



GOVERNMENT OF GIBRALTAR
TREASURY DEPARTMENT
Treasury Building
23 John Mackintosh Square
Gibraltar

Mr Nicolas Payas
Companies House
317 Main Street
P O Box 848
Gibraltar

Our ref :

Your ref :

Date 1 July 2005

Dear Nicholas

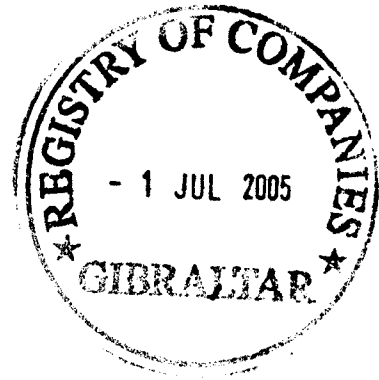
GJBS - Company No. 25860

Enclosed please find GJBS Annual report and financial statement for the year ended 31 December 2004, for filing at Companies House.

Kindly invoice us in the usual manner.

Yours faithfully

J Montado (Mrs)
For Accountant General



**Gibraltar Joinery and Building
Services Limited**

**Annual report
for the year ended 31 December 2004**

Registered number: 25860

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Gibraltar Joinery and Building Services Limited

Annual report for the year ended 31 December 2004

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Directors' report for the year ended 31 December 2004

The directors present their report and the audited financial statements of the company for the year ended 31 December 2004.

Principal activities

The company is registered in Gibraltar and its principal activity during the year was that of building and joinery contractors.

Review of business and future developments

The year under review saw a decrease in the company's turnover of approximately 2.67% from £5.83M in 2003 to £5.67M in 2004. This was reflected in the company's overall expenditure for the year, which fell to £5.56M, a decrease of £147,557 over that incurred in the previous accounting period.

The position as at 31 December 2004 was that the company made an operating profit of £111,267 compared to £119,899 in 2003.

The directors consider that the present level of activity will be sustained in the foreseeable future.

Results and dividends

The company's profit for the financial year after taxation is £82,136 (2003: £79,506). The directors do not recommend the payment of a dividend and the retained profit for the year of £82,136 (2003: £79,506) will be carried forward in the reserves.

Directors

The directors who held office during the year are given below:

M Estella	(Managing)
J J Capurro	(Non-executive)
W A Crisp	(Non-executive)

Statement of directors' responsibilities

Gibraltar company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of its profit or loss 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

Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business

The directors confirm that they have complied with the above requirements in preparing the financial statements and that Gibraltar Accounting Standards have been applied in their preparation.

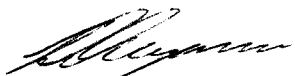
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Gibraltar Companies Ordinance and other applicable legislation. They are 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.

Directors' report for the year ended 31 December 2004 – continued

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office.

By order of the Board



D D Tirathdas
Company secretary

9th June 2005
Gibraltar,

**Independent auditors' report to the members of
Gibraltar Joinery and Building Services Limited**

We have audited the financial statements on pages 4 to 16.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable Gibraltar law and accounting standards 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 United Kingdom auditing standards issued by the Auditing Practices Board. This opinion has been prepared for and only for the company's members as a body, in accordance with Section 182 of the Companies Ordinance and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 Gibraltar Companies Ordinance, other applicable legislation and Gibraltar Accounting Standards. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Gibraltar Companies Ordinance, other applicable legislation and Gibraltar Accounting Standards.



PricewaterhouseCoopers
Registered Auditors

Gibraltar, 16th June 2005

Profit and loss account for the year ended 31 December 2004

	Note	2004 £	2003 £
Turnover – continuing operations	1 & 3	5,676,041	5,832,230
Cost of sales		(5,138,382)	(5,342,341)
Gross profit		537,659	489,889
Administrative expenses		(426,392)	(369,990)
Operating profit – continuing operations	4	111,267	119,899
Interest receivable and similar income		3,516	4,060
Interest payable and similar charges		-	(1,744)
Profit on ordinary activities before taxation		114,783	122,215
Tax on profit on ordinary activities	7	(32,647)	(42,709)
Retained profit for the financial year	13	82,136	79,506

