

Registered No 4300396

# **Mabey Bridge Limited**

## **Report and Financial Statements**

30 September 2012

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COMPANIES HOUSE

# Mabey Bridge Limited

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Registered No 4300396

## **Directors**

C J Droogan  
P Lloyd  
A H Smale

## **Auditors**

Ernst & Young LLP  
Apex Plaza  
Forbury Road  
Reading  
RG1 1YE

## **Bankers**

Barclays Bank PLC  
4<sup>th</sup> Floor  
Apex Plaza  
Forbury Road  
Reading  
RG1 1AX

## **Registered Office**

Station Road  
Chepstow  
Monmouthshire  
NP16 5YL

## Directors' report

The directors present their report and the financial statements for the year ended 30 September 2012

### Results and dividends

The loss after tax for the year amounts to £13,676,490 (2011 – profit of £36,510,296) During the year the company paid a dividend on ordinary shares of £1,000,000 (2011 – £1,000,000)

### Principal activities and review of the business

The company's principal activity is the design and fabrication of light and heavy steelwork and its sale and erection worldwide It has been a difficult year, with the result heavily impacted by the start up and learning curve within the Renewables division Turnