



**Gibraltar Joinery and Building
Services Limited**

**Annual report
for the year ended 31 December 2008**

Registered number: 25860

Gibraltar Joinery and Building Services Limited

Annual report for the year ended 31 December 2008

	Pages
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the financial statements	8 - 18

Directors' report for the year ended 31 December 2008

The directors present their report and the audited financial statements of the company for the year ended 31 December 2008.

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 company's turnover has been growing annually since the year ended 31 December 2004 when it amounted to £5.68M. The turnover for the year under review, namely, £22.86M represents an increase of nearly 302%. Among the projects with which the company is currently involved are the building of a new prison at Lathbury and significant works in connection with the projected new air terminal at North Front and its south road access for the tunnel contractor.

Results and dividends

The company made a profit after taxation during the year of £124,744 (2007: £93,165). No dividends were declared or paid during the year (2007: £nil).

The profit of £124,744 (2007: £93,165) was transferred to reserves.

Key performance indicators ("KPIs")

The company uses a number of financial indicators to assess its performance. These indicators are categorised into profitability, financial strength and the effectiveness of the company. Where there are indications that the performance of the company is deteriorating, remedial action is taken. The financial indicators are shown below:

	2008	2007	2006
Profitability			
Gross profit margin	3.49%	6.48%	7.81%
Net profit margin	0.65%	1.18%	1.77%
Financial strength			
Current ratio	1.30	1.38	1.38
Quick ratio	1.11	1.01	1.13
Effectiveness			
Return on capital employed	7.72%	6.90%	8.70%

Directors' report for the year ended 31 December 2008 - continued

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)
D D Tirathdas	(Non-executive)

Financial risk management objectives and policies

Information on the use of financial instruments by the Company and its management of financial risk is disclosed in Note 2 to the financial statements, in particular the Company's exposure to currency risk, credit risk, liquidity risk and cash flow interest rate risk.

Statement of directors' responsibilities

Gibraltar company law requires the directors to prepare financial statements for each financial period 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 Companies Act 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.

Auditors

The auditors, PricewaterhouseCoopers Limited, have indicated their willingness to continue in office. A resolution concerning their reappointment will be proposed at the annual general meeting.

By order of the Board



C Victory
Company Secretary

Gibraltar,

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

Report on the financial statements

We have audited the financial statements of Gibraltar Joinery and Building Services Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation and true and fair presentation of these financial statements in accordance with applicable law in Gibraltar and Gibraltar Accounting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with Gibraltar Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended.

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

Report on other legal and regulatory requirements

In addition to reporting on the financial statements, Gibraltar legal and regulatory requirements also require us to:

- (a) Report to you our opinion as to whether the financial statements have been properly prepared in accordance with the Companies Act, the Companies (Accounts) Act 1999 and other applicable legislation.
- (b) State in our report whether in our opinion the information given in the directors' report is consistent with the financial statements.
- (c) 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.

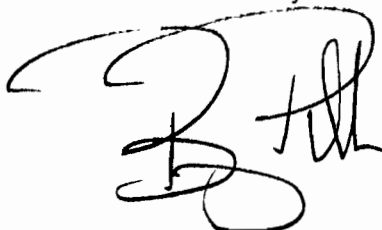
Opinion

In our opinion the financial statements have been properly prepared in accordance with the Companies Act, the Companies (Accounts) Act 1999 and other applicable legislation and the information given in the directors' report is consistent with the financial statements.

We have nothing to report to you in respect of our responsibility set out in (c) above.

Other matters

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Section 182 of the Companies Act and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Barry Pillans
Statutory auditor
For and on behalf of
PricewaterhouseCoopers Limited

5 October 2009

Profit and loss account for the year ended 31 December 2008

	Note	2008 £	2007 £
Turnover - continuing operations	4	22,855,349	10,547,914
Cost of sales		(22,057,733)	(9,864,004)
Gross profit		797,616	683,910
Administrative expenses		(664,759)	(574,095)
Operating profit - continuing operations	5	132,857	109,815
Other income	7	7,493	9,354
Interest receivable and similar income	8	8,235	6,290
Interest payable and similar charges	9	-	(1,184)
Profit on ordinary activities before taxation		148,585	124,275
Taxation	10	(23,841)	(31,110)
Profit for the year	17	124,744	93,165

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 profit for the year stated above and their historical cost equivalents.

