

**STANTON BONNA CONCRETE LIMITED**

**Report and Financial Statements**

**Year ended 31 December 2010**

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# **STANTON BONNA CONCRETE LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2010**

<b>CONTENTS</b>	<b>Page</b>
<b>Directors' report</b>	<b>1</b>
<b>Independent auditor's report</b>	<b>4</b>
<b>Profit and loss account</b>	<b>5</b>
<b>Statement of total recognised gains and losses</b>	<b>6</b>
<b>Note of historical cost profit and losses</b>	<b>6</b>
<b>Balance sheet</b>	<b>7</b>
<b>Notes to the financial statements</b>	<b>8</b>

# **STANTON BONNA CONCRETE LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

### **PRINCIPAL ACTIVITY**

The principal activity of the company is the manufacture and supply of concrete pipes, other concrete products and glass reinforced plastic pipes

### **REVIEW OF BUSINESS AND FUTURE PROSPECTS**

The company's turnover for the year decreased to £17.1 million (2009 £21.5 million). The profit before taxation was £331,000 (2009 profit of £1,345,000). The net cash inflow from operating activities was £1,891,000 (2009 inflow £2,099,000).

The main reason for the reduction in turnover was the completion of a major specialist product contract in 2009. As anticipated, our core market concrete pipe and manhole volumes remained subdued in 2010, at similar levels to 2009, and are likely to remain so until the general economic outlook improves. However, during the first half of 2010 there were still significant volumes achieved from specialist products, particularly for the rail infrastructure market.

The company continues to regularly monitor and take action on costs.

The number of employees has fallen from 147 at the beginning of the year to 126 at the end of the year.

Additional control of working capital has been targeted in 2010 with stock holdings in particular reducing.

Stanton Bonna Concrete being part of the Consolis Group continues to develop its product range in the concrete drainage market and is pursuing vigorously the introduction of group products into new and existing markets.

The directors consider turnover, profit for the year before tax, cash flows from operating activities and employees numbers to be the key performance indicators of the business.

### **RESULTS AND DIVIDENDS**

The company has not declared a dividend (2009 £Nil).

The profit for the year after taxation of £269,000 (2009 profit of £1,281,000) has been transferred to reserves.

### **DIRECTORS**

The directors who served during the year and since the year end are as follows:

B K Cooper

V Guelfucci (Resigned 31 March 2011)

J C Perron (Resigned 8 February 2010 and re-appointed 26 July 2010)

P M R Brousse (Appointed 8 February 2010, Resigned 28 July 2011)

T M Coudurier (Appointed 8 February 2010)

P Milliet (Resigned 8 February 2010)

JF Guillou (Resigned 26 July 2010)

N Zatzimirsky (Appointed 28 July 2011)

None of the directors had a material interest in any contract to which the company was a party.

# **STANTON BONNA CONCRETE LIMITED**

## **DIRECTORS' REPORT**

### **GOING CONCERN**

After making due enquiries, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and for this reason, the going concern basis continues to be adopted in preparing the financial statements

In reaching this conclusion the Board have considered the financial position of the Company and its funding facilities. The Board has undertaken a review of the Company's forecasts and associated risks and sensitivities. The Company is financed by a combination of intergroup debt and cash balances/bank overdrafts and the Board have received confirmation from the immediate parent company that intergroup debt will continue to be made available at levels sufficient to allow the Company to meet its liabilities as they fall due.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

Stanton Bonna Concrete faces common business challenges within a mature market. It addresses these challenges with appropriate cost controls and continues to innovate its product and service offering to meet customer needs.

### **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The company is exposed to interest rate charges as all cash held at bank and overdrafts are held at floating rates. The company does not mitigate its exposure to interest rate risk as it is not considered significant. There is also exposure to exchange rate fluctuations on the cash at bank where one bank account is held in Euros, the debtors ledger as some customers are invoiced in Euros and the purchase ledger as the company purchases in Euros. The exchange rate risk is partly mitigated by the natural hedge from buying and selling in Euros. The company has used foreign exchange hedging contracts where the exposure is substantial. Any substantial exposures are reviewed with the Consolis Group treasury function.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments the company mainly uses short term group financing.

