

SCOTT WILSON PAVEMENT ENGINEERING LTD

REPORT AND ACCOUNTS

for the 52 weeks ended

29 APRIL 2007



Company Registration No. 1910469

SCOTT WILSON PAVEMENT ENGINEERING LTD

CONTENTS	Pages
Directors and advisers	2
Directors' report	3 – 5
Independent auditors' report	6 - 7
Profit and loss account	8
Balance sheet	9
Notes to the accounts	10 - 23

SCOTT WILSON PAVEMENT ENGINEERING LTD

DIRECTORS AND ADVISERS

DIRECTORS

R J Armitage
F W K Chan
R W Hawley
C W Jennison

SECRETARY

G M Redwood

REGISTERED OFFICE

Scott House
Alencon Link
Basingstoke
Hampshire
RG21 7PP

BANKERS

The Royal Bank of Scotland plc
62/63 Threadneedle Street
London
EC2R 8LA

AUDITORS

Deloitte & Touche LLP
London

TAX ADVISERS

PricewaterhouseCoopers LLP
9 Greyfriars Road
Reading
Berkshire
RG1 1JG

COMPANY REGISTRATION NUMBER

1910469

SCOTT WILSON PAVEMENT ENGINEERING LTD

DIRECTORS' REPORT

The directors present their annual report on the affairs of the Company together with the financial statements and auditors' report for the 52 weeks ended 29 April 2007

Principal activities and business review

The Company is a wholly owned subsidiary of Scott Wilson Holdings Ltd

On 1 May 2006, Scott Wilson Holdings Ltd acquired the 30% of the Company's ordinary shares that it did not already own and with effect from that date, transferred its business activities, assets and liabilities to Scott Wilson Ltd, a wholly owned subsidiary of Scott Wilson Holdings Ltd

The Company's turnover for the financial year was £nil (2006 £8.2m) The operating profit for the year was £Nil (2006 £1.1m) The profit for the year after taxation was £Nil (2006 £0.8m)

Dividends

The directors do not recommend the payment of a final dividend (2006 £Nil) No interim dividend was paid (2006 59 pence)

Share Capital

Full details of the Company's authorised and issued share capital can be found in note 16 to the Company's accounts

SCOTT WILSON PAVEMENT ENGINEERING LTD

DIRECTORS' REPORT (continued)

Directors and their interests

The present membership of the board is set out on page 2. None of the directors held an interest in the share capital of the Company as at 29 April 2007 or 30 April 2006.

No director has an interest in any contract with the Company, nor holds any right to acquire shares or debentures in the Company.

Employees

The Company has no employees (see note 5 to the accounts).

Charitable Contributions

The Company made no charitable donations during the year (2006: £nil).

Statement of Directors' Responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare accounts for each financial period. 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). The financial statements are required by law to give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss of the Company for that period. In preparing these accounts, 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,
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

SCOTT WILSON PAVEMENT ENGINEERING LTD

DIRECTORS' REPORT (continued)

Provision of Information to Auditors

Each of the persons who is a director at the date of approval of this report confirms that so far as the director is aware, there is no relevant audit information for which the Company's

- (1) auditors are unaware, and
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Auditors

The auditors, Deloitte & Touche LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting

By Order of the Board



G M Redwood
Secretary

15 April 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCOTT WILSON PAVEMENT ENGINEERING LTD

We have audited the financial statements of Scott Wilson Pavement Engineering Ltd for the 52 weeks ended 29 April 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 23. 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities included in the Directors' Report.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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 report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's 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.

**INDEPENDENT AUDITORS' REPORT TO
THE MEMBERS OF SCOTT WILSON PAVEMENT ENGINEERING LTD (Continued)**


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 as at 29 April 2007 and of its profit for the 52 weeks then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

18 April 2008

SCOTT WILSON PAVEMENT ENGINEERING LTD

PROFIT AND LOSS ACCOUNT for the 52 weeks ended 29 APRIL 2007

	Notes	52 weeks ended 29 April 2007	52 weeks ended 30 April 2006
		£'000	£'000
Turnover	2	-	8,163
Cost of sales		-	(5,476)
		<hr/>	<hr/>
Gross profit		-	2,687
Administrative expenses		-	(1,345)
Exceptional pension contributions	3	-	(225)
		<hr/>	<hr/>
Administrative expenses - total		-	(1,570)
		<hr/>	<hr/>
Operating profit	4	-	1,117
Interest receivable	7	-	75
Interest payable	8	-	(8)
		<hr/>	<hr/>
Profit on ordinary activities before tax		-	1,184
Tax on profit on ordinary activities	9	-	(362)
		<hr/>	<hr/>
Profit for the period		-	822
		<hr/>	<hr/>

All the results are derived from operations which were transferred to Scott Wilson Ltd on 1 May 2006


There were no gains or losses in either period other than those included in the profit and loss account

SCOTT WILSON PAVEMENT ENGINEERING LTD

BALANCE SHEET as at 29 APRIL 2007

	Notes	29 April 2007 £'000	30 April 2006 £'000
Fixed assets			
Tangible fixed assets	11	-	411
Investments in subsidiary undertakings	12	-	21
		<hr/>	<hr/>
		-	432
Current assets			
Debtors	13	274	2,434
Cash at bank		-	2,932
		<hr/>	<hr/>
		-	5,366
Creditors: amounts falling due within one year	14	(264)	(2,550)
		<hr/>	<hr/>
Net current assets		10	2,816
		<hr/>	<hr/>
Net assets		10	3,248
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	16	10	10
Profit and loss account	17	-	3,238
		<hr/>	<hr/>
Shareholders' funds	18	10	3,248
		<hr/>	<hr/>

Approved by the Board of Directors on 15 April 2008 and signed on its behalf by


C W Jennison
Director

SCOTT WILSON PAVEMENT ENGINEERING LTD

NOTES TO THE ACCOUNTS for the 52 weeks ended 29 April 2007

1 Accounting policies

The accounts have been prepared in accordance with applicable United Kingdom law and accounting standards. The principal accounting policies adopted by the Company are described below and have been consistently applied throughout the current and prior financial year.

Accounting convention

The accounts have been prepared under the historical cost convention.

Basis of preparation

The Company transferred its trade, assets and liabilities to Scott Wilson Ltd with effect from 1 May 2006 and has ceased trading. As required by FRS 18 Accounting Policies, the directors have prepared the accounts on the basis that the Company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis. Assets and liabilities were transferred to Scott Wilson Ltd at their book amount.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies are reported at the rates of exchange at the balance sheet date or, if appropriate, at the forward contract rate. All such exchange differences are included in the profit and loss account.

Tangible assets

Tangible assets are stated at cost less depreciation and any provision for impairment. Depreciation is calculated to write off the cost of fixed assets on a straight line basis over the estimated useful lives of the assets. The rates of depreciation are as follows:

Fixtures and fittings	25% - 33% per annum
Plant and machinery	25% per annum
Motor vehicles	25% per annum

Leases

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased asset at the inception of the lease. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

SCOTT WILSON PAVEMENT ENGINEERING LTD

NOTES TO THE ACCOUNTS for the 52 weeks ended 29 April 2007 (continued)

1 Accounting policies (continued)

Investments

Investments are stated at cost less any impairment in value

Turnover and profit recognition

Turnover comprises the value of work performed and services provided when the right to the consideration has been earned. Amounts in respect of contracts included in turnover, net of payments received on account, are shown in debtors as amounts recoverable on contracts. Amounts invoiced in excess of the value of work done are shown in creditors as payments receivable on account. An appropriate proportion of the anticipated contract profit is recognised in the profit and loss account, measured by reference to contract costs incurred to date as a percentage of the estimated total contract costs for each contract. Provision is made for all anticipated contract losses.

Pre-contract costs incurred before it is virtually certain that a contract will be awarded are charged to the profit and loss account. Once virtually certain of contract award, costs incurred from this point in time are held as amounts recoverable on contracts and form part of the accounting for the contract as a whole.

All turnover excludes Value Added Tax and similar taxes.

Taxation

UK corporation tax and other current tax is provided at amounts expected to be paid or recovered, using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised on all timing differences that have arisen but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax or a right to pay less tax in the future have occurred at that date. Timing differences are differences between the Company's taxable profits and its result as stated in its accounts that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the accounts.

A deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, 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 not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only when the replacement assets are sold.

Deferred tax is measured, on a non-discounted basis, 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 or substantively enacted at the balance sheet date.

SCOTT WILSON PAVEMENT ENGINEERING LTD

NOTES TO THE ACCOUNTS for the 52 weeks ended 29 April 2007 (continued)

1 Accounting policies (continued)

Pension costs

Eligible employees of the Company may participate in the final salary section of the Scott Wilson Pension Scheme. For the current year the Company is required to adopt the full provisions of FRS 17 Retirement Benefits. However, as the Company is unable to identify its share of the scheme's assets and liabilities on a consistent and reasonable basis, contributions to the scheme have been accounted for as if it were a defined contribution scheme, as permitted. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Contributions payable for the year in respect of employees of the Company who participate in the money purchase section of the Scott Wilson Pension Scheme are charged to the profit and loss account as they fall due for payment.

Dividends

Dividends on the Company's ordinary shares are recognised as a liability in the period in which they are declared. Dividends are only declared once paid or once shareholder approval has been obtained.

Group accounts

The accounts present information about the Company as an individual undertaking. Consolidated accounts are not required, as the Company is a subsidiary of Scott Wilson Holdings Ltd, whose accounts are consolidated in those of Scott Wilson Group plc, a company incorporated in Great Britain.

Cash flow statement

The Company has taken advantage of the exemption granted to subsidiary undertakings by Financial Reporting Standard No. 1 and accordingly no cash flow statement has been produced.

2 Segmental analysis of turnover

The Company has only one class of business.

Substantially all of the Company's turnover is derived from the United Kingdom.

SCOTT WILSON PAVEMENT ENGINEERING LTD

NOTES TO THE ACCOUNTS for the 52 weeks ended 29 April 2007 (continued)

3 Exceptional pension contributions

	2007 £'000	2006 £'000
Special pension contributions	-	(225)

In March 2006, the trustees and substantially all of the members of the defined benefit section of the Scott Wilson Pension Scheme (SWPS) agreed, conditional on the Admission of Scott Wilson Group plc to the Official List and the payment of special cash contributions of at least £16,000,000 into SWPS, to break the link from 1 October 2006 between accrued pensionable service up to that date and future salary increases. Additionally, they agreed that from 1 October 2006 active members would either pay increased contributions, accrue pension benefit at a reduced rate or switch into the Group's money purchase (defined contribution) section. The exceptional special pension contributions of £225,000 represent the Company's share of the special cash contributions made in April 2006.

4 Operating profit

	2007 £'000	2006 £'000
Operating profit is stated after charging		
Auditors' remuneration		
- audit	-	11
- non audit services (paid to related companies of the auditors)	-	-
Operating lease rentals		
- land and buildings	-	165
- other	-	53
Depreciation		
Owned assets	-	153
Foreign exchange gain	-	(11)

5 Employees

The average number of employees, including directors, of the Company employed during the 52 weeks was as follows

	2007 Number	2006 Number
Professional staff	-	106
Administration staff	-	15
	-	121

SCOTT WILSON PAVEMENT ENGINEERING LTD**NOTES TO THE ACCOUNTS for the 52 weeks ended 29 April 2007 (continued)****5 Employees (continued)**

	2007	2006
	£'000	£'000
Employment costs		
Wages and salaries	-	2,858
Social security costs	-	263
Pension costs	-	172
	<hr/>	<hr/>
	-	3,293
	<hr/>	<hr/>

Employment costs exclude the special pension contributions of £225,000 made in April 2006

6 Directors' emoluments

The emoluments of the directors who served in the year were

	2007	2006
	£'000	£'000
Aggregate emoluments	-	191
Company pension contributions to defined benefit scheme	-	20
	<hr/>	<hr/>
	-	211
	<hr/>	<hr/>

The emoluments of the highest paid director in the year were

	2007	2006
	£'000	£'000
Aggregate emoluments	-	95
Company pension contributions to defined benefit scheme	-	12
	<hr/>	<hr/>
	-	107
	<hr/>	<hr/>

The emoluments of certain directors are paid by Scott Wilson Ltd and prior to the transfer of the business to Scott Wilson Ltd on 1 May 2006, recharged to the Company as part of a management fee

SCOTT WILSON PAVEMENT ENGINEERING LTD

NOTES TO THE ACCOUNTS for the 52 weeks ended 29 April 2007 (continued)

7	Interest receivable	2007 £'000	2006 £'000
	Bank interest	-	75
		<hr/>	<hr/>
8	Interest payable and similar charges	2007 £'000	2006 £'000
	Bank interest	-	4
	Other interest payable	-	4
		<hr/>	<hr/>
		-	8
		<hr/>	<hr/>
9	Taxation	2007 £'000	2006 £'000
	UK corporation tax based on the profits for the year at 30% (2006 30%)	-	372
		<hr/>	<hr/>
	Total current tax (credit)/charge	-	372
	Deferred tax credit (note 15)	-	(10)
		<hr/>	<hr/>
	Tax on profit on ordinary activities	-	362
		<hr/>	<hr/>
	Tax reconciliation		
	Profit on ordinary activities before tax	-	1,184
		<hr/>	<hr/>
	Profit on ordinary activities multiplied by standard rate corporation tax in the UK of 30% (2005 30%)	-	355
	Tax effects of		
	Expenses not deductible for tax purposes	-	7
	Depreciation in excess of capital allowances	-	(4)
	Capital items expensed	-	14
	Adjustment in respect of prior years	-	
		<hr/>	<hr/>
	Total current tax (credit)/charge	-	372
		<hr/>	<hr/>

SCOTT WILSON PAVEMENT ENGINEERING LTD

NOTES TO THE ACCOUNTS for the 52 weeks ended 29 April 2007 (continued)

10 Dividends declared	2007 £'000	2006 £'000
2004/05 dividend of £10 00 per ordinary share	-	100
2005/06 dividend of £324 80 per ordinary share	3,238	-
	<hr/>	<hr/>
	3,238	100
	<hr/>	<hr/>

11 Tangible fixed assets	Motor vehicles £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 May 2006	306	743	459	1,508
Transfer to Scott Wilson Ltd	(306)	(743)	(459)	(1,508)
	<hr/>	<hr/>	<hr/>	<hr/>
At 29 April 2007	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 May 2006	210	514	373	1,097
Transfer to Scott Wilson Ltd	(210)	(514)	(373)	(1,097)
	<hr/>	<hr/>	<hr/>	<hr/>
At 29 April 2007	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 29 April 2007	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2006	96	229	86	411
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of plant and machinery includes an amount of £nil (2006 £nil) in respect of assets held under finance leases

SCOTT WILSON PAVEMENT ENGINEERING LTD**NOTES TO THE ACCOUNTS for the 52 weeks ended 29 April 2007 (continued)****12 Investments in subsidiary undertakings**

	2007	2006
	£'000	£'000
Cost of investment	-	21
	<hr/>	<hr/>
		21
	<hr/>	<hr/>

The Company's investment in 100% of the share capital of SWK Pavement Engineering Inc, incorporated in the USA, and 50% of the share capital of Scott Wilson Pavement Engineering Sdn Bhd, incorporated in Malaysia, were transferred to Scott Wilson Ltd on 1 May 2006

13 Debtors

	2007	2006
	£'000	£'000
Trade debtors	-	763
Amounts recoverable on contracts	-	1,283
Amounts due from Group companies	274	341
Other debtors	-	6
Prepayments and accrued income	-	10
Deferred tax asset (note 15)	-	31
	<hr/>	<hr/>
	274	2,434
	<hr/>	<hr/>

14 Creditors: amounts falling due within one year

	2007	2006
	£'000	£'000
Obligations under finance leases	-	1
Fees received in advance	-	477
Trade creditors	-	512
Amounts due to Group companies	264	918
Corporation tax	-	274
Taxation and social security	-	85
Other creditors	-	149
Accruals and deferred income	-	135
	<hr/>	<hr/>
	264	2,550
	<hr/>	<hr/>

SCOTT WILSON PAVEMENT ENGINEERING LTD

NOTES TO THE ACCOUNTS for the 52 weeks ended 29 April 2007 (continued)

15	Deferred taxation		£'000
	At 1 May 2006		31
	Transfer of business to Scott Wilson Ltd		(31)
			<hr/>
	At 29 April 2007		-
			<hr/>
	The deferred tax asset recognised in the accounts is as follows	2007 £'000	2006 £'000
	Depreciation in excess of capital allowances	-	31
		<hr/>	<hr/>
16	Called up share capital	2007 Number	2006 Number
	Authorised		
	Ordinary shares of £1 00 each	50,000	50,000
		<hr/>	<hr/>
		£'000	£'000
	Allotted, called up and fully paid		
	10,000 ordinary shares of £1 00 each	10	10
		<hr/>	<hr/>

SCOTT WILSON PAVEMENT ENGINEERING LTD

NOTES TO THE ACCOUNTS for the 52 weeks ended 29 April 2007 (continued)

16 Called up share capital (continued)

All employee share option scheme

On 27 February 2006, options over a total of 134,400 shares in Scott Wilson Group plc were granted to all Company employees employed as at 1 February 2006, excepting employees granted options under the Executive Share Option Scheme. The exercise price is 120p per share, being an amount agreed with HM Revenue & Customs as being not less than the market price of the shares on the date of grant. The options are exercisable at any time from 27 February 2009 up to 26 February 2016. There are no performance conditions attaching to the options.

	2007 Options (‘000)	2006 Options (‘000)
At start of the financial year	134	134
Transfer of business to Scott Wilson Ltd	(134)	-
	<hr/>	<hr/>
At end of the financial year	-	134
	<hr/>	<hr/>

Executive share option scheme

Also on 27 February 2006, options over a total of 40,000 shares in Scott Wilson Group plc were granted to selected Company employees. The exercise price is 120p per share, being an amount agreed with HM Revenue & Customs as being not less than the market price of the shares on the date of grant. The options are exercisable as to 60 per cent at any time from 27 February 2009 up to 26 February 2016 and as to 40 per cent at any time from 27 February 2011 up to 26 February 2016. There are no performance conditions attaching to the options.

	2007 Options (‘000)	2006 Options (‘000)
At start of the financial year	40	40
Transfer of business to Scott Wilson Ltd	(40)	-
	<hr/>	<hr/>
At end of the financial year	-	40
	<hr/>	<hr/>

SCOTT WILSON PAVEMENT ENGINEERING LTD

NOTES TO THE ACCOUNTS for the 52 weeks ended 29 April 2007 (continued)

16 Called up share capital (continued)

SAYE share option scheme

On 18 April 2006, options over a total of 97,227 shares in Scott Wilson Group plc were granted to Company employees who opted to join the Scott Wilson Group plc three-year save-as-you-earn scheme. The exercise price is 163p per share, being the average market price of the shares over the period 18 to 20 March 2006 less 10 per cent. The options are exercisable at any time from 1 June 2009 to 30 November 2009. There are no performance conditions attaching to the options.

	2007 Options ('000)	2006 Options ('000)
At start of the financial year	97	97
Transfer of business to Scott Wilson Ltd	(97)	-
	<hr/>	<hr/>
At end of the financial year	-	97
	<hr/>	<hr/>

The fair value of options granted to Company employees during the period under all schemes, determined in each case using the binomial valuation model, is £nil (2006 £63,000). The significant inputs into the model were:

	All employee	Executive	SAYE
Exercise price	120p	120p	163p
First exercise date	27 February 2009	27 February 2009	1 June 2009
Last exercise date	26 February 2016	26 February 2016	30 November 2009
Expected share price	26.0%	26.0%	26.0%
Volatility			
Dividend yield	1.9%	1.9%	1.9%
Risk-free interest rate	4.24%	4.24%	4.31%

The expected share price volatility is based on that of UK based businesses operating in the same sector over the preceding three 52 weeks period.