Balance sheet as at 31 December 2008

	Note	2008 £	2007 £
Fixed assets			
Tangible assets	11	1,139,653	1,081,161
Current assets			
Stocks	12	534,923	738,139
Debtors	13	2,557,741	1,492,998
Cash at bank and in hand	20	518,267	536,903
		3,610,931	2,768,040
Creditors: amounts falling due within one year	14	(2,782,925)	(2,005,519)
Net current assets		828,006	762,521
Total assets less current liabilities		1,967,659	1,843,682
Provision for liabilities and charges	15	(42,333)	(43,100)
Net assets		1,925,326	1,800,582
Capital and reserves			
Called up share capital	16	1,000,000	1,000,000
Profit and loss account	17	925,326	800,582
Total shareholders' funds	18	1,925,326	1,800,582

The financial statements on pages 5 to 18 were approved by the board of directors on 21st September 2009 and were signed on its behalf by:



M Estella
Managing Director



JJ Capurro
Director

Cash flow statement for the year ended 31 December 2008

	Note	2008 £	2007 £
Net cash inflow from operating activities	19	352,660	444,724
Return on investments and servicing of finance			
Interest paid		-	(1,184)
Interest received on bank deposits		8,235	6,290
Net cash inflow from return on investments and servicing of finance		8,235	5,106
Capital expenditure and financial investment			
Proceeds on sale of tangible fixed assets		-	4,000
Purchase of tangible fixed assets	11	(282,893)	(319,825)
Net cash outflow from capital expenditure and financial investment		(282,893)	(315,825)
Net cash inflow before financing		78,002	134,005
Financing			
Repayment of Government loan		-	(62,522)
Net repayment of Government short-term advances		(96,638)	-
Net cash outflow from financing		(96,638)	(62,522)
Net (decrease)/increase in cash	20	(18,636)	71,483

Reconciliation of net cash flow to movement in net funds

	Note	2008 £	2007 £
Net (decrease)/increase in cash during the year		(18,636)	71,483
Repayment of Government loan		-	62,522
Repayment of Government short-term advances		96,638	-
Movement in net funds for the year	20	78,002	134,005
Net debt at 1 January		(4,735)	(138,740)
Net funds/(debt) at 31 December	20	73,267	(4,735)

Notes to the financial statements for the year ended 31 December 2008**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 Act and the Companies (Accounts) Act 1999.

Turnover

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

Turnover on contracts in progress is recognised according to the stage reached in the contract by reference to the value of the work done. A prudent estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. Costs include all direct expenditure and production overheads based on a normal level of activity.

Rental income

Rent is received in relation to the letting of space on the company's premises. Rental income is accounted for on an accruals basis.

Foreign currencies*(i) Functional and presentation currency*

Items included in these financial statements are measured and presented using British pounds (£), the currency of the primary economic environment in which the company operates (the 'functional currency'), which is also the company's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account. The company does not have any non-monetary assets and liabilities denominated in foreign currencies.

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
Buildings and improvements to premises	25 years

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

Notes to the financial statements for the year ended 31 December 2008 - continued**1 Accounting policies - continued****Impairment**

Tangible fixed assets are subject to an impairment review if there are events or changes in circumstances that indicate that their carrying amount may not be fully recoverable. The impairment review comprises a comparison of the carrying amount of the fixed assets with its recoverable amount, which is the higher of net realisable value and value in use. The carrying value of the fixed asset is written down by the amount of any impairment and this loss is recognised in the profit and loss account in the period in which it occurs. If the occurrence of an external event gives rise to the reversal of an impairment loss, the reversal is recognised in the profit and loss account and by increasing the carrying amount of the fixed asset in the period in which it occurs. The carrying amount of the fixed asset will only be increased up to the amount that it would have been had the original impairment not occurred.

Pensions

The company participates in a defined-contribution scheme. The cost of the contribution is charged against profit in the period to which the contribution relates.

Stocks and work-in-progress

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.

Long-term contracts

Long-term contracts represent 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.

The amount of long term contracts, at costs incurred, net of amounts transferred to cost of sales, after deducting foreseeable losses and payments on account not matched with turnover, is included in work-in-progress and stock as long term contract balances. The amount by which recorded turnover is in excess of payments on account is included in debtors as amounts recoverable on long term contracts. Payments in excess of recorded turnover and long term contract balances are included in creditors as payments received on account on long term contracts. The amount by which provisions or accruals for foreseeable losses exceed costs incurred, after transfers to cost of sales, is included within either provisions for liabilities and charges or creditors, as appropriate.