The company is exposed to commodity price risk. The company does not manage its exposure to commodity price risk due to cost benefit considerations.

### **CHARITABLE DONATIONS**

The company made charitable donations of £548 (2009 £557) during the year. Charitable donations of £398 (2009 £482) were made to local charities and £150 (2009 £75) to national charities.

### **DIRECTORS' INDEMNITIES**

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

### **AUDITOR**

In the case of each of the persons who are directors of the company at the date when this report is approved

- 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
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

Deloitte LLP have expressed their willingness to continue in office as auditor of the company. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

# STANTON BONNA CONCRETE LIMITED

## DIRECTORS' REPORT

### DIRECTORS' RESPONSIBILITIES STATEMENT

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

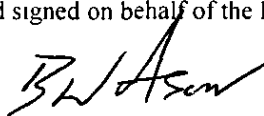
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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, 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.

Approved by the Board of Directors  
and signed on behalf of the Board

13<sup>th</sup> September 2011



B WILSON  
Secretary

#### Registered Number

2263795

#### Registered Office

Littlewell Lane  
Stanton-by-Dale  
Ilkeston  
Derbyshire  
DE7 4QW

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STANTON BONNA CONCRETE LIMITED**

We have audited the financial statements of Stanton Bonna Concrete Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Note of Historical Cost Profits and Losses, the Balance Sheet and the related notes 1 to 19. 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 Directors' Responsibilities Statement, 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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.

*Alistair Pritchard FCA*

Alistair Pritchard FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Nottingham, UK

13 September 2011

# STANTON BONNA CONCRETE LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31 December 2010

	Note	2010 £'000	2009 £'000
<b>TURNOVER</b>	1	17,117	21,494
Cost of sales		<u>(12,961)</u>	<u>(16,356)</u>
<b>GROSS PROFIT</b>		4,156	5,138
Distribution costs		<u>(2,620)</u>	<u>(2,508)</u>
Administration expenses		<u>(973)</u>	<u>(989)</u>
<b>OPERATING PROFIT</b>	2	563	1,641
Interest payable and similar charges	4	<u>(232)</u>	<u>(296)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		331	1,345
Tax on profit on ordinary activities	5	<u>(62)</u>	<u>(64)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	12,13	<u>269</u>	<u>1,281</u>

All the above results derive from continuing operations

# STANTON BONNA CONCRETE LIMITED

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES Year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Profit for the financial year		269	1,281
Actuarial gain/(loss) relating to the pension scheme	16	354	(798)
<b>Total recognised gains and losses recognised since last annual report and financial statements</b>		<u>623</u>	<u>483</u>

## NOTE OF HISTORICAL COST PROFITS AND LOSSES Year ended 31 December 2010

	2010 £'000	2009 £'000
Reported profit on ordinary activities before taxation	331	1,345
Difference between historical cost deprecation charge and the actual depreciation charge calculated on the revalued amount	60	83
<b>Historical cost profit on ordinary activities before taxation</b>	<u>391</u>	<u>1,428</u>
<b>Historical cost profit for the year after taxation and dividends</b>	<u>329</u>	<u>1,364</u>



# STANTON BONNA CONCRETE LIMITED

## BALANCE SHEET 31 December 2010

	Note	2010 £'000	2009 £'000
<b>FIXED ASSETS</b>			
Tangible assets	9	4,724	5,013
<b>CURRENT ASSETS</b>			
Stocks	6	3,179	3,972
Debtors	7	3,006	3,909
Cash at bank and in hand		1,497	410
		<u>7,682</u>	<u>8,291</u>
<b>CREDITORS: amounts falling due within one year</b>	8	<u>(5,435)</u>	<u>(6,283)</u>
<b>NET CURRENT ASSETS</b>		<u>2,247</u>	<u>2,008</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,971	7,021
<b>PROVISIONS FOR LIABILITIES</b>	10	<u>(20)</u>	<u>(78)</u>
<b>NET ASSETS EXCLUDING PENSION DEFICIT</b>		6,951	6,943
<b>PENSION DEFICIT</b>	16	<u>(3,935)</u>	<u>(4,550)</u>
<b>NET ASSETS INCLUDING PENSION DEFICIT</b>		<u>3,016</u>	<u>2,393</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	3,334	3,334
Profit and loss account	12	(2,653)	(3,336)
Revaluation reserve	12	2,335	2,395
<b>SHAREHOLDERS' FUNDS</b>	13	<u>3,016</u>	<u>2,393</u>

These financial statements of Stanton Bonna Concrete Limited (Registration Number 2263795) were approved by the Board of Directors and authorised for issue on *13<sup>th</sup> September 2011*

Signed on behalf of the Board of Directors



B K Cooper

# STANTON BONNA CONCRETE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. They have been applied consistently throughout the current and preceding year.

#### Accounting convention and going concern

The financial statements are prepared under the historical cost convention, as modified by the revaluation of land and buildings and on a going concern basis after due consideration of the principal risks and uncertainties as disclosed in the Directors' Report, and in accordance with the Companies Act 2006.

In reaching this conclusion the Board have considered the financial position of the Company and its funding facilities. The Board has undertaken a review of the Company's forecasts and associated risks and sensitivities.

For the reasons set out in the Directors' report, the Board have concluded that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and for this reason have adopted the going concern basis in preparing the financial statements.

#### Turnover

Turnover represents amounts receivable from external customers for goods at delivered prices provided in the normal course of business, net of trade discounts and VAT. Turnover is recognised on despatch of goods.

#### Segmental information

An analysis of turnover between markets and geographical segment is not provided as all of the company's sales relate to its principal activity which is conducted substantially in the UK.

#### Tangible fixed assets

The company's policy is to carry all assets at historical cost, except freehold land and buildings which are included in the balance sheet at a valuation effective on 31 December 2009. In the years between the full valuations, freehold land and buildings are included in the balance sheet at current value.

#### Depreciation

Freehold land is not depreciated. Other tangible fixed assets are depreciated on a straight line basis, over their estimated useful lives as follows:

Freehold buildings	10-25 years
Major manufacturing equipment	2-25 years
Other plant and equipment	2-15 years
Office equipment	2-10 years
Mobile plant and motor vehicles	2-10 years
Loose plant, tools and moulds	2-5 years

#### Foreign currency

Transactions in overseas currencies are translated at the exchange rate ruling at the date of transaction or, where forward cover contracts have been arranged, at the contracted rates. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date or at a contracted rate if applicable and any exchange differences arising are taken to the profit and loss account.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 December 2010**

**1 ACCOUNTING POLICIES (Continued)**

**Stocks**

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

Cost represents the cost of materials and, in the case of manufactured products, includes the cost of direct labour and production overheads based on normal levels of activity

**Pension costs**

The company operates a defined benefit scheme and a defined contribution scheme. The defined benefit scheme is closed to new members.

For the defined contribution scheme, pension costs are charged to the profit and loss account as they arise.

For the defined benefit scheme the amounts charged to operating profit are the current service costs (including the PPF levy) and gains and losses on settlements and curtailments. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond and equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax if recognised, is presented separately after other net assets on the face of the balance sheet.

**Taxation**

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 taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**Operating leases**

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

**Cash flow statement**

The company is a wholly owned subsidiary that is consolidated into the financial statements of its ultimate parent company, Consolis SAS, therefore no cash flow statement is presented.

# STANTON BONNA CONCRETE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 December 2010

### 2. OPERATING PROFIT

Operating profit is after charging	2010 £'000	2009 £'000
Depreciation		
Owned assets	495	661
Impairment		
Owned assets	78	116
Fees payable to the company's auditor for the audit of the company's annual financial statements	21	19
Fees payable to the company's auditor for other services		
Tax services	11	7
Operating lease charges		
Plant and machinery	64	105
	<u>          </u>	<u>          </u>

### 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2010 £'000	2009 £'000
<b>Directors' remuneration</b>		
Aggregate emoluments	88	77
	<u>          </u>	<u>          </u>

A director (2009-1) is remunerated through this company. The remaining directors are remunerated through other group companies and it is not practicable to apportion an element of their remuneration to this company.

