

AMALGAMATED CONSTRUCTION LIMITED

**Report and Financial Statements
For the year ended
31st December 2008**

THURSDAY



ADX018HA

A10

26/03/2009

173

COMPANIES HOUSE

AMALGAMATED CONSTRUCTION LIMITED

Annual report and financial statements for the year ended 31st December 2008

Contents

Page :

- 1 Directors, Secretary and Registered Office
- 2 Report of the directors
- 5 Report of the independent auditors
- 6 Profit and loss account
- 7 Statement of total recognised gains and losses
- 8 Balance sheet
- 9 Statement of accounting policies
- 11 Notes forming part of the financial statements

AMALGAMATED CONSTRUCTION LIMITED

Directors, Secretary and Registered Office

Directors

D.M. Jackson	Executive Chairman and Chief Executive
R.R. Instone	Operations Director
M. Turner	Commercial Director
D.W. Toffolo	Financial Director

Secretary

D.W. Toffolo

Registered Office

Amco House
Cedar Court Office Park
Denby Dale Road
Wakefield
WF4 3QZ

Registered in England : Company Number - 995892

AMALGAMATED CONSTRUCTION LIMITED

Report of the directors for the year ended 31st December 2008

The directors present their report together with the audited financial statements for the year ended 31st December 2008.

1. Principal activities and business review

Amalgamated Construction is a multi-disciplinary specialist construction and engineering company operating throughout the UK across the rail, energy and engineering sectors.

On 11th April 2008 Amalgamated Construction Ltd, together with a number of other businesses, was purchased by Amco Group Limited from Amco Corporation Plc as part of a management buyout.

In 2008 the continuing strong demand for its specialist services resulted in a further year of strong growth and profitable performance across all activities with both turnover and profitability exceeding budgets.

Business activities are focused on markets where we can continue the growth pattern achieved over recent years and are balanced between asset creation, renewal, refurbishment and maintenance for blue chip clients in the rail, energy and engineering markets and across both the public and private sectors.

Amco Rail continued to enhance its reputation in this specialist market through the successful delivery of a wide range of multi-disciplined civils, structures, building, maintenance and engineering projects for Network Rail and associated organisations. The business specialises in tunnel and shaft refurbishment, structures refurbishment and replacement, trackside civils works, the new build and refurbishment of lineside structures, the refurbishment of mechanical and electrical installations and the delivery of a wide range of planned and reactive maintenance services.

Amco Energy provides multi-disciplinary design, project management, construction, refurbishment, commissioning and maintenance services to the fossil fuel, nuclear and hydro energy generation and power distribution sectors.

Amco Engineering provides a similar range of services but focused across the utilities, environmental, transport, waterways, ports, mining, industrial and public sectors.

The company retains specialist engineering skills, resources and assets relating to:

- the construction, maintenance and refurbishment of below ground structures, in particular tunnels and shafts, for the rail, utilities, energy, transport and mining sectors
- the design and construction of bulk materials handling facilities with particular expertise in the energy generation, industry and ports sectors
- the design, construction and maintenance of moving structures including bridges, locks and flood gates

Key Performance Indicators

	2008	2007
Operating profit margin as a percentage of turnover	13.3%	2.6%
Environmental impact (scored out of 10)	7.7	8.0
Client satisfaction (scored out of 10)	7.9	8.4
Training (days per year, per employee)	2.1	2.7
Number of reportable accidents per 100,000 employed	0.3	0.1

Principal Risks and Uncertainties

The principal risk for the company is contract risk, either agreeing inappropriate contract terms at the beginning of the contract process or failing to deliver contractual obligations. In order to mitigate these risks, significant senior management effort is invested in the agreement of contractual terms and the monitoring of performance against budget.

AMALGAMATED CONSTRUCTION LIMITED

Report of the directors for the year ended 31st December 2008 (continued)

1. Principal activities and business review (continued)

Going Concern Assumption

The Audit Practices Board issued bulletin 2008/10 "Going concern issues during the current economic conditions" and the directors have considered this when preparing the financial statements.

