u>3,468,285</u>	<u>2,698,566</u>

Approved by the board on 3 October 2006

P J Manning Director

B N Mulry Director

CONSOLIDATED CASH FLOW STATEMENT

For the period ended 30 April 2006

	Notes	30 April 2006 £	30 June 2005 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	20	2,057,836	764,006
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		15,627	13,124
Interest paid		(113,917)	(127,084)
Net cash outflow from returns on investments and servicing of finance		(98,290)	(113,960)
TAXATION		(475,315)	(282,522)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire intangible assets		-	(265,289)
Payments to acquire tangible assets		(114,606)	(1,781,837)
Receipts from sales of tangible assets		27,450	523,160
Net cash outflow from capital expenditure		(87,156)	(1,523,966)
Net cash inflow/(outflow) before management of liquid resources and financing		1,397,075	(1,156,442)
FINANCING			
Capital element of finance lease and hire purchase contracts		(909,011)	859,295
Net cash (outflow)/inflow from financing		(909,011)	859,295
INCREASE/(DECREASE) IN CASH IN THE PERIOD		488,064	(297,147)

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards.

BASIS OF CONSOLIDATION

The financial statements consolidate the accounts of Mann Construction Limited and its subsidiary undertaking Mann Environmental Plc using the acquisition method of accounting. Current period accounts are made up for the 10 month period to 30 April 2006. The comparative group accounts include the accounts of its subsidiary from 26 October 2004, being the date of acquisition.

GOODWILL

Goodwill representing the excess of the purchase price compared with the fair value of assets acquired has been capitalised and the balance amortised over a period of 12 years on a straight line basis.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost less depreciation.

Depreciation is provided on all tangible fixed assets other than freehold land and investment properties at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Improvements to property	15% on cost
Plant and machinery	25% reducing balance
Fixtures, fittings & equipment	25% reducing balance
Motor vehicles	25% reducing balance

INVESTMENTS

Fixed asset investments are stated at cost less provision for diminution in value.

STOCK

The value of stocks held is based upon a nominal £2,000 per site as the majority of materials are included in the value of work certified.

LONG TERM CONTRACTS

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

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is recognised in the Statement of Total Recognised Gains and Losses on revaluations where at the balance sheet date there is an agreement to sell the asset. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

LEASED ASSETS

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

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

PENSIONS CONTRIBUTIONS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the profit and loss account.

TURNOVER

Turnover represents net invoiced work certified and sales, excluding value added tax. In accordance with SSAP 9 together with UITF 40 certified work as at the financial year end is valued and treated as income and correspondingly shown as debtors.

Contract retentions are recognised when there is reasonable certainty that full recovery of amounts payable will be made. These amounts are included within trade debtors in the accounts.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 April 2006

1. TURNOVER

The total turnover of the group for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

2. OTHER OPERATING EXPENSES

	30 April 2006 £	30 June 2005 £
Administrative expenses	4,062,373	3,917,083

3. INVESTMENT INCOME

	2006 £	2005 £
Bank interest	15,627	13,124

4. INTEREST PAYABLE

	2006 £	2005 £
On bank loans and overdrafts	11,253	1,297
Lease finance charges	93,663	125,787
On overdue tax	9,001	-
	113,917	127,084

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2006 £	2005 £
Amortisation of intangible assets	22,100	26,529
Depreciation of tangible assets:		
Charge for the period:		
owned assets	117,678	133,278
leased assets	561,820	542,961
(Profit)/loss on disposals	(1,573)	87,376
Operating lease rentals:		
Plant and machinery	17,889	660
Land and buildings	155,279	188,417
Loss on foreign exchange transactions	-	-
Auditors' remuneration (company £24,750; 2005: £20,000)	28,223	27,500
Remuneration of auditors for non-audit work	21,334	-

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 April 2006

6. EMPLOYEES

	30 April 2006 No.	30 June 2005 No.
The average monthly number of persons (including directors) employed by the group during the period was:	87	67
Administration	£	£
Staff costs for the above persons:	2,639,396	2,420,101
Wages and salaries	161,176	253,977
Social security costs	4,000	4,800
Other pension costs	2,804,572	2,678,878

DIRECTORS' REMUNERATION	2006 £	2005 £
In respect of the directors of Mann Construction Limited	177,678	127,914
Emoluments for qualifying services	4,000	4,800
Company pension contributions to money purchase schemes	181,678	132,714

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2005- 1).