A director (2009-1) had benefits accruing under a defined benefit pension scheme.

	2010 Number	2009 Number
<b>Average number of persons employed</b>		
Production	106	111
Administration	25	26
	<u>          </u>	<u>          </u>
	131	137
	<u>          </u>	<u>          </u>
	£'000	£'000
<b>Staff costs related to the year</b>		
Wages and salaries	3,496	3,376
Social security costs	308	297
Pension costs	342	315
	<u>          </u>	<u>          </u>
	4,146	3,988
	<u>          </u>	<u>          </u>

# STANTON BONNA CONCRETE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 December 2010

### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £'000	2009 £'000
Bank overdrafts	12	34
Group borrowings	28	63
	<u>40</u>	<u>97</u>
Net finance charges on pension scheme	192	199
	<u>232</u>	<u>296</u>

### 5. TAX ON PROFIT ON ORDINARY ACTIVITIES

a) Analysis of tax charge in the year	2010 £'000	2009 £'000
<b>Current Taxation</b>		
United Kingdom corporation tax at 28% (2009 28%) based on the profit for the year	62	64
<b>Total current tax (note 5b)</b>	<u>62</u>	<u>64</u>
<b>Deferred taxation</b>		
Origination and reversal of timing differences	-	-
<b>Total deferred tax</b>	<u>-</u>	<u>-</u>
<b>Tax on profit on ordinary activities</b>	<u>62</u>	<u>64</u>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 December 2010**

**5 TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)**

**b) Factors affecting the tax charge for the year**

The actual tax charge for the current year is different than the standard rate for reasons set out in the following reconciliation

	2010 £'000	2009 £'000
Profit on ordinary activities before tax	331	1,345
Tax on profit on ordinary activities at standard rate	92	376
<b>Effects of:</b>		
Expenses and charges not deductible for tax purposes	4	4
Fixed asset timing differences	46	84
Utilisation of tax losses	-	(398)
Other timing differences	(80)	(2)
<b>Current tax charge for the year (note 5a)</b>	<b>62</b>	<b>64</b>

The Finance Act 2010, which provides for a reduction in the main rate of UK Corporation Tax from 28% to 27% effective from 1 April 2011, was substantively enacted on 21 July 2010. This reduced rate has been reflected in the calculation of deferred tax.

On 23 March 2011 the Government announced that the main rate of Corporation Tax rate would reduce to 26% with effect from 1 April 2011, with subsequent 1% reductions per annum to reach 23% with effect from 1 April 2014. These tax rate reductions had not been substantively enacted at the balance sheet date and therefore have not been reflected in the financial statements. The effect of these tax rate reductions on the current and deferred tax balances will be accounted for in the period in which the tax rate reductions are substantively enacted.

**6 STOCKS**

	2010 £'000	2009 £'000
Raw materials and consumables	644	702
Work in progress	87	97
Finished products	2,448	3,173
	<b>3,179</b>	<b>3,972</b>

There is no material difference between the balance sheet value of stocks and their replacement cost.

# STANTON BONNA CONCRETE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 December 2010

### 7 DEBTORS: DUE WITHIN ONE YEAR

	2010 £'000	2009 £'000
Trade debtors	2,755	3,219
Amounts owed by related companies	118	566
Prepayments and accrued income	133	124
	<u>3,006</u>	<u>3,909</u>

### 8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £'000	2009 £'000
Trade creditors	1,675	1,705
Amounts owed to related companies	2,968	3,655
Corporation tax	49	64
Other taxation and social security	209	277
Accruals and deferred income	534	582
	<u>5,435</u>	<u>6,283</u>

Amounts owed to related companies includes £2,738,000 (2009 £3,157,000) consisting of short-term loans from group companies. These loans are unsecured, and are repayable at the option of the lender at each quarterly review.