The company has adequate financial resources and a significant level of secured work. A large proportion of the company's income is derived from publicly funded and infrastructure customers who the directors believe will be less affected by the current economic environment. In addition the company is not reliant on any individual key supplier. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and accordingly they continue to adopt the going concern basis in preparing the report and financial statements.

2. Results and dividends

The profit and loss account is set out on page 6 and shows the profit for the year.

The retained profit has been transferred to profit and loss account reserves. The directors declared and paid a dividend of £3,000,000 on 23rd January 2009.

3. Directors

The directors in office at the end of the year were Messrs. D.M. Jackson, M. Turner and R.R. Instone, all of whom served throughout the year, together with Mr D. W. Toffolo who was appointed on 16th April 2008.

4. Disabled persons

The company's policy is to give sympathetic consideration, in both recruitment and training, to the problems of the disabled, and to assist them in developing their knowledge and skills to undertake greater responsibilities wherever possible.

5. Employee involvement

Information is made available to employees at the discretion of the directors.

6. Payment policy

The company's policy is to agree terms and conditions with suppliers before business takes place and to pay agreed invoices in accordance with the terms of payment. Trade creditors at the year end amount to 27 days (2007 - 19 days) of average supplies for the year.

7. Statement of directors' responsibilities

The directors are responsible for preparing the report of the directors 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing these financial statements the directors are required to select suitable accounting policies and then apply them consistently, to make judgments and estimates that are reasonable and prudent, to state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

AMALGAMATED CONSTRUCTION LIMITED

Report of the directors for the year ended 31st December 2008 (continued)

7. Statement of directors' responsibilities (continued)

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 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.

In so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware and the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

8. Financial risk management objectives and policies

The company uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risks arising from the company's financial instruments are interest rate risk, liquidity risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous periods.

Interest rate risk

The company finances its operations through a mixture of retained profits, inter-company accounts and bank borrowings. The company's exposure to interest rate fluctuations on its borrowings is managed on a Group basis by the use of both fixed and floating facilities.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily this is achieved through inter-company accounts or through loans arranged at Group level. Short term flexibility is achieved by overdraft facilities.

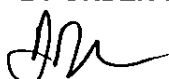
Credit risk

The company's principal credit risk arises from trade debtors. In order to manage credit risk the directors set credit limits for customers based on payment history and third party credit references. In addition bad debt insurance is maintained to reduce credit risk to an acceptable level.

9. Auditors

On 1st April 2008 Grant Thornton UK LLP resigned as auditors of the company. On 2nd April 2008 the directors appointed KPMG LLP to fill the casual vacancy. KPMG LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



D.W. Toffolo

Secretary

25th March 2009

AMALGAMATED CONSTRUCTION LIMITED

Report of the independent auditors

To the members of AMALGAMATED CONSTRUCTION LIMITED

We have audited the financial statements of Amalgamated Construction Limited for the year ended 31st December 2008 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the statement of accounting policies and notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

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 directors and auditors

The directors' responsibilities for preparing the report of the directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 3.

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. We also report to you whether in our opinion the information given in the report of the directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the report of the directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

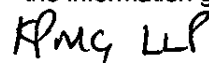
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31st December 2008 and of the company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the report of the directors is consistent with the financial statements.



KPMG LLP

Registered Auditors

Chartered Accountants

Leeds

25th March 2009

AMALGAMATED CONSTRUCTION LIMITED

Profit and loss account for the year ended 31st December 2008

	Note	2008		2007	
		£	£	£	£
Turnover	1		75,662,010		69,521,012
Raw materials and consumables		7,827,379		6,053,184	
Other external charges		<u>26,275,342</u>		<u>31,363,196</u>	
			<u>(34,102,721)</u>		<u>(37,416,380)</u>
			41,559,289		32,104,632
Staff costs	2	26,992,278		25,469,040	
Depreciation		104,037		624,691	
Other operating charges		<u>4,430,511</u>		<u>4,209,268</u>	
			<u>(31,526,826)</u>		<u>(30,302,999)</u>
Operating profit			10,032,463		1,801,633
Net interest	3		275,431		4,793
Other finance income	14		<u>77,000</u>		<u>0</u>
Profit on ordinary activities before taxation	1		10,384,894		1,806,426
Tax on profit on ordinary activities	4		<u>(3,026,837)</u>		<u>(591,421)</u>
Profit on ordinary activities after taxation	11		<u><u>7,358,057</u></u>		<u><u>1,215,005</u></u>

All the above transactions relate to continuing activities.