The company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

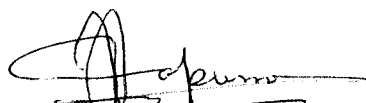
Balance sheet as at 31 December 2004

	Note	2004 £	2003 £
Fixed assets			
Tangible assets	8	176,486	209,801
Current assets			
Stocks	9	1,441,860	1,182,759
Debtors	10	1,516,474	1,268,108
Cash at bank and in hand	16	96,083	293,800
		3,054,417	2,744,667
Creditors: amounts falling due within one year	11	(1,566,130)	(1,371,831)
Net current assets		1,488,287	1,372,836
Net assets		1,664,773	1,582,637
Capital and reserves			
Called up share capital	12	1,000,000	1,000,000
Profit and loss account	13	664,773	582,637
Equity shareholders' funds	14	1,664,773	1,582,637

The financial statements on pages 4 to 16 were approved by the board of directors on ...^{9th} June 2005
and were signed on its behalf by:



M Estella
Managing Director



J J Capurro
Director

Cash flow statement for the year ended 31 December 2004

	Note	2004 £	2003 £
Net (outflow)/inflow from operating activities	15	(269,722)	41,913
Return on investments and servicing of finance			
Interest received on bank deposits		3,516	4,060
Bank interest payable		-	(1,744)
Net cash inflow from returns on investments and servicing of finance		3,516	2,316
Taxation		(5,020)	(164,342)
Capital expenditure and financial investment			
Proceeds on sale of tangible fixed assets		1,600	-
Purchase of tangible fixed assets		(62,641)	(62,629)
Net cash outflow from capital expenditure and financial investments		(61,041)	(62,629)
Cash flow before management of liquid resources and financing		(332,267)	(182,742)
Management of liquid resources			
Decrease/(increase) in cash placed on short term deposit		27,304	(10,326)
Financing			
Receipt of Government short-term advances		134,550	350,000
(Decrease)/increase in cash	16	(170,413)	156,932

Reconciliation of net cash flow to movement in net funds

	Note	2004 £	2003 £
(Decrease)/increase in cash during the year		(170,413)	156,932
Cash flow from management of liquid resources		(27,304)	10,326
Movement in net funds for the year	16	(197,717)	167,258
Net funds at 1 January		293,800	126,542
Net funds at 31 December	16	96,083	293,800

Notes to the financial statements for the year ended 31 December 2004**1 Accounting policies**

These financial statements have been prepared under the historical cost convention, the accounting policies set out below, applicable legislation and in accordance with Gibraltar Accounting Standards.

The Gibraltar legislation applied in the preparation of these financial statements includes the Companies Ordinance and the Companies (Accounts) Ordinance 1999.

Turnover

Turnover comprises the value of contracting work executed on long term contracts during the year and the invoiced value of other goods and services supplied.

Foreign currencies

Transactions denominated in foreign currency are translated at the exchange rate ruling on the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the year-end. Exchange gains and losses are dealt with in the profit and loss account.

Fixed assets

Tangible fixed assets are carried at cost. Cost represents purchase cost together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned which are considered to be:

Motor vehicles	4 to 10 years
Fixed plant, machinery and equipment	5 to 15 years
Office equipment	4 years

Impairment reviews are conducted if events or changes in circumstances indicate that the carrying amount of fixed assets may not be recoverable.

Pensions

The company participates in three separate fully funded defined-contribution schemes. The cost of these contributions is charged against profit in the period to which the contributions relate.

Stocks and work in progress, excluding long-term contracts

Stocks and work in progress are stated at the lower of cost and net realisable value.

In the case of stocks of materials and consumables, cost is determined on a weighted average basis and includes transport and handling costs.

In the case of short term work in progress, which represents minor construction contracts with a value under £5,000, costs include all direct expenditure and production overheads based on a normal level of activity.

Where necessary, provision is made for obsolete, slow moving and defective stocks.

Notes to the financial statements for the year ended 31 December 2004 - continued**1 Accounting policies - continued****Long-term contracts**

Long-term contracts represents major construction contracts with a value of £5,000 or greater. Costs include all direct expenditure and production overheads based on a normal level of activity.

Turnover on long-term contracts is recognised according to the stage reached in the contract by reference to the value of work done. A prudent estimate of the profit attributable to work completed is recognised once the contract is substantially complete, normally 70% complete, and the outcome of the contract can be assessed with reasonable certainty.

The excess of payments received over the amounts received as turnover is classified under creditors due within one year.

Provision is made for all losses expected to arise up to the completion of contracts in progress or entered into up to the balance sheet date, whether or not work has commenced.