### 9 TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Plant, machinery, equipment and vehicles £'000	Total £'000
<b>Cost or valuation</b>			
At 1 January 2010	4,000	10,962	14,962
Additions	-	284	284
	<u>4,000</u>	<u>11,246</u>	<u>15,246</u>
At 31 December 2010	4,000	11,246	15,246
<b>Accumulated depreciation</b>			
At 1 January 2010	-	9,949	9,949
Charge for the year	152	343	495
Impairment	-	78	78
	<u>152</u>	<u>10,370</u>	<u>10,522</u>
At 31 December 2010	152	10,370	10,522
<b>Net book value</b>			
At 31 December 2010	<u>3,848</u>	<u>876</u>	<u>4,724</u>
At 31 December 2009	<u>4,000</u>	<u>1,013</u>	<u>5,013</u>

# STANTON BONNA CONCRETE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 December 2010

### 9. TANGIBLE FIXED ASSETS (CONTINUED)

Land and buildings includes land at a value of £2,100,000 (2009 £2,100,000) on which no depreciation is charged

Freehold land and buildings were revalued at estimated realisation price of the freehold interest in the properties on the basis of existing use as at 31 December 2009, following a valuation by Innes England Limited, Chartered Surveyors in June 2010

#### Revaluation of land and buildings

The company's freehold land and buildings were revalued at 31 December 2009

If the amount of these revalued assets, included in the financial statements at a net book value of £3,848,000 had been determined in accordance with the historic cost accounting convention they would have been included as

	2010 £'000	2009 £'000
Cost	3,463	3,463
Accumulated depreciation	(1,972)	(1,880)
Net book value at 31 December	<u>1,491</u>	<u>1,583</u>

### 10. PROVISIONS FOR LIABILITIES

	At 1 January 2010 £'000	Utilised £'000	Charged/ (credited) in the year £'000	At 31 December 2010 £'000
Claims provisions	<u>78</u>	<u>(53)</u>	<u>(5)</u>	<u>20</u>

The claims provision is expected to be utilised by 31 December 2011

The amounts of deferred taxation provided in the financial statements and the potential amounts not provided are as follows

	Provided 2010 £'000	Not provided 2010 £'000	Provided 2009 £'000	Not Provided 2009 £'000
Pension deficit	-	(1,102)	-	(1,274)
Depreciation in excess of capital allowances	-	(30)	-	(49)
Other timing differences	-	(16)	-	(26)
	<u>-</u>	<u>(1,148)</u>	<u>-</u>	<u>(1,349)</u>

Deferred tax has not been provided on revaluations of fixed assets This tax will only become payable if the assets are sold and rollover relief is not obtained

A deferred tax asset in respect of the pension deficit and timing differences has not been recognised due to the uncertainties of the current economic environment



# STANTON BONNA CONCRETE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 December 2010

### 11 CALLED UP SHARE CAPITAL

	2010 £'000	2009 £'000
<b>Authorised, allotted and fully paid</b>		
3,334,000 ordinary shares of £1 each	3,334	3,334

At the balance sheet date, the company was a 100% subsidiary of Bonna Sabla SA

### 12 RESERVES

	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2010	2,395	(3,336)	(941)
Profit for the financial year	-	269	269
Actuarial gain relating to pension scheme	-	354	354
Realised revaluation surplus	(60)	60	-
Balance at 31 December 2010	2,335	(2,653)	(318)

### 13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010 £'000	2009 £'000
Profit for the financial year	269	1,281
Revaluation during the year	-	(141)
Other recognised gains and (losses) relating to the year	354	(798)
<b>Net addition to shareholders' funds</b>	623	342
Opening shareholders funds	2,393	2,051
<b>Closing shareholders' funds</b>	3,016	2,393

### 14 CAPITAL COMMITMENTS

There were capital commitments contracted for at 31 December 2010 of £Nil (2009 £158,000) for plant, machinery, equipment and vehicles

### 15 CONTINGENT LIABILITIES

At 31 December 2010 there were no outstanding performance bonds (2009 £Nil)

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Year ended 31 December 2010**

**16 RETIREMENT BENEFIT SCHEMES**

A significant number of the company's employees are members of the Stanton Bonna Pension Plan. This is a defined benefit pension scheme which is funded by Stanton Bonna Concrete Limited and its employees. The scheme was closed to new members on 1 April 2003, and a defined contribution scheme was set up. There were a small number of members of the defined contribution scheme as at 31 December 2010.