There are no recognised gains or losses other than the profit for the financial year.

The statement of accounting policies and notes 1 to 15 form part of these financial statements.

AMALGAMATED CONSTRUCTION LIMITED

Statement of total recognised gains and losses for the year ended 31st December 2008

	Note	<u>2008</u> £'000	<u>2007</u> £'000
Profit for the financial period		7,358,057	1,215,005
Gain on initial recognition of pension surplus	14	238,000	0
Actuarial gain recognised in the pension schemes	14	307,000	0
Pension asset not recognised in accordance with paragraph 67 of FRS 17	14	(1,136,000)	0
Deferred tax on pension movements	4	168,400	0
Total recognised gains for the period		<u><u>6,935,457</u></u>	<u><u>1,215,005</u></u>

The statement of accounting policies and notes 1 to 15 form part of these financial statements.

AMALGAMATED CONSTRUCTION LIMITED

Balance sheet as at 31st December 2008

	Note	2008		2007	
		£	£	£	£
Fixed assets					
Tangible assets	5		289,084		1,585,307
Current assets					
Stock	6	48,150		3,058,593	
Amounts recoverable on contracts		10,062,073		10,080,247	
Debtors	7	15,942,524		9,232,817	
Cash at bank and in hand		<u>1,998,951</u>		<u>242,074</u>	
		28,051,698		22,613,731	
Creditors: amounts falling due within one year	8	<u>(15,726,052)</u>		<u>(18,516,765)</u>	
Net current assets			<u>12,325,646</u>		<u>4,096,966</u>
Net assets excluding pension asset			12,614,730		5,682,273
Pension Asset	14		<u>3,000</u>		<u>0</u>
			<u>12,617,730</u>		<u>5,682,273</u>
Capital and reserves					
Called up share capital	10		3,000,000		3,000,000
Profit and loss account	11		<u>9,617,730</u>		<u>2,682,273</u>
Shareholders' funds	12		<u>12,617,730</u>		<u>5,682,273</u>

The financial statements were approved by the Board of Directors on 25th March 2009.



D.M. JACKSON Executive Chairman
& Chief Executive



D.W. TOFFOLO Financial Director

The statement of accounting policies and notes 1 to 15 form part of these financial statements.

AMALGAMATED CONSTRUCTION LIMITED

Statement of accounting policies

These financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and under the historical cost convention.

The company is exempt from the requirements of Financial Reporting Standard 8 to disclose transactions within the Group headed by Amco Corporation Plc up to 11th April 2008 and with members of the group headed by Amco Group Limited after that date.

No statement of cashflows has been presented as the cashflows of the company have been incorporated into the group financial statements.

The principal accounting policies of the company have remained unchanged from the previous year.

(a) Turnover

Turnover is the total amount receivable in respect of work done, including certified amounts recoverable on contracts, and services provided, excluding value added tax.

In accordance with FRS 12 the company does not recognise the turnover and profit attributable to claims and disputed amounts on contracts until the recovery of these amounts is considered virtually certain. These disputed amounts and claims may arise on a wide range of contractual matters. The directors consider that detailed disclosures would prejudice the company's ability to secure satisfactory settlements.

(b) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated to write off the cost of fixed assets less estimated residual value by equal annual instalments over their expected useful lives.

The rates generally applicable are:

Plant and equipment	5% to 33.3%
Motor vehicles	25%

(c) Stock

Stock is valued at the lower of cost and net realisable value.

(d) Contract work in progress

Contract work in progress is included in turnover on the basis of independent certification of value of work done. Unpaid certified work is classified as amounts recoverable on contracts.

Costs incurred to carry out work on long-term contracts are matched with turnover.

Provision is made for foreseeable losses on all contracts based on the loss which is currently estimated to arise over the duration of any contract, irrespective of the amount of work carried out at the balance sheet date.

AMALGAMATED CONSTRUCTION LIMITED

Statement of accounting policies (continued)

(e) Deferred tax

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

(f) Retirement benefits

Defined Contribution Pension Schemes

The pension costs charged against operating profits represent the amount of the contributions payable to the schemes in respect of the accounting period.

Defined Benefit Pension Schemes

Previously the company participated in a defined benefit pension scheme which was operated by Amco Corporation Plc, but was unable to identify its share of the underlying assets and liabilities. Contributions and pension costs were based on pension costs across the Group as a whole. The pension costs charged against operating profit by the company were the contributions payable to the scheme in respect of the accounting year.

Following the management buy out of Amalgamated Construction and a number of its fellow Group companies from Amco Corporation Plc by Amco Group Limited, a bulk transfer of all members of the scheme not associated with Amco Group was undertaken. As a result from 2008 the FRS 17 disclosures are now included as part of the company's accounts and the scheme surplus is included on the company balance sheet. 2007 comparative figures have not been provided as these provide no meaningful comparison to the 2008 figures.

Scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates that have terms to maturity approximating to the terms of the related liability. Past service cost is recognised as an expense on a straight-line basis over the average period until the benefits vest. To the extent that benefits are already vested the company recognises past service cost immediately.

Actuarial gains and losses are recognised immediately through the statement of total recognised gains and losses (STRGL). The net surplus or deficit is presented with other net assets on the balance sheet. The related deferred tax is shown with other deferred tax balances. A surplus is recognised only to the extent that it is recoverable by the company.

The current service cost, past service cost and costs from settlements and curtailments are charged against other operating charges. Interest on the scheme liabilities and the expected return on scheme assets are included in other finance income/costs.

Post-employment benefits other than pensions are accounted for in the same way.

(g) Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the period of the lease term.

AMALGAMATED CONSTRUCTION LIMITED

Notes forming part of the financial statements for the year ended 31st December 2008

1. Turnover and profit on ordinary activities before taxation

Turnover and profit on ordinary activities before taxation are derived from the company's continuing activity of specialist construction and engineering.

Analysis of turnover by geographical area:

	<u>2008</u>	<u>2007</u>
	£	£
United Kingdom	73,734,704	59,354,573
Africa	0	8,557,648
Europe	<u>1,927,306</u>	<u>1,608,791</u>
	<u>75,662,010</u>	<u>69,521,012</u>

Profit on ordinary activities is stated after charging/(crediting):

	<u>2008</u>	<u>2007</u>
	£	£
Fees for the audit of the company	16,250	19,250
Depreciation	104,037	624,961
Operating lease charges:		
hire of plant and machinery	4,287,175	3,380,117
land and buildings	367,858	328,934
other operating leases	1,288,812	1,087,399
Profit on disposal of fixed assets	<u>0</u>	<u>(15,661)</u>

Fees paid to the company's auditor for services other than the statutory audit of the company are not disclosed in these accounts since the consolidated accounts of its ultimate parent undertaking, Amco Group Limited, are required to disclose non audit fees on a consolidated basis.

AMALGAMATED CONSTRUCTION LIMITED

Notes forming part of the financial statements for the year ended 31st December 2008 (continued)

2. Directors and employees

Staff costs during the year including directors:

	<u>2008</u>	<u>2007</u>
	£	£
Wages and salaries	24,343,638	22,993,910
Social security	2,380,692	2,077,713
Pension costs	<u>267,948</u>	<u>397,417</u>
	<u>26,992,278</u>	<u>25,469,040</u>

The average number of employees of the company during the year was 718 (2007 - 680).

Remuneration in respect of directors was as follows:

	<u>2008</u>	<u>2007</u>
	£	£
Aggregate emoluments	501,206	386,325
Company pension contributions to a defined contribution scheme	<u>27,955</u>	<u>19,319</u>

During the year no directors (2007 - one director) participated in defined benefit pension schemes and four directors (2007 - four directors) participated in a defined contribution pension scheme.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	<u>2008</u>	<u>2007</u>
	£	£
Aggregate emoluments	221,295	133,562
Company pension contributions to a defined contribution scheme	<u>14,297</u>	<u>13,244</u>

3. Net interest

	<u>2008</u>	<u>2007</u>
	£	£
Receivable on group loans	274,490	4,095
Receivable on bank balances	<u>941</u>	<u>698</u>
	<u>275,431</u>	<u>4,793</u>

AMALGAMATED CONSTRUCTION LIMITED

Notes forming part of the financial statements for the year ended 31st December 2008 (continued)

4. Tax on profit on ordinary activities

The tax charge represents:

	<u>2008</u>	<u>2007</u>
	£	£
Corporation tax at 28.5% (2007 - 30%)	2,799,037	492,554
Adjustment in respect of prior years	<u>0</u>	<u>(181,933)</u>
Total current tax	2,799,037	310,621
Deferred tax (see note 9)	<u>227,800</u>	<u>280,800</u>
Tax on profit on ordinary activities	<u><u>3,026,837</u></u>	<u><u>591,421</u></u>

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom of 28.5% (2007 - 30%). The differences are explained as follows:

	<u>2008</u>	<u>2007</u>
	£	£
Profit on ordinary activities before tax	<u>10,384,894</u>	<u>1,806,426</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 28.5% (2007 - 30%)	2,959,695	541,928
Effects of:		
expenses not deductible for tax purposes	69,300	20,167
other timing differences	(169,400)	0
capital allowances in excess of depreciation	(42,759)	(77,678)
short term timing differences	(17,799)	8,137
adjustments to tax charge in respect of prior years	<u>0</u>	<u>(181,933)</u>
Current tax charge for year	<u><u>2,799,037</u></u>	<u><u>310,621</u></u>

AMALGAMATED CONSTRUCTION LIMITED

Notes forming part of the financial statements for the year ended 31st December 2008 (continued)

5. Tangible fixed assets

	Plant and equipment	Motor vehicles	Total
	£	£	£
Cost			
At 1st January 2008	13,237,356	128,086	13,365,442
Additions	92,649	0	92,649
Transfers to Group companies	(10,407,564)	(124,086)	(10,531,650)
At 31st December 2008	<u>2,922,441</u>	<u>4,000</u>	<u>2,926,441</u>
Depreciation			
At 1st January 2008	11,652,056	128,079	11,780,135
Charge for year	104,037	0	104,037
Transfers to Group companies	(9,122,735)	(124,080)	(9,246,815)
At 31st December 2008	<u>2,633,358</u>	<u>3,999</u>	<u>2,637,357</u>
Net book value at 31st December 2008	<u>289,083</u>	<u>1</u>	<u>289,084</u>
Net book value at 31st December 2007	<u>1,585,300</u>	<u>7</u>	<u>1,585,307</u>

6. Stock

	2008	2007
	£	£
Consumables and plant spares	<u>48,150</u>	<u>3,058,593</u>

7. Debtors

	2008	2007
	£	£
Trade debtors	2,447,208	5,597,135
Amounts owed by group undertakings	12,853,931	1,868,335
Prepayments and accrued income	337,985	1,176,168
Current taxation	0	229,379
Deferred tax asset	<u>303,400</u>	<u>361,800</u>
	<u>15,942,524</u>	<u>9,232,817</u>

The recoverability of the deferred tax asset is dependent on future taxable profits (see note 9).

AMALGAMATED CONSTRUCTION LIMITED

Notes forming part of the financial statements for the year ended 31st December 2008 (continued)

8. Creditors: amounts falling due within one year

	<u>2008</u>	<u>2007</u>
	£	£
Trade creditors	2,818,653	2,256,587
Amounts owed to group undertakings	185,247	0
Social security and other taxes	2,497,626	2,485,117
Other creditors	7,606,770	13,101,011
Accruals and deferred income	512,719	674,050
Current taxation	<u>2,105,037</u>	<u>0</u>
	<u>15,726,052</u>	<u>18,516,765</u>

9. Deferred tax asset

	<u>2008</u>	<u>2007</u>
	£	£
At 1st January 2008	361,800	642,600
Charged to profit and loss account	(227,800)	(280,800)
Credited to STRGL	<u>168,400</u>	<u>0</u>
At 31st December 2008	<u>302,400</u>	<u>361,800</u>

Deferred tax recognised in the financial statements at a rate of 28% is set out below.

