

Company Registration No 2805908 (England and Wales)

**SECO-RAIL LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2007**



**Howard Lee, Fellows & Co**  
*Chartered Accountants*

**SECO-RAIL LIMITED**

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# **SECO-RAIL LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2007**

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The directors present their report and financial statements for the year ended 31 March 2007

### **Principal activities and review of the business**

The principal activity of the company is that of railway maintenance

During the year the company continued as a partner in a joint arrangement with Amey Railways Limited, which was created for the performance of a contract for railway track renewal. These financial statements include the company's 50% interest in the activities of the joint arrangement.

Turnover was down in the year by 10% with a consequent reduction in profitability of 74%. The turnover reduced as the available work bank from Network Rail for the period was lower than in the previous years.

The directors do not expect this decline to continue and have maintained their planned expansion in the capabilities of the company. Staff levels increased by 13% and the ballast cleaner came into productive use during the course of the year. The directors continue to believe that the combination of the skilled staff and high quality rail plant remains a source of competitive advantage in an industry where both are in short supply.

There were two significant and positive developments after the balance sheet date.

Network Rail decided to reduce the number of track renewals contractors from six to four by the end of 2007, and undertook a quality and capability review before making its decision. The joint arrangement with Amey Railways Limited was successful in this process and, as a result, will undertake track renewals in a larger geographical area and see increased turnover.

On 30 November 2007 all assets and business activities of the company were transferred to Colas Rail Limited. Colas Rail Limited is a multi-disciplinary railway construction company acquired during the year by Colas S.A. With both companies under common ownership their activities in the UK are being combined to create a strong market presence in track renewals, rail plant and major rail projects.

### **Results and dividends**

The results for the year are set out on page 5.

The directors do not recommend payment of an ordinary dividend.

### **Future developments**

The company will continue to operate its business along similar lines to those followed in previous years.

### **Directors**

The following directors have held office since 1 April 2006:

C A Giral  
B Bodman  
T Genestar  
B Gaillard

(Resigned 22 December 2006)

### **Creditor payment policy**

The company's policy is to pay creditors as they fall due. At 31 March 2007 the number of creditor days outstanding was 91.

# SECO-RAIL LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2007

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### Auditors

Howard Lee, Fellows & Co were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting

### Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors 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 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.

### Statement of disclosure to auditor

In the case of each of the persons who are directors at the time when this report is approved -

- (a) so far as the director is aware, there is no relevant information needed by the company's auditors in connection with the preparation of their report of which the company's auditors are unaware, and
- (b) each 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

On behalf of the board

C A Giral  
Director

3 December 2007



# **SECO-RAIL LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SECO-RAIL LIMITED**

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We have audited the financial statements of SECO-RAIL LIMITED on pages 5 to 12 for the year ended 31 March 2007. These financial statements have been prepared under the historical cost convention and 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 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 the directors and auditors**

As described in the statement of directors' responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company 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 Auditing Standards 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.

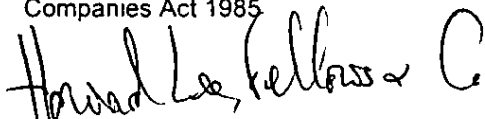
# SECO-RAIL LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SECO-RAIL LIMITED

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### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2007 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985



Howard Lee, Fellows & Co

3 December 2007

Chartered Accountants  
Registered Auditor

11-14 First Floor  
Rushmoor Business Centre  
19 Kingsmead  
Farnborough  
Hampshire  
GU14 7SR

## SECO-RAIL LIMITED

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007

	Notes	2007 £	2006 £
Turnover	2	25,745,868	28,730,914
Cost of sales		(18,271,852)	(19,262,069)
<b>Gross profit</b>		<b>7,474,016</b>	<b>9,468,845</b>
Administrative expenses		(7,072,588)	(7,497,005)
<b>Operating profit</b>	3	<b>401,428</b>	<b>1,971,840</b>
Other interest receivable and similar income	4	172,343	146,053
Interest payable and similar charges	5	(7,224)	(1,282)
<b>Profit on ordinary activities before taxation</b>		<b>566,547</b>	<b>2,116,611</b>
Tax on profit on ordinary activities	6	(185,040)	(650,354)
<b>Profit on ordinary activities after taxation</b>	14	<b>381,507</b>	<b>1,466,257</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

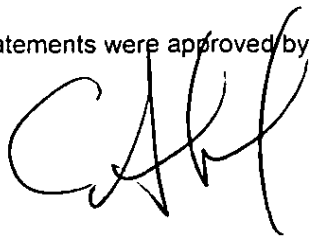
# SECO-RAIL LIMITED

## BALANCE SHEET AS AT 31 MARCH 2007

	Notes	2007 £	£	2006 £	£
<b>Fixed assets</b>					
Tangible assets	7	6,450,426		3,145,775	
<b>Current assets</b>					
Stocks	8	156,941		61,581	
Debtors	9	5,570,023		5,882,507	
Cash at bank and in hand		6,594,410		6,490,374	
		<u>12,321,374</u>		<u>12,434,462</u>	
<b>Creditors amounts falling due within one year</b>	10	<u>(13,165,739)</u>		<u>(10,683,940)</u>	
<b>Net current (liabilities)/assets</b>			<u>(844,365)</u>		<u>1,750,522</u>
<b>Total assets less current liabilities</b>			5,606,061		4,896,297
<b>Provisions for liabilities and charges</b>	11		<u>(341,738)</u>		<u>(13,481)</u>
			<u>5,264,323</u>		<u>4,882,816</u>
<b>Capital and reserves</b>					
Called up share capital	13		100		100
Profit and loss account	14		5,264,223		4,882,716
<b>Shareholders' funds</b>	15		<u>5,264,323</u>		<u>4,882,816</u>

The financial statements were approved by the Board on 3 December 2007

C A Giral  
Director





# SECO-RAIL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards

#### 1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is ascertained by an evaluation of the work carried out to date.

#### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	12.5 - 33% straight line
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#### 1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.5 Stock

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

#### 1.6 Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

#### 1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

#### 1.8 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

#### 1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

#### 1.10 Joint arrangement

The company's interest in Amey-Seco is considered a "joint arrangement that is not an entity", as defined by FRS 9, and consequently its results include its 50% share of the results of that joint arrangement for the same period.

# SECO-RAIL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

### 1 11 Cashflow Statement

A cashflow statement has not been prepared on the grounds that 100% of the voting rights are controlled within the group, and these financial statements will be consolidated into publicly available group accounts

### 2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom

3 Operating profit	2007 £	2006 £
Operating profit is stated after charging		
Depreciation of tangible assets	618,807	1,405,064
Operating lease rentals	221,395	228,080
Auditors' audit remuneration	12,740	19,561
Auditors' non-audit remuneration - Other services relating to taxation	8,485	2,000
- All other services	1,721	5,616
	<u>          </u>	<u>          </u>

4 Investment income	2007 £	2006 £
Bank interest	172,343	146,053
	<u>          </u>	<u>          </u>

5 Interest payable	2007 £	2006 £
On overdue tax	7,224	1,282
	<u>          </u>	<u>          </u>

6 Taxation	2007 £	2006 £
U K. current year taxation		
U K corporation tax	(148,013)	765,370
Deferred taxation	330,439	(115,016)
	<u>          </u>	<u>          </u>
	182,426	650,354
Prior years		
U K corporation tax	4,796	-
Deferred taxation	(2,182)	-
	<u>          </u>	<u>          </u>
	185,040	650,354
	<u>          </u>	<u>          </u>

# SECO-RAIL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

### 7 Tangible fixed assets

	Plant and machinery £
<b>Cost</b>	
At 1 April 2006	6,058,487
Additions	3,923,458
	<hr/>
At 31 March 2007	9,981,945
	<hr/>
<b>Depreciation</b>	
At 1 April 2006	2,912,712
Charge for the year	618,807
	<hr/>
At 31 March 2007	3,531,519
	<hr/>
<b>Net book value</b>	
At 31 March 2007	6,450,426
	<hr/>
At 31 March 2006	3,145,775
	<hr/>

8 Stocks	2007 £	2006 £
Raw materials and consumables	156,941	61,581
	<hr/>	<hr/>

9 Debtors	2007 £	2006 £
Trade debtors	301,127	47,740
Amounts recoverable on long term contracts	928,481	1,855,874
Amounts owed by parent and fellow subsidiary undertakings	-	8,398
Other debtors	4,171,635	2,809,786
Prepayments and accrued income	168,780	1,160,709
	<hr/>	<hr/>
	5,570,023	5,882,507
	<hr/>	<hr/>

# SECO-RAIL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

10 Creditors amounts falling due within one year	2007 £	2006 £
Trade creditors	6,488,826	5,058,901
Amounts owed to parent and fellow subsidiary undertakings	97,984	-
Corporation tax	-	581,870
Other taxes and social security costs	400,974	79,432
Other creditors	4,148,520	3,589,339
Accruals and deferred income	2,029,435	1,374,398
	<u>13,165,739</u>	<u>10,683,940</u>

11 Provisions for liabilities and charges	Deferred taxation £
Balance at 1 April 2006	13,481
Profit and loss account	328,257
	<u>341,738</u>
Balance at 31 March 2007	

## 12 Pension costs

### Defined contribution

	2007 £	2006 £
Contributions payable by the company for the year	<u>215,346</u>	<u>187,036</u>

Contributions due to the scheme as at 31 March 2007 were £nil (2006 £nil)

13 Share capital	2007 £	2006 £
<b>Authorised</b>		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
<b>Allotted, called up and fully paid</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

# SECO-RAIL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

### 14 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2006	4,882,716
Profit for the year	381,507
	<u>          </u>
Balance at 31 March 2007	<u>5,264,223</u>

### 15 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Profit for the financial year	381,507	1,466,257
Opening shareholders' funds	4,882,816	3,416,559
	<u>          </u>	<u>          </u>
Closing shareholders' funds	<u>5,264,323</u>	<u>4,882,816</u>

### 16 Financial commitments

At 31 March 2007 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2008

	Land and buildings			Other
	2007	2006	2007	2006
	£	£	£	£
Operating leases which expire				
Within one year	13,140	995	26,589	18,707
Between two and five years	19,360	19,360	177,035	156,014
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<u>32,500</u>	<u>20,355</u>	<u>203,624</u>	<u>174,721</u>

### 17 Capital commitments

	2007 £	2006 £
At 31 March 2007 the company had capital commitments as follows		
Contracted for but not provided in the financial statements	<u>-</u>	<u>1,804,998</u>

# SECO-RAIL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

### 18 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was

	2007 Number	2006 Number
SECO-RAIL Limited staff	48	37
Amey Seco joint arrangement staff	116	108
	<u>164</u>	<u>145</u>

#### Employment costs

	2007 £	2006 £
Wages and salaries	5,674,456	4,384,490
Social security costs	601,616	445,637
Other pension costs	215,346	187,036
	<u>6,491,418</u>	<u>5,017,163</u>

### 19 Control

The company is controlled by its immediate parent, SECO-RAIL S A , a company incorporated in France

The directors consider the ultimate parent company to be Bouygues S A , a company incorporated in France

Copies of the ultimate parent company's consolidated financial statements may be obtained from Bouygues S A , 90 Avenue des Champs-Elysees, 75008 Paris, France

### 20 Related party transactions

The company has taken advantage of the exemptions under Financial Reporting Standard 8 (Related Party Disclosures) and is not required to disclose transactions occurring within the group

### 21 Post balance sheet events

On 30 November 2007 all assets and business activities of the company were transferred to Colas Rail Limited. Colas Rail Limited is a multi-disciplinary railway construction company acquired during the year by Colas SA. With both companies under common ownership their activities in the UK are being combined to create a strong market presence in track renewals, rail plant and major rail projects