Amounts recoverable on contracts

Amounts recoverable on contracts represents the excess of the turnover recognised in the accounts (see long-term contracts above) over the amount invoiced to clients.

Current taxation

Provision is made at the applicable rate for corporation tax payable on the results for the year, as adjusted for tax purposes.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Timing differences are differences between the taxable profits and the 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.

A net deferred tax asset is regarded as recoverable and therefore recognised only when it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted by the balance sheet date.

Cash flow statement

Cash flows are defined as increases or decreases in cash. Cash includes cash in hand and deposits with banks repayable on demand. Deposits are repayable on demand if they are in practice available within twenty-four hours. Liquid resources, for cash flow purposes, are classified as deposits with banks which are repayable after more than one day.

Notes to the financial statements for the year ended 31 December 2004 - continued

2 Segmental reporting

The company's activities consist solely of the completion of building and joinery contracting in Gibraltar.

3 Related party transactions

The Government of Gibraltar is the ultimate beneficial owner of the shares in the company. Government of Gibraltar departments and their sponsored bodies are the company's principal clients as shown by the analysis of turnover below.

	2004 £	2003 £
Analysis of turnover		
Government of Gibraltar departments and sponsored bodies	5,161,405	5,240,970
Commercial work	514,636	591,260
	5,676,041	5,832,230

All of the services provided by the company to Government of Gibraltar departments and their sponsored bodies are on normal commercial terms.

The amounts due by Government of Gibraltar departments and their sponsored bodies as at the balance sheet date, for services provided by the company, and those due to the Government under the various headings are shown below.

	2004 £	2003 £
Amounts due from Government of Gibraltar departments and their sponsored bodies		
Trade debtors	417,743	593,983
Amounts recoverable on contracts	937,421	435,283
Work in progress	1,034,519	649,987
Amounts due to the Government of Gibraltar		
Short term advance	484,550	350,000
Taxation and social security	201,647	509,704
Corporation tax	67,539	33,549
Deferred income	68,829	39,978

Notes to the financial statements for the year ended 31 December 2004 - continued

4 Operating profit

	2004 £	2003 £
Operating profit is stated after charging:		
Wages and salaries	1,694,649	1,903,248
Social security costs	107,485	121,077
Other pension costs (see note 17)	126,214	120,443
Staff costs	1,928,348	2,144,768
Depreciation of tangible fixed assets	93,560	89,634
Loss on sale of tangible fixed assets	796	900

5 Director's emoluments

	2004 £	2003 £
Managing director's emoluments	56,669	54,405
Contributions to pension scheme	5,566	5,362

Contributions made to a defined contribution pension scheme are in respect of one director.

6 Employee information

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

	2004 No.	2003 No.
By activity:		
Production	82	81
Administration	9	9
	91	90

Included in the average number of production employees is an average of two trainees employed during 2004 (2003: 2).

Notes to the financial statements for the year ended 31 December 2004 – continued

7 Tax on profit on ordinary activities

Analysis of charge in year

	2004 £	2003 £
Current tax		
Gibraltar corporation tax for the financial year at 35%	39,010	33,549
Overprovision in prior periods	-	(366)
Deferred tax		
Originating timing differences (see note 11)	(6,363)	9,526
Tax on profit on ordinary activities	32,647	42,709

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower than the applicable rate of corporation tax for the company in the current year. The differences are explained below.

	2004 £	2003 £
Profit on ordinary activities before tax	114,783	122,215
Notional tax at 35%	40,174	42,775
Effects of:		
Expenses not deductible for tax purposes	-	123
Wear and tear allowances in excess of depreciation	(1,164)	(9,349)
Current tax charge for the year	39,010	33,549

Notes to the financial statements for the year ended 31 December 2004 – continued

8 Tangible fixed assets

	Motor vehicles £	Fixed plant £	Office equipment £	Total £
Cost				
At 1 January 2004	258,941	396,444	102,207	757,592
Additions	-	50,100	12,541	62,641
Disposals	(7,000)	-	-	(7,000)
At 31 December 2004	251,941	446,544	114,748	813,233
Depreciation				
At 1 January 2004	154,812	321,690	71,289	547,791
Charge for year	44,568	34,164	14,828	93,560
Disposals	(4,604)	-	-	(4,604)
At 31 December 2004	194,776	355,854	86,117	636,747
Net book value				
At 31 December 2004	57,165	90,690	28,631	176,486
At 31 December 2003	104,129	74,754	30,918	209,801

9 Stocks

	2004 £	2003 £
Stocks and work in progress		
Raw materials and consumables	340,131	432,578
Short term work in progress	67,210	100,194
Long term work in progress	1,034,519	649,987
	1,441,860	1,182,759

Notes to the financial statements for the year ended 31 December 2004 – continued

10 Debtors

	2004 £	2003 £
Amounts falling due within one year:		
Trade debtors	567,477	824,225
Other debtors	11,576	8,600
Amounts recoverable on contracts	937,421	435,283
	1,516,474	1,268,108

11 Creditors: amounts falling due within one year

	2004 £	2003 £
Government advance	484,550	350,000
Trade creditors	476,408	267,685
Other creditors	43,517	61,603
Taxation and social security	201,647	509,704
Corporation tax payable	67,539	33,549
Deferred tax (see below)	6,941	13,304
Payments on account	190,701	-
Accruals and deferred income	94,827	135,986
	1,566,130	1,371,831

Included in other creditors are pension contributions payable amounting to £7,104 (2003: £12,061).

The advance from the Government of Gibraltar is interest free with no fixed date for repayment.

The deferred tax liability consists of accelerated wear and tear allowances and the movement on the liability is shown below:

	2004 £	2003 £
At 1 January	(13,304)	(3,778)
Charged to the profit and loss account (see note 7)	6,363	(9,526)
At 31 December	(6,941)	(13,304)

Notes to the financial statements for the year ended 31 December 2004 – continued

12 Called up share capital

	2004 £	2003 £
Authorised, issued and fully paid		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000

13 Profit and loss account

	2004 £	2003 £
At 1 January	582,637	503,131
Retained profit for the financial year	82,136	79,506
At 31 December	664,773	582,637

14 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Profit for the year and net addition to shareholders' funds	82,136	79,506
At 1 January	1,582,637	1,503,131
At 31 December	1,664,773	1,582,637

Notes to the financial statements for the year ended 31 December 2004 – continued

15 Cash flow from operating activities

	2004 £	2003 £
Operating profit	111,267	119,899
Depreciation of tangible fixed assets	93,560	89,634
Loss on sale of tangible fixed assets	796	900
(Increase) in stocks	(259,101)	(350,232)
Decrease/(increase) in trade debtors	256,748	(467,037)
(Increase)/decrease in other debtors and amounts recoverable on contracts	(505,114)	310,389
Increase/(decrease) in trade creditors	208,723	(56,386)
Increase in other creditors	172,615	38,616
(Decrease)/increase in taxation and social security	(308,057)	289,921
(Decrease)/increase in accruals and deferred income	(41,159)	66,209
Net cash (outflow)/inflow from operating activities	(269,722)	41,913

16 Analysis of changes in net funds

	1 January 2004 £	Cash flow £	31 December 2004 £
Net cash			
Cash at bank and in hand	293,800	(197,717)	96,083
Deposits treated as liquid resources	(27,304)	27,304	-
	266,496	(170,413)	96,083
Liquid resources			
Deposits included in cash	27,304	(27,304)	-
Net funds	293,800	(197,717)	96,083

Notes to the financial statements for the year ended 31 December 2004 – continued**17 Pension commitments**

The company participates in three separate pension schemes, which are all funded schemes of the defined contribution type with assets held in separate trustee administered funds.

By virtue of acquired employment rights, certain employees are members of either the Gibraltar Shiprepair Limited Provident Fund or the Gibraltar Provident Trust Fund Pension Scheme.

Other employees, who are not members of either of the above schemes, were given the option of joining a new separate scheme, the Gibraltar Provident Trust (No 2) Pension Scheme, which was formally launched on 1 November 2000.

The company's pension cost for the year is disclosed in note 4.

18 Controlling party

The immediate and ultimate parent undertaking is Gibraltar Investment (Holdings) Limited, a company incorporated in Gibraltar.

According to the register kept by the company, Gibraltar Investment (Holdings) Limited has a 100% interest in the share capital of Gibraltar Joinery and Building Services Limited as at 31 December 2004. The directors regard the Government of Gibraltar as the ultimate controlling party by virtue of its 100% interest in the share capital of Gibraltar Investment (Holdings) Limited.