	<u>2008</u>	<u>2007</u>
	£	£
Accelerated capital allowances	249,900	291,700
Other timing differences	<u>53,500</u>	<u>70,100</u>
Deferred tax asset (excluding pension scheme)	303,400	361,800
Pension deferred tax liability (see note 14)	<u>(1,000)</u>	<u>0</u>
Total deferred tax	<u>302,400</u>	<u>361,800</u>

10. Called up share capital

	<u>2008</u>	<u>2007</u>
	£	£
Authorised, ordinary shares of £1 each	<u>5,000,000</u>	<u>5,000,000</u>
Allotted, called up and fully paid ordinary shares of £1 each	<u>3,000,000</u>	<u>3,000,000</u>

AMALGAMATED CONSTRUCTION LIMITED

Notes forming part of the financial statements for the year ended 31st December 2008 (continued)

11. Profit and loss account

	2008	2007
	£	£
At 1st January 2008	2,682,273	1,467,268
Profit for year	7,358,057	1,215,005
Gain on initial recognition of pension surplus	238,000	0
Actuarial gain recognised in the pension schemes	307,000	0
Pension asset not recognised in accordance with paragraph 67 of FRS 17	(1,136,000)	0
Deferred tax on pension movements	168,400	0
At 31st December 2008	<u>9,617,730</u>	<u>2,682,273</u>

12. Reconciliation of movements in shareholders' funds

	2008	2007
	£	£
Profit for year	7,358,057	1,215,005
Other recognised gains and losses	(422,600)	0
Net increase in shareholders' funds	6,935,457	1,215,005
Shareholders' funds at 1st January 2008	<u>5,682,273</u>	<u>4,467,268</u>
Shareholders' funds at 31st December 2008	<u>12,617,730</u>	<u>5,682,273</u>

13. Operating lease obligations

	2008		2007	
	Land & buildings	Other	Land & buildings	Other
	£	£	£	£
Commitments to operating lease payments within one year are as follows:				
In respect of leases expiring				
within one year	170,909	1,372,627	151,278	1,174,961
between one and five years	443,519	0	721,308	0
	<u>614,428</u>	<u>1,372,627</u>	<u>872,586</u>	<u>1,174,961</u>

AMALGAMATED CONSTRUCTION LIMITED

Notes forming part of the financial statements for the year ended 31st December 2008 (continued)

14. Pension commitments

The company operates funded pension schemes for certain employees and directors. The total cost of all pensions to the company for the year was £267,948 (2007 - £397,417).

The Amco Group Pension Scheme (the Scheme) is a final salary pension scheme. Under the Scheme, member's pensions are linked to final pensionable service at date of retirement (or date of leaving the Scheme if earlier).

The Scheme assets are held in a separate trustee-administered fund to meet long term liabilities to past and present employees.

The liabilities of the Scheme are measured by discounting the best estimate of future cash flows to be paid out by the Scheme using the projected unit method, which is an accrued benefits valuation method in which the liabilities make allowance for projected salaries.

The most recently completed actuarial valuation of the Scheme was performed by the the Scheme Actuary for the trustees of the Scheme at 31st March 2005. A further actuarial valuation for the Trustees is in the process of being carried out as at 31st December 2007. The liabilities set out in this note have been calculated by an actuary based on preliminary figures relating to the actuarial valuation as at 31st December 2007 that is currently underway, but updated to 31st December 2008. The results of the calculations and the assumptions adopted are shown below.

Key financial assumptions

	<u>2008</u>
	%
Discount rate	6.2
Inflation	3.0
Salary increases	4.0
Expected return on assets	6.8

The expected return on assets is a weighted average of the individual asset categories and their expected rates of return which are determined by consideration of historical experience and current market factors.