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 April 2006

7. TAXATION	30 April 2006 £	30 June 2005 £
Domestic current year tax	466,123	342,540
U.K. corporation tax	33,996	-
Adjustment for prior years		
	500,119	342,540
Current tax charge		
Deferred tax	(42,754)	(104,662)
Deferred tax credit current year		
	457,365	237,878
Factors affecting the tax charge for the period		
Profit on ordinary activities before taxation	1,230,807	879,086
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2005: 30.00%)	369,242	263,726
Effects of:		
Non deductible expenses	38,653	45,443
Depreciation in excess of capital allowances	61,588	7,991
Adjustments to previous periods	33,996	-
Chargeable disposals	413	26,213
Marginal relief	(3,773)	(833)
	130,877	78,814
Current tax charge	500,119	342,540

8. PROFIT FOR THE FINANCIAL PERIOD

As permitted by section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The parent's profit for the financial period is £769,719 (2005: £720,243).

NOTES TO THE FINANCIAL STATEMENTSFor the period ended 30 April 2006

9. INTANGIBLE FIXED ASSETS

GROUP	<i>Goodwill</i> £
Cost	
At 1 July 2005 and 30 April 2006	<u>265,289</u>
Amortisation	
At 1 July 2005	26,529
Charge for period	<u>22,100</u>
At 30 April 2006	<u>48,629</u>
Net book value	
At 30 April 2006	<u><u>216,660</u></u>
At 30 June 2005	<u><u>238,760</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 April 2006

10. TANGIBLE FIXED ASSETS

GROUP	Improvements to property	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost	508,877	3,695,738	290,166	52,034	4,546,815
At 1 July 2005	-	240,583	43,778	-	284,361
Additions	-	(57,187)	-	-	(57,187)
Disposals	-	-	-	-	-
	<u>508,877</u>	<u>3,879,134</u>	<u>333,944</u>	<u>52,034</u>	<u>4,773,989</u>
At 30 April 2006					
Depreciation					
At 1 July 2005	179,814	1,038,796	148,626	19,333	1,386,569
On disposals	-	(31,310)	-	-	(31,310)
Charge for the period	63,611	576,880	31,953	7,054	679,498
	<u>243,425</u>	<u>1,584,366</u>	<u>180,579</u>	<u>26,387</u>	<u>2,034,757</u>
At 30 April 2006					
Net book value					
At 30 April 2006	<u>265,452</u>	<u>2,294,768</u>	<u>153,365</u>	<u>25,647</u>	<u>2,739,232</u>
At 30 June 2005	<u>329,063</u>	<u>2,656,942</u>	<u>141,540</u>	<u>32,701</u>	<u>3,160,246</u>

Included above are assets held under finance leases or hire purchase contracts as follows

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Net book value				
30 April 2006	<u>2,191,007</u>	<u>-</u>	<u>13,801</u>	<u>2,204,808</u>
30 June 2005	<u>2,615,564</u>	<u>-</u>	<u>23,685</u>	<u>2,639,249</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 April 2006

10. TANGIBLE FIXED ASSETS (continued)

MANN CONSTRUCTION LIMITED	Improvements to property	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 July 2005	508,877	3,372,888	290,166	28,534	4,200,465
Additions	-	178,333	43,778	-	222,111
Disposals	-	(57,187)	-	-	(57,187)
At 30 April 2006	508,877	3,494,034	333,944	28,534	4,365,389
Depreciation					
At 1 July 2005					
On disposals	179,814	917,545	148,626	12,724	1,258,709
Charge for the period	-	(31,310)	-	-	(31,310)
At 30 April 2006	63,611	534,021	31,953	3,964	633,549
At 30 April 2006	243,425	1,420,256	180,579	16,688	1,860,948
Net book value					
At 30 April 2006	265,452	2,073,778	153,365	11,846	2,504,441
At 30 June 2005	329,063	2,455,343	141,540	15,810	2,941,756

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Net book value				
30 April 2006	1,970,017	-	-	1,970,017
30 June 2005	2,413,965	-	-	2,413,965

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 April 2006

11. FIXED ASSET INVESTMENTS

MANN CONSTRUCTION LIMITED	<i>Shares in group undertakings £</i>
Cost	
At 1 July 2005 and 30 April 2006	537,860
Net book value	
At 30 April 2006	537,860

In the opinion of the directors, the aggregate value of the company's investment in its subsidiary undertaking is not less than the amount included in the balance sheet.

The company holds more than 20% of the share capital of the following company:

Company	Country of registration or incorporation	Class	% Shares held	Nature of business
Mann Environmental Plc	England	Ordinary	100	Haulage, recycling, waste transfer and movement of land-fill materials, Subsidiary undertaking

12. STOCKS

	GROUP		MANN CONSTRUCTION LIMITED	
	2006 £	2005 £	2006 £	2005 £
Finished goods and goods for resale	66,000	62,000	66,000	62,000

13. DEBTORS

	GROUP		MANN CONSTRUCTION LIMITED	
	2006 £	2005 £	2006 £	2005 £
Due within one year	42,884	79,898	176	34,599
Trade debtors	8,328,462	6,008,155	8,328,462	6,008,155
Amounts recoverable on long term contracts	329,159	67,382	329,159	68,800
Other debtors	365,026	260,750	365,026	260,750
Prepayments and accrued income	9,065,531	6,416,185	9,022,823	6,372,304

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 April 2006

14. CREDITORS: Amounts falling due within one year

	GROUP		MANN CONSTRUCTION LIMITED	
	2006 £	2005 £	2006 £	2005 £
Bank loans and overdrafts	19,311	57,117	-	-
Payments received on account	-	37,208	-	15,000
Obligations under finance lease and hire purchase contracts	1,223,670	1,050,528	1,137,380	940,383
Trade creditors	8,077,258	6,123,864	7,754,789	6,051,269
Amounts owed to group undertakings	-	-	427,647	274,014
Corporation tax	602,834	578,030	596,317	570,290
Taxes and social security costs	218,539	89,298	211,675	85,256
Other creditors	47,480	94,442	47,480	95,860
Accruals and deferred income	779,402	95,807	772,572	83,728
	<u>10,968,494</u>	<u>8,126,294</u>	<u>10,947,860</u>	<u>8,115,800</u>

Discounting finance relates to an invoice discounting contract Mann Environmental Plc entered into with HSBC Invoice Finance (UK) Ltd on 25 July 2002. This facility was still available at the year end but the liability as at that date was £nil.

15. CREDITORS: Amounts falling due in more than one year

	GROUP		MANN CONSTRUCTION LIMITED	
	2006 £	2005 £	2006 £	2005 £
Obligations under finance leases and hire purchase contracts	<u>-</u>	<u>912,398</u>	<u>-</u>	<u>891,849</u>

	GROUP		MANN CONSTRUCTION LIMITED	
	2006 £	2005 £	2006 £	2005 £
Obligations under finance leases and hire purchase contracts:	1,281,131	1,055,567	1,225,075	940,383
Repayable within one year	36,000	912,847	-	891,849
Repayable between two and five years	<u>1,317,131</u>	<u>1,968,414</u>	<u>1,225,075</u>	<u>1,832,232</u>
Finance charges and interest allocated to future accounting periods	(93,461)	(5,488)	(87,695)	-
Included in current liabilities	<u>(1,223,670)</u>	<u>(1,050,528)</u>	<u>(1,137,380)</u>	<u>(940,383)</u>
	<u>-</u>	<u>912,398</u>	<u>-</u>	<u>891,849</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 April 2006

16. PROVISIONS FOR LIABILITIES AND CHARGES

GROUP	<i>Deferred taxation</i> £
Balance at 1 July 2005	220,385
Transfer from profit and loss account	(42,754)
	<hr/>
Balance at 30 April 2006	177,631
	<hr/> <hr/>

COMPANY	£
Balance at 1 July 2005	209,122
Transfer from profit and loss account	(42,468)
	<hr/>
Balance at 30 April 2006	166,654
	<hr/> <hr/>

Deferred taxation provided in the financial statements as follows:

GROUP	2006 £	2005 £
Excess of tax allowances over depreciation	177,631	220,385
	<hr/>	<hr/>
	177,631	220,385
	<hr/> <hr/>	<hr/> <hr/>

MANN CONSTRUCTION LIMITED	2006 £	2005 £
Excess of tax allowances over depreciation	177,631	220,385
	<hr/>	<hr/>

17. SHARE CAPITAL

	2006 £	2005 £
Authorised 1,000,000 Ordinary of £1 each	1,000,000	1,000,000
	<hr/>	<hr/>
Allotted, issued and fully paid 100,000 Ordinary of £1 each	100,000	100,000
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 April 2006

18. STATEMENT OF MOVEMENT ON RESERVES

GROUP	<i>Profit and loss account</i> £
1 July 2005	2,519,531
Retained profit for the period	<u>773,442</u>
30 April 2006	<u><u>3,292,973</u></u>
MANN CONSTRUCTION LIMITED	<i>Profit and loss account</i> £
1 July 2005	2,598,566
Retained profit for the period	<u>769,719</u>
30 April 2006	<u><u>3,368,285</u></u>

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

GROUP	2006 £	2005 £
Profit for the financial period	773,442	641,208
Opening shareholders' funds	<u>2,619,531</u>	<u>1,978,323</u>
Closing shareholders' funds	<u><u>3,392,973</u></u>	<u><u>2,619,531</u></u>
MANN CONSTRUCTION LIMITED	2006 £	2005 £
Profit for the financial period	769,719	720,243
Opening shareholders' funds	<u>2,698,566</u>	<u>1,978,323</u>
Closing shareholders' funds	<u><u>3,468,285</u></u>	<u><u>2,698,566</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 April 2006

20. CASH FLOWS

	30 April 2006 £	30 June 2005 £
a. Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	1,329,097	993,046
Depreciation of tangible assets	679,498	766,234
Amortisation of intangible assets	22,100	-
(Profit)/loss on disposal of tangible assets	(1,573)	87,376
(Increase)/decrease in stocks	(4,000)	4,000
Increase in debtors	(2,649,346)	(2,954,148)
Increase in creditors within one year	2,682,060	1,867,498
Net cash inflow from operating activities	<u>2,057,836</u>	<u>764,006</u>

b. Analysis of net funds/(debt)	1 July 2005 £	Cash flow £	Other non- cash changes £	30 April 2006 £
Net cash:				
Cash at bank and in hand	2,001,417	450,258	-	2,451,675
Bank overdrafts	(57,117)	37,806	-	(19,311)
	<u>1,944,300</u>	<u>488,064</u>	<u>-</u>	<u>2,432,364</u>
Bank deposits	-	-	-	-
Finance leases and hire purchase contracts	(1,962,926)	909,011	(169,755)	(1,223,670)
Net (debt)/funds	<u>(18,626)</u>	<u>1,397,075</u>	<u>(169,755)</u>	<u>1,208,694</u>

c. Reconciliation of net cash flow to movement in net debt	2006 £	2005 £
Increase/(decrease) in cash in the period	488,064	(297,147)
Cash outflow/(inflow) from decrease/(increase) in debt	909,011	(859,295)
Change in net debt resulting from cash flows	1,397,075	(1,156,442)
New finance lease and hire purchase contracts	(169,755)	-
Movement in net funds/(debt) in the period	1,227,320	(1,156,442)
Opening net (debt)/funds	(18,626)	1,137,815
Closing net funds/(debt)	<u>1,208,694</u>	<u>(18,626)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 April 2006

21. CONTINGENT LIABILITIES

In April 2002 the company gave a guarantee to National Westminster Bank Plc for a loan taken out by Brent Plant Limited, a company referred to in related party note 25. The balance outstanding on the 30 April 2006 is £1,091,312 (30 June 2005: £1,147,197). Brent Plant Limited used this money to purchase freehold land, on which the offices of the Company are now situated, for which a commercial rent is being paid by the Company. The land value, at the time of purchase, exceeded the loan and in the directors opinion has increased considerably. Therefore, in the unlikely event the bank wished to exercise its guarantee for repayment of the loan, it is envisaged that the land would be sold to release the company from its obligations. No provision has therefore been made in these accounts.

22. COMMITMENTS UNDER OPERATING LEASES

At 30 April 2006 the group had annual commitments under non-cancellable operating leases as follows:

	2006 £	2005 £
Land and buildings expiring after five years	<u>186,334</u>	<u>186,334</u>

At 30 April 2006 Mann Construction Limited had annual commitments under non-cancellable operating leases as follows:

	2006 £	2005 £
Land and buildings expiring after five years	<u>186,334</u>	<u>186,334</u>

23. PENSION COSTS

DEFINED CONTRIBUTION

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund.

	2006 £	2005 £
Contributions payable by the company for the period	<u>4,000</u>	<u>4,800</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 April 2006

24. TRANSACTIONS WITH DIRECTORS

During the year the company utilised the services of the director Mr P Manning's surveying practice and the directors Mr B Mulry's and Mr N Harris's consultancy businesses. All payments were at arm's length and on a normal trading basis. Mr P Manning invoiced £130,000 (2005: £75,479), Mr B Mulry £100,000 (2005: £126,444) and Mr N Harris £nil (2005: £30,800) and at the balance sheet date the amounts outstanding against invoices for all three directors were £nil (2005: £nil).

During the period the company loaned Mr P Manning £1,500,000 (2005:£nil) and made payments on behalf of Mr P Manning of £47,212 (2005: £nil). At 30 April 2006 Mr Manning had repaid all of the loan balance. During the period £503,000 was also loaned to Mr B Mulry (2005: £nil) and the company made payments on his behalf of £39,511 (2005: £nil). At 30 April 2006 the amount outstanding from Mr B Mulry was £nil (2005: £nil). The directors are aware that these advances are a breach of S330 Companies Act 1985.

25. SUBSEQUENT EVENTS

As part of a planned upgrading and expansion of the plant and machinery fleet to accommodate an expected increase in turnover to £70m subsequent to the period end the group has sold plant and machinery which has generated a surplus over net book value of £400,000.

26. CONTROL

In the opinion of the directors there is no one controlling party.

27. RELATED PARTY TRANSACTIONS

Mann Construction Limited

In the period under review, the company transacted with Brent Plant Limited, which is under the control of Peter Manning and in which Brian Mulry has a material interest. All transactions were at arm's length and on a normal trading basis. In the period the company was charged £669,167 by Brent Plant Limited for the use of plant and machinery (2005: £nil). The company invoiced Brent Plant Limited an amount of £nil (2005: £50,000) for management and service charges and sold assets with a value of £39,566 (2005: £nil). Furthermore, under the terms and conditions of the lease agreement the company entered into with Brent Plant Limited in 2003, rent of £155,278 (2005: £186,334) for the period under review was paid to Brent Plant Limited. At 30 April 2006 £372,099 (2005: £ 64,897) was owed to Brent Plant Limited.

In the period covered by the Financial Statements, the company also utilised the services of All Day Safety Services Limited, in which a material interest was held by the directors Peter Manning and Brian Mulry. All transactions were at arm's length and on a normal trading basis. During the period, All Day Safety Services Limited invoiced Mann Construction Limited £143,198 (2005: £104,798) in respect of consultancy services. At 30 April 2006, £10,156 was owed to All Day Safety Services Limited (2005: £31,529 was owed by All Day Safety Services Limited).

Mann Environmental Plc

There were no related party transactions outside the group during the period.