SCOTT WILSON PAVEMENT ENGINEERING LTD

NOTES TO THE ACCOUNTS for the 52 weeks ended 29 April 2007 (continued)

17 Reserves	Profit and loss account £'000
At 1 May 2006	3,238
Profit for the period	-
Dividends declared	(3,238)
	<hr/>
At 29 April 2007	-
	<hr/>

18 Reconciliation of movement in shareholders' funds	2007 £'000	2006 £'000
Profit for the financial year	-	822
Dividends	(3,238)	(100)
	<hr/>	<hr/>
Net addition/(reduction) to shareholders' funds	(3,238)	722
Opening shareholders' funds	3,248	2,526
	<hr/>	<hr/>
Closing shareholders' funds	10	3,248
	<hr/>	<hr/>

19 Lease commitments

Annual commitments under operating leases

	Land and buildings		Other	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Leases expiring				
Within one year	-	92	-	3
Between two and five years	-	-	-	53
	<hr/>	<hr/>	<hr/>	<hr/>
	-	92	-	56
	<hr/>	<hr/>	<hr/>	<hr/>

SCOTT WILSON PAVEMENT ENGINEERING LTD

NOTES TO THE ACCOUNTS for the 52 weeks ended 29 April 2007 (continued)

20 Contingent liabilities

Group companies issue guarantees in the normal course of business to secure advance payments on contracts and to meet contractual bid and performance bond obligations. The amount of such guarantees issued by the Company and other Group companies (for which the Company has a potential liability under its multilateral guarantee to the Royal Bank of Scotland) at 29 April 2007 was £7.5m (2006 £10.9m). It is not anticipated that any material liability will arise from these guarantees.

The Company is party to an unlimited multilateral guarantee in favour of The Royal Bank of Scotland plc over the obligations of Scott Wilson Group plc and its subsidiaries to the bank. The Company's obligations under this guarantee are secured by way of a floating charge over the assets of the Company.

The Group maintains professional indemnity insurance to provide cover in the event of professional negligence claims being made against the Company. Any such claims or circumstances that may give rise to a claim are assessed and where, on the basis of advice received, an appropriate provision is made in respect of the excess.

21 Capital commitments

At 29 April 2007 the Company had no contractual commitments (2006 £nil).

22 Related party transactions

Administrative expenses include consultancy fees of £nil (2006 £19,000) from Professor SF Brown, a director, £nil (2006 £6,000) from A Collop, a director, and £nil (2006 £13,000) from the University of Nottingham, a shareholder.

Additionally, cost of sales for the 52 weeks includes £nil (2006 £204,000) to the University of Nottingham. Amounts outstanding to those parties at 30 April were as follows:

	2007 £'000	2006 £'000
Professor S F Brown	-	5
A Collop	-	5
University of Nottingham	-	112

The Company did not trade with fellow subsidiaries of the Scott Wilson Group plc during the 52 weeks. Sales to Group companies in the 52 weeks were £nil (2006 £1,073,000). Purchases from Group companies during the 52 weeks were £nil (2005 £3,705,000). At the period end £239,000 (2006 £341,000) was due to the Company from other Group companies and £225,000 (2006 £918,000) was owed by the Company to other Group companies.

SCOTT WILSON PAVEMENT ENGINEERING LTD

NOTES TO THE ACCOUNTS for the 52 weeks ended 29 April 2007 (continued)

23 Parent company

The Company's immediate parent company is Scott Wilson Holdings Ltd, a company incorporated in Great Britain and registered in England and Wales. The Company's ultimate parent company and the parent of the smallest and largest group in which the Company's results are included is Scott Wilson Group plc, a company incorporated in Great Britain and registered in England and Wales, the accounts of which are available from Scott House, Alencon Link, Basingstoke, Hampshire, RG21 7PP.