Company Registration No. 00716654

JJ MCGINLEY LIMITED

Report and Financial Statements

For the year ended 31 December 2010

REPORT AND FINANCIAL STATEMENTS 2010

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M J Joyce	
R B Irvine	(resigned 15 February 2011)
O G McLaughlin	(resigned 18 February 2010)
J Flood	(appointed 18 February 2010)

SECRETARY

P Birch

REGISTERED OFFICE

Gordon House
Sceptre Way
Bamber Bridge
Preston
PR5 6AW

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester
United Kingdom

DIRECTORS' REPORT

The dırectors present theır annual report and the audıted financıal statements for the year ended 31 December 2010

ACTIVITIES

The prıncıpal actıvıty of the company ıs that of buıldıng maıntenance contractors

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

Durıng the year, revenue decreased by 12% to £22 7m and operatıng profits decreased from £0 7m to £0 45m

The reductıon ın turnover and profit reflects pressures ın the socıal housıng market prıncıpally as a result of macro economıc condıtıons and spendıng cuts by local authorıtıes This has necessıtated some restructurıng affectıng people and property

In addıtıon, durıng the year, the company reached an agreement wıth the prevıous owners of the company whereby the lıabılıty for the fine levıed on the company by the Office of Faır Tradıng ın 2009 of £510,000 was taken on by them As a consequence, the provısıon made ın 2009 was released

The dırectors are satısfied wıth the performance ın the year and are optımıstıc for the future

The dırectors consıder the key performance ındıcators are all financıal ın nature, as dısclosed above

The balance sheet of the company ıs shown on page 7

RESULTS, DIVIDENDS AND TRANSFERS TO RESERVES

The profit after tax for the year ended 31 December 2010 ıs £462,085 (2009 £745,641)

No dıvıdends were paıd ın the year (2009 £nıl) The retaıned profit for the year of £462,085 (2009 £742,416) has been transferred to reserves

PRINCIPAL RISKS AND UNCERTAINTIES

The company's busıness model ıs based on delıverıng buıldıng maıntenance servıces to customers ın the publıc sector The company ıs therefore exposed to credıt rısk although thıs ıs mıtıgated by the hıgh proportıon of sales to local government/natıonal government bodıes There are controls ın place over other customer acceptance, ınvoıcıng and cash collectıon

The company pays careful attentıon to the management of ıts cash and workıng capıtal Controls are ın place to ensure that approprıate payment terms are ıncluded ın contracts wıth clıents, subcontractors and supplıers Adequate bank facılıtıes are maıntaıned wıthın Enterprıse Group Holdıngs Lımıted ("Enterprıse Group") and approprıate workıng capıtal management procedures are ın place to ensure the company operates wıthın these facılıtıes

DIRECTORS

The dırectors who served durıng the year and thereafter are set out on page 1

EMPLOYMENT

It ıs the company's polıcy to provıde employees wıth relevant ınformatıon on a regular basıs and to seek theır vıews on matters that concern them The company's aıms, objectıves and financıal performance are communıcated through management brıefings and other less formal communıcatıons

The company's polıcy ıs to provıde, whenever possıble, employment opportunıtıes for dısabled people to encourage and assıst theır recruıtment, traınıng, career development and promotıon, and to retaın employees who become dısabled The company also operates an equal opportunıtıes polıcy

DIRECTORS' REPORT (continued)

ENVIRONMENT

Enterprise Group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce the damage that might be caused by the Enterprise Group's activities The company operates within the Enterprise Group's policies, which are described in that company's annual report and do not form part of this report Incentives designed to minimise the company's impact on the environment include recycling and reducing energy consumption

GOING CONCERN

After making enquiries, and based on the assumptions outlined in note 1 to the financial statements, the directors have concluded that the company has adequate resources to continue in operational existence for the foreseeable future For this reason, they continue to adopt the going concern basis of accounting in preparing the annual financial statements

AUDITOR

Each of the persons who is a director of the company at the date when this report is approved confirm that

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditor is unaware, and
- The director has taken all the steps that they ought to have taken as a director to make them aware of any relevant audit information and to establish that the company's auditor is aware of that information

The confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP has expressed their willingness to continue as the company's auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting in accordance with section 485 of the Companies Act 2006

Approved by the Board of Directors
and signed by order of the Board,

P Birch

Company Secretary

28 April 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

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) Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006 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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JJ MCGINLEY LIMITED

We have audited the financial statements of JJ McGinley Limited for the year ended 31 December 2010 which comprise profit and loss account, the statement of total recognised gains and losses, the balance sheet, and the related notes 1 to 15 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Timothy Edge (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom
28 April 2011

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2010

	Note	2010 £	2009 £
TURNOVER	1	22,653,913	25,843,586
Cost of sales		(19,611,420)	(22,075,543)
GROSS PROFIT		3,042,493	3,768,043
Administrative expenses		(2,591,722)	(3,028,631)
OPERATING PROFIT	3	450,771	739,412
Interest receivable and similar income	4	5,623	5,284
Interest payable and similar charges		-	(2,280)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		456,394	742,416
Tax on profit on ordinary activities	5	5,691	3,225
PROFIT FOR THE FINANCIAL YEAR	11	462,085	745,641

The above results all relate to continuing operations

The company has no recognised gains or losses other than the profit for the current and prior year shown above Accordingly, a separate statement of total recognised gains and losses has not been prepared

In addition, there were no other movements in shareholders' funds and as a consequence a reconciliation of movements in shareholders' funds has not been presented

BALANCE SHEET
As at 31 December 2010

	Note	2010		2009	
		£	£	£	2
FIXED ASSETS					
Tangible assets	6		-		30,872
CURRENT ASSETS					
Debtors Amounts falling due within one year	7	5,642,018		7,055,268	
Cash at bank and in hand		1,919,551		1,878,112	
		7,561,569		8,933,380	
CREDITORS: amounts falling due within one year	8	(4,786,553)		(6,651,321)	
NET CURRENT ASSETS			2,775,016		2,282,059
TOTAL ASSETS LESS CURRENT LIABILITIES			2,775,016		2,312,931
NET ASSETS			2,775,016		2,312,931
CAPITAL AND RESERVES					
Called up share capital	10		245,000		245,000
Profit and loss account	11		2,530,016		2,067,931
SHAREHOLDER'S FUNDS			2,775,016		2,312,931

These financial statements were approved by the Board of Directors on 28 April 2011

Signed on behalf of the Board of Directors

Director

MARTIN JOYCE

NOTES TO FINANCIAL STATEMENTS
Year ended 31 December 2010

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared in accordance with applicable law and United Kingdom accounting standards which have been consistently applied throughout the current and prior year The particular accounting policies are described below The financial statements are prepared under the historical cost convention

Basis of preparation – going concern

The performance, financial position and the key risks impacting the company are detailed in the Directors' Report on page 2 to 3 The company is a subsidiary of Enterprise Group Holdings Limited, which manages its working capital on a pooled basis across the Group Based on the strong trading relationship between this company and the parent company, the directors of this company have sought and received a confirmation from the parent company that it will provide support as may be necessary for the foreseeable future In relying on this parent company support, the directors of this company are cognisant of the following going concern disclosure which appears in the financial statements of Enterprise Group Holdings Limited for the year ended 31 December 2010

A review of business performance is set out in the Chairman's Statement and Business Review of the ultimate parent company, Enterprise Group Holdings Limited A description of the group's borrowing facilities is included in note 19 to those accounts As described in that note, the group's primary borrowings are made up of senior term bank loans not due for repayment until March 2015-2016 Under the senior bank facilities, the group is required to comply with various financial covenants which are tested quarterly

During the year the group has been impacted by the economic downturn, with both revenue and operating profit adversely affected in 2010 Nonetheless, despite the challenging economic environment and the net loss reported for the year, the group has generated strong operating cash-flow and continues to forecast a strong operating cash-flow In addition, all bank covenants were met during the year and have continued to be met subsequent to the year-end