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.

Operating leases

Rentals payable under operating leases are charged to the profit and loss account as incurred over the lease term.

Notes to the financial statements for the year ended 31 December 2008 - continued**1 Accounting policies - continued****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.

Deferred tax is measured on a non-discounted basis.

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.

2 Management of financial risk

The company's operations expose it to a variety of financial risks that include the effects of currency risk, credit risk, liquidity risk and interest rate risk. The company seeks to limit the adverse effects on the financial performance of the company by monitoring levels of exposure.

(a) Currency risk

The company is exposed to currency risk in respect of its purchases of goods denominated in foreign currencies. The most significant currency to which the company is exposed is the euro. As the majority of the company's purchases are denominated in sterling and all euro denominated purchases are made in cash, the company has very little exposure to currency risk.

(b) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The company has implemented policies that require appropriate credit checks on potential customers before contracts for services are entered into with them. As the majority of the company's sales contracts are with the Government of Gibraltar, the company's exposure to credit risk is limited.

Notes to the financial statements for the year ended 31 December 2008 - continued

2 Management of financial risk - continued**(c) Liquidity risk**

The company actively maintains a mixture of long-term and short-term finance that is designed to ensure that the company has sufficient available funds for operations. The company maintain short-term flexibility in funding by receipt of advance payments from the Government in proportion to the work completed prior to the actual certification by Government surveyors.

(d) Cash flow interest rate risk

The company is exposed to changes in interest rates, primarily due to its financing and cash management activities. This risk is considered to be minimal to the company as the short term advance provided by the Government of Gibraltar is interest free.

3 Segmental reporting

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

4 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.

	2008 £	2007 £
Analysis of turnover		
Government of Gibraltar departments and sponsored bodies	21,890,514	10,003,116
Commercial work	964,835	544,798
	22,855,349	10,547,914

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

Notes to the financial statements for the year ended 31 December 2008 - continued

4 Related party transactions - continued

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.

	2008 £	2007 £
Amounts due from Government of Gibraltar departments and their sponsored bodies		
Trade debtors	514,875	617,834
Amounts due to the Government of Gibraltar		
Short term advance	445,000	541,638
Taxation and social security	104,513	269,250
Corporation tax	45,624	21,016
Other items which are not yet due from/(to) the Government of Gibraltar		
Work in progress	-	63,918
Amounts recoverable on contracts	1,587,609	502,674
Payments received on account	(30,031)	(241,333)

5 Operating profit

	2008 £	2007 £
Operating profit is stated after charging:		
Wages and salaries	2,972,314	2,653,055
Social security costs	140,509	126,159
Other pension costs (see note 21)	186,726	165,838
Staff costs	3,299,549	2,945,052
Depreciation of tangible fixed assets	224,401	164,313
Profit on sale of tangible fixed assets	-	(4,000)

Notes to the financial statements for the year ended 31 December 2008 - continued

6 Employee information

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

	2008 No.	2007 No.
By activity:		
Production	89	84
Administration	13	13
	102	97

One of the directors is a member of the company pension scheme.

7 Other income

	2008 £	2007 £
Rental income receivable	6,534	9,354
Other income	959	-
	7,493	9,354

8 Interest receivable and similar income

	2008 £	2007 £
Bank interest receivable	8,235	6,290

9 Interest payable and similar charges

	2008 £	2007 £
Interest payable on Government of Gibraltar loan	-	1,184

Notes to the financial statements for the year ended 31 December 2008 - continued

10 Tax on profit on ordinary activities**(a) Analysis of tax charge for the year**

	2008 £	2007 £
Current tax		
Gibraltar corporation tax for the financial year at 22% (2007: 30%)	24,608	21,016
Deferred tax		
Origination and reversal of timing differences (see note 15)	(767)	10,094
Tax on profit on ordinary activities	23,841	31,110

(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.