Increases in pensions in payment in respect of service after 5th April 1997, and deferred pensions subject to statutory revaluation, have been assumed to increase in line with future price inflation.

The mortality assumption adopted for the purposes of the calculations at 31st December 2008 is based on the "92 Series" base table with future mortality improvements at 270% of the base table with medium cohort projections from 1992 onwards.

Average life expectancies

	<u>2008</u>
Male retiring at reporting date at age 62 (in years)	17.6
Male retiring at reporting date +20 years at age 62 (in years)	19.1

Members are assumed to retire at the earliest age at which they can take their full pension unreduced and are assumed to commute pension to obtain a retirement lump sum equal to 90% of the maximum permitted.

AMALGAMATED CONSTRUCTION LIMITED

Notes forming part of the financial statements for the year ended 31st December 2008 (continued)

14. Pension commitments (continued)

Amounts recognised in the profit and loss account

	<u>2008</u>
	£
Interest cost	(885,000)
Expected return on Scheme assets	<u>962,000</u>
Other finance income	77,000
Current service cost	(228,000)
Gain on settlements	<u>107,000</u>
Total charge recognised in profit and loss account before deduction for tax	<u><u>(44,000)</u></u>

Reconciliation of defined benefit obligation

	<u>2008</u>
	£
Defined benefit obligation on initial recognition	17,715,000
Current service cost	228,000
Interest cost	885,000
Contributions by Scheme members	54,000
Actuarial gain	(4,210,000)
Liabilities extinguished on settlement	(4,199,000)
Benefits paid	<u>(575,000)</u>
Defined benefit obligation at end of year	<u><u>9,898,000</u></u>

Reconciliation of fair value of Scheme assets

	<u>2008</u>
	£
Fair value of Scheme assets on initial recognition	17,953,000
Expected return on assets	962,000
Actuarial losses	(3,903,000)
Contributions by employer	639,000
Contributions by Scheme members	54,000
Assets distributed on settlement	(4,092,000)
Benefits paid	<u>(575,000)</u>
Fair value of Scheme assets at end of year	<u><u>11,038,000</u></u>

AMALGAMATED CONSTRUCTION LIMITED

Notes forming part of the financial statements for the year ended 31st December 2008 (continued)

14. Pension commitments (continued)

Reconciliation to balance sheet

	<u>2008</u>
	£
Fair value of Scheme assets	11,038,000
Actuarial value Scheme liabilities	<u>(9,898,000)</u>
Surplus on Scheme	1,140,000
Adjustment for paragraph 37 of FRS 17	<u>(1,136,000)</u>
Gross pension asset	4,000
Related deferred tax liability	<u>(1,000)</u>
Pension asset recognised in balance sheet	<u><u>3,000</u></u>

Analysis of assets

	<u>2008</u>
	£
Equities	7,548,000
Bonds	2,884,000
Other	<u>606,000</u>
Total assets	<u><u>11,038,000</u></u>

Actual return on assets

	<u>2008</u>
	£
Expected return on assets	(962,000)
Actuarial losses	<u>(3,903,000)</u>
Actual return on assets	<u><u>(4,865,000)</u></u>

History of experience gains and losses

	<u>2008</u>
	£
Loss on scheme assets	(3,903,000)
Experience gain on scheme liabilities	710,000
Gain on change in assumptions (financial and demographic)	<u>3,500,000</u>
Total actuarial gain recognised in STRGL	<u><u>307,000</u></u>

AMALGAMATED CONSTRUCTION LIMITED

Notes forming part of the financial statements for the year ended 31st December 2008 (continued)

15. Ultimate parent undertaking/post balance sheet events

As at 31st December 2008 the parent undertaking of this company is Amco Group Limited, which is registered in England and Wales. The only group of undertakings for which consolidated accounts have been prepared is that headed by Amco Group Limited. Further details relating to this matter are disclosed in that company's financial statements, copies of which can be obtained from the company's Registered Office.

In February 2009 following a group reorganisation, Amco Group Holdings Limited, which is registered in England and Wales, became the company's ultimate parent undertaking.