The directors have prepared forecasts for the purpose of their going concern review which extend for a period of at least 12 months from the date of signing these financial statements These forecasts show that the group will comply with its financial covenants throughout the forecast period, as well as operating within its available credit facilities At certain points, headroom on the leverage covenant is forecast to be limited to between 1% and 6% of EBITDA The key sensitivities relate to the continued uncertainty facing the group in relation to customer demand, particularly in the Public Sector, and unforeseen adverse working capital movements In the circumstances that a covenant breach looks possible, management have a number of mitigating actions available to them, including reducing discretionary expenditure, the active management of working capital and renegotiating key contractual terms with suppliers as well as additional cost saving initiatives

The directors are confident that these mitigating actions would be sufficient to ensure that the group complies with its covenants throughout the forecast period However, should a covenant breach occur, the facilities agreements contain an "equity cure" clause under which the group has 25 business days (after the date on which the relevant Compliance Certificate is required to be delivered) to remedy the breach through a capital injection from its shareholders The directors have obtained assurance from the major shareholders that they would in principle, if required, continue to provide financial support to the group subject to customary approval from their investment committee

Consequently, after making enquiries, including reviewing the forecasts, sensitivities and mitigating actions described above, the directors have concluded that they have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the annual consolidated financial statements

Cash flow statement

The company has taken advantage of the exemption included in FRS1 "Cash Flow Statements" in not producing a cash flow statement as its cash flows are included in the publicly available consolidated cash flow statement of the ultimate parent company

NOTES TO FINANCIAL STATEMENTS (continued)
Year ended 31 December 2010

1. ACCOUNTING POLICIES (continued)

Turnover

All turnover arose in the UK Where the outcome of the contract can be estimated reliably, revenue and cost are recognised by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion of total costs at the balance sheet date to the estimated total cost of the contract Where it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and any provision for impairment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Fixtures, fittings and equipment	20% on cost

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 trade creditors as payments on accounts

Leases

Operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

Pensions

The company participates in several defined contribution schemes operated by Enterprise Group Holdings Limited Contributions to defined contribution pension schemes are charged to the profit and loss account of the accounting year to which the contributions relate

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred taxation is provided in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events have occurred which result in an obligation to pay more or less tax in the future

Deferred tax is measured at the average tax rates which apply in the period in which the timing differences are expected to reverse Deferred tax is measured on a non-discounted basis

Deferred tax assets are regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it is more likely than not that there will be adequate future taxable profits against which to recover carried forward tax losses

NOTES TO FINANCIAL STATEMENTS (continued)
Year ended 31 December 2010

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2010	2009
	£	£
Directors' emoluments		
Remuneration	115,000	115,000
Company contributions to money purchase pension schemes	11,500	11,500
	126,500	126,500

	No	No.
Number of directors in the pension scheme	1	1

	No	No.
Average number of persons employed (including executive directors)		
Operatives	70	71
Management and administration	53	33
	123	104

	2010	2009
	£	£
Staff costs during the year (excluding directors)		
Wages and salaries	3,282,171	3,790,342
Social security costs	352,378	387,542
Pension costs	38,605	55,803
	3,673,154	4,233,687

3. OPERATING PROFIT

	2010	2009
	£	£
Operating profit is stated after charging/(crediting):		
Loss on disposal of fixed assets	30,872	-
Depreciation of tangible assets	-	24,493
Provision for Office of Fair Trading fine	(510,000)	510,000
Operating lease rentals - property	71,250	67,500

Auditor's remuneration for the audit of the company's annual financial statements and non-audit services totals £20,000 and £4,000 respectively (2009 same) In the current year, this has been borne by another group company (2009 same)

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2010	2009
	£	£
Intra group interest	5,623	5,284

NOTES TO FINANCIAL STATEMENTS (continued)
Year ended 31 December 2010

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2010 £	2009 £
United Kingdom corporation tax at 28% (2009 28%)	-	-
Deferred tax		
Deferred tax credit – current year	(5,691)	(58)
Deferred tax credit – prior year	-	(3,167)
Total tax credit for the year	(5,691)	(3,225)

5. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

The current tax assessed for the year is lower (2009 lower) than that resulting from applying the standard rate of corporation tax in the UK at 28% (last year 28%)

The differences are explained below

	2010 £	2009 £
Profit on ordinary activities before tax	456,394	742,416
Tax at 28% (2009 28%) thereon	127,790	207,876
Effects of		
Expenses not deductible for tax purposes	8,644	-
Group relief claimed	(133,481)	(211,043)
Difference between depreciation and capital allowances	(2,953)	3,167
Current tax charge for the year	-	-

6. TANGIBLE FIXED ASSETS

	Fixtures, fittings & equipment £
Cost	
At 1 January 2010 and	135,048
Disposals	(135,048)
At 31 December 2010	-
Accumulated depreciation	
At 1 January 2010	104,176
Disposal	(104,176)
At 31 December 2010	-
Net book value	
At 31 December 2010	-
At 31 December 2009	30,872

NOTES TO FINANCIAL STATEMENTS (continued)
Year ended 31 December 2010

7. DEBTORS

	2010 £	2009 £
Amounts due within one year		
Trade debtors	1,413,577	693,749
Amounts recoverable on contracts	2,861,756	4,466,154
Deferred tax (see note 9)	11,812	6,121
Prepayments and accrued income	270,387	29,244
Amounts due from parent company	1,084,486	1,860,000
	5,642,018	7,055,268

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Payments received on account	157,362	401,550
Trade creditors	4,174,461	4,786,709
Amounts owed to group undertakings	-	531,606
Taxation and social security	179,730	354,477
Other creditors and accruals	275,000	576,979
	4,786,553	6,651,321

9. DEFERRED TAXATION

	£
Balance at 1 January 2010 - asset	6,121
Credit to profit and loss account	5,691
Balance at 31 December 2010- asset	11,812

The analysis of the deferred tax asset is as follows

	2010 £	2009 £
Depreciation in excess of capital allowances	11,812	6,121

The deferred tax asset is included within debtors, note 7

The directors have considered the company's forecast profits in concluding that the deferred tax asset should be recognised

NOTES TO FINANCIAL STATEMENTS (continued)
Year ended 31 December 2010

10 CALLED UP SHARE CAPITAL

	2010	2009
	£	£
Called up, allotted and fully paid		
245,000 (2009 245,000) ordinary shares of £1 each	245,000	245,000

11. RESERVES

	Profit and loss account
	£
Balance at 1 January 2010	2,067,931
Profit for the financial year	462,085
Balance at 31 December 2010	2,530,016

12 OPERATING LEASE COMMITMENTS

	31 December 2010		31 December 2009	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Leases which expire				
Within 1 year	-	-	67,500	-

13. ULTIMATE PARENT COMPANY

The company's ultimate parent company and controlling party is Enterprise Group Holdings Limited, a company registered in England and Wales

The smallest group in which the results of the company are consolidated is that headed by Enterprise plc The largest group in which the results of the company are consolidated is that headed by Enterprise Group Holdings Limited Copies of the Enterprise Group Holdings financial statements can be obtained from its registered office at Gordon House, Sceptre Way, Bamber Bridge, Preston, PR5 6AW

14. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS 8 "Related Party Disclosures" and has not disclosed transactions with other wholly owned undertakings within the Enterprise Group

During the year the company traded with Modern Housing Solutions (Prime) Limited which is 33 25% respectively owned by a subsidiary of Enterprise Group Holdings Limited The company made sales of £11,386,739 (2009 £18,064,862) to Modern Housing Solutions (Prime) Limited There was £273,707 (2009 £66,304) outstanding from Modern Housing Solutions (Prime) Limited at the year end This balance is included within trade debtors in note 7

15 CONTINGENT LIABILITIES

The company is party to a composite guarantee and mortgage debenture in favour of Lloyds TSB Bank plc to secure the borrowings of Enterprise plc At 31 December 2010 the gross borrowings of Enterprise plc secured by this guarantee were £540 million (2009 £540 million)