	2008 £	2007 £
Profit on ordinary activities before tax	148,585	124,275
Notional tax at 22% (2007: 30%)	32,689	37,283
Effects of:		
Bank interest received not subject to taxation	(1,812)	(1,887)
Expenses not deductible for tax purposes	739	504
Wear and tear allowances in excess of depreciation	(7,008)	(14,639)
Tax losses utilised	-	(245)
Current tax charge for the year	24,608	21,016

Notes to the financial statements for the year ended 31 December 2008 - continued

11 Tangible assets

	Motor vehicles £	Fixed plant, machinery & equipment £	Office equipment £	Buildings & improvements to premises £	Total £
Cost					
At 1 January 2008	541,880	729,912	178,864	627,155	2,077,811
Additions	95,443	158,476	11,443	17,531	282,893
At 31 December 2008	637,323	888,388	190,307	644,686	2,360,704
Accumulated depreciation					
At 1 January 2008	323,010	495,747	138,158	39,735	996,650
Charge for the year	92,508	85,775	20,830	25,288	224,401
At 31 December 2008	415,518	581,522	158,988	65,023	1,221,051
Net book value					
At 31 December 2008	221,805	306,866	31,319	579,663	1,139,653
At 31 December 2007	218,870	234,165	40,706	587,420	1,081,161

12 Stocks

	2008 £	2007 £
Raw materials and consumables	274,726	320,878
Short term work in progress	260,197	351,598
Long term work in progress	-	65,663
	534,923	738,139

13 Debtors

	2008 £	2007 £
Amounts falling due within one year:		
Trade debtors	794,744	728,633
Other debtors	72,647	61,681
Amounts recoverable on contracts	1,690,350	702,684
	2,557,741	1,492,998

Notes to the financial statements for the year ended 31 December 2008 - continued

14 Creditors: amounts falling due within one year

	2008 £	2007 £
Government of Gibraltar - short term advance	445,000	541,638
Trade creditors	2,132,506	895,746
Other creditors	6,245	9,347
Taxation and social security	104,513	269,250
Corporation tax payable	45,624	21,016
Payments received on account	30,031	241,333
Accruals	19,006	27,189
	2,782,925	2,005,519

Included in other creditors are pension contributions payable amounting to £nil (2007: £8,974).

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

15 Provision for liabilities and charges

	2008 £	2007 £
At 1 January	(43,100)	(33,006)
Charged to the profit and loss account (see note 10)	767	(10,094)
At 31 December	(42,333)	(43,100)

	2008 £	2007 £
Deferred taxation provided in the accounts comprises		
Accelerated capital allowances	(42,333)	(43,100)

16 Called up share capital

	2008 £	2007 £
Authorised, allotted and fully paid		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000

Notes to the financial statements for the year ended 31 December 2008 - continued

17 Profit and loss account

	2008 £	2007 £
At 1 January	800,582	707,417
Profit for the year	124,744	93,165
At 31 December	925,326	800,582

18 Reconciliation of movement in shareholders' funds

	2008 £	2007 £
Profit for the year	124,744	93,165
At 1 January	1,800,582	1,707,417
At 31 December	1,925,326	1,800,582

19 Cash flow from operating activities

	2008 £	2007 £
Operating profit	132,857	109,815
Depreciation of tangible fixed assets	224,401	164,313
Profit on sale of tangible fixed assets	-	(4,000)
Other income	7,493	9,354
Decrease/(increase) in stocks	203,216	(216,792)
(Increase)/decrease in trade debtors	(66,111)	212,576
(Increase)/decrease in other debtors, prepayments and accrued income and amounts recoverable on contracts	(998,632)	116,248
Decrease in trade creditors	1,236,760	410,580
(Decrease)/increase in other creditors	(3,102)	8,660
(Decrease) in taxation and social security	(164,737)	(181,151)
(Decrease) in payments received on account	(211,302)	(75,847)
(Decrease) in accruals and deferred income	(8,183)	(109,032)
Net cash inflow from operating activities	352,660	444,724

Notes to the financial statements for the year ended 31 December 2008 - continued

20 Analysis of changes in net funds

	1 January 2008 £	Cash flow £	31 December 2008 £
Cash at bank and in hand	536,903	(18,636)	518,267
Government advance	(541,638)	96,638	(445,000)
Net (debt)/funds	(4,735)	78,002	73,267

21 Pension commitments

The company participates in a defined contribution pension scheme with the assets held in a separate trustee administered fund.

The company's pension costs for the year are disclosed in note 5.

22 Ultimate 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 2008. 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.

23 Post balance sheet events

After the year end it was announced that a subsidiary company of Gibraltar Joinery and Building Services Limited, namely Gibraltar General Construction Company Limited, had been set up for the sole purpose of taking over the operations of Haymills (Gibraltar) Limited, after Haymills (Gibraltar) Limited was placed into Creditors Voluntary Liquidation. Discussions are currently ongoing with Government regarding the intricacies surrounding the transfer of these operations.