Contributions to the defined benefit pension scheme are made to a pension trust whose assets are held in a separate trustee administered fund. The contributions to the scheme are determined by a qualified actuary using the projected unit method. The scheme is a closed scheme and therefore under the projected unit method the current service cost would be expected to increase as the members approach retirement.

The most recent full actuarial valuation was at 5 April 2009, and updated to 31 December 2010 by a qualified actuary. The pension charge in the year in respect of defined benefit pension scheme was £334,000 (2009 £310,000) and £8,000 (2009 £5,000) in respect of defined contribution pension schemes.

The main assumptions used for the actuarial valuation were

	2010	2009
Key assumptions used		
Discount rate	5.40%	5.70%
Expected return on scheme assets	6.20%	6.20%
Expected rate of salary increases	4.30%	4.50%
Future pension increases	3.30%	3.50%
Inflation (2010: CPI 2009: RPI)	3.30%	3.50%

In July 2010 the Government announced a proposal to replace the Retail Price Index (RPI) with the Consumer Price Index (CPI) on the basis that CPI is a more appropriate measure of the change in cost of living for pensioners than RPI. The proposal implied that private sector pension schemes should be indexed in the same way as public sector pension schemes. On 17 February 2011 the House of Commons approved the move from RPI to CPI index linking for public sector pension schemes.

Following a review of the scheme rules and consultation with the trustees, the company has moved to CPI as the measure for inflation in increasing deferred pensions prior to retirement.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 December 2010**

**16 RETIREMENT BENEFIT SCHEMES (CONTINUED)**

**Mortality assumptions**

Consideration has been given within the past three years to the likely mortality assumptions used in the valuation of the Company's defined benefit schemes. These considerations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are

	2010	2009
Retiring today		
Males	85.6	85.5
Females	88.4	88.3
Retiring in 20 years		
Males	87.5	87.5
Females	90.3	90.2

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase/decrease by 0.5%	Decrease/increase by 9.5%
Rate of inflation	Increase/decrease by 0.5%	Decrease/increase by 8.3%
Rate of salary growth	Increase/decrease by 0.5%	Decrease/increase by 3.2%
Rate of mortality	Increase by 1 year	Increase by 2.6%

Amounts recognised in the profit and loss account in respect of these defined benefit schemes are as follows

	2010 £'000	2009 £'000
Current service cost	334	310
Interest cost	972	867
Expected return on scheme assets	(780)	(668)
	<u>526</u>	<u>509</u>

Of the charge for the year, £206,000 (2009: £204,000) has been included in cost of sales and £128,000 (2009: £106,000) has been included in administrative expenses.

Actuarial gains of £354,000 (2009: £798,000 loss) have been reported in the statement of total recognised gains and losses.

The actual return on scheme assets was £1,420,000 (2009: £1,964,000).

The cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses since the adoption of FRS 17 is £2,978,000 (2009: £3,332,000).

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 December 2010**

**16 RETIREMENT BENEFIT SCHEMES (CONTINUED)**

The amount included in the balance sheet arising from the Company's obligations in respect of its defined benefit retirement scheme is as follows

	2010 £'000	2009 £'000
Present value of defined benefit obligations	(18,146)	(17,106)
Fair value of scheme assets	14,211	12,556
	<u>(3,935)</u>	<u>(4,550)</u>

Movements in the present value of defined benefit obligations were as follows

	2010 £'000	2009 £'000
At 1 January	17,106	14,307
Service cost	334	310
Interest cost	972	867
Contributions from scheme members	107	105
Actuarial gains and losses	286	2,094
Benefits paid including PPF levy	(659)	(577)
	<u>18,146</u>	<u>17,106</u>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 December 2010**

**16. RETIREMENT BENEFIT SCHEMES (Continued)**

Movements in the fair value of scheme assets were as follows

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
At 1 January	12,556	10,508
Expected return on scheme assets	780	668
Actuarial gains and losses	640	1,296
Contributions from the sponsoring companies	787	556
Contributions from scheme members	107	105
Benefits paid including PPF levy	(659)	(577)
	<u>14,211</u>	<u>12,556</u>
At 31 December	<u>14,211</u>	<u>12,556</u>

The analysis of the scheme assets and the expected rate of return at the balance sheet date was as follows

	<b>Expected return</b>		<b>Fair value of assets</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	%	%	%	%
Equity instruments	7.10	7.40	56	55
Debt instruments	4.60	4.90	43	43
Other assets	0.50	0.50	1	2
	<u>6.20</u>	<u>6.20</u>	<u>100</u>	<u>100</u>

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on risk-free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class.

The expected return for each asset class was then weighted based on the actual asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 6.20% assumption for the year ended 31 December 2010 and 6% for the year ending 31 December 2011.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 31 December 2010**

**16. RETIREMENT BENEFIT SCHEMES (CONTINUED)**

The five-year history of experience adjustments is as follows

	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Present value of defined benefit obligations	(18,146)	(17,106)	(14,307)	(15,088)	(15,400)
Fair value of scheme assets	14,211	12,556	10,508	12,750	12,056
(Deficit) in the scheme	<u>(3,935)</u>	<u>(4,550)</u>	<u>(3,799)</u>	<u>(2,338)</u>	<u>(3,344)</u>
Experience adjustments on scheme liabilities	-	516	-	-	53
Percentage of scheme liabilities (%)	-	(3%)	-%	-%	-%
Difference between actual and expected return on scheme assets					
Amount	640	1,296	(2,983)	(245)	552
Percentage of scheme assets (%)	<u>5%</u>	<u>10%</u>	<u>(28%)</u>	<u>(2%)</u>	<u>5%</u>

The company will pay contributions of 12.7% of pensionable earning monthly as well as lump sum contributions of £22,917 per month up until 30 June 2011 and £27,083 per month from 1 July 2011 to 30 June 2012. In addition, the company will pay administration costs and life assurance costs for the scheme.

Members' contributions to the plan are 7% of pensionable earnings.

The most recent triennial valuation of the company's pension scheme for funding purposes was performed in 2009. Under the funding schedule agreed with the scheme trustees, the company was aiming to eliminate the current deficit over a period of 15 years. The Company monitors funding levels annually and the funding schedule will be reviewed between the Company and the trustees every 3 years following the triennial valuation. The next triennial valuation is due as at 5 April 2012. The Company will then reconsider the contributory rates with the trustees to eliminate any deficit revealed by that valuation.

**17. OPERATING LEASE COMMITMENTS**

At 31 December 2010, the company had annual commitments under non-cancellable operating leases expiring as follows:

	2010 Other £'000	2009 Other £'000
<b>Lease which expire</b>		
Within one year	11	44
Within two and five years	48	54
	<u>59</u>	<u>98</u>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Year ended 31 December 2010**

**18 PARENT UNDERTAKINGS AND OWNERSHIP**

At the balance sheet date, the company was a 100% subsidiary of Bonna Sabla SA, a company incorporated in France

The ultimate controlling party is LBO France (a French Capital Fund) – a private equity firm based in Paris, France, and the ultimate parent undertaking is Consolis SAS, a company incorporated in France

A copy of the consolidated financial statements of Consolis SAS, the smallest and largest group in which the results of the company are included, can be obtained from The Secretary at 31, Place Ronde, Valmy, 92986, La Defense, Paris, France

**19. RELATED PARTY TRANSACTIONS**

During the current and prior years, the company was a 100% subsidiary of the Consolis Group and as such has adopted the FRS 8 exemption for wholly owned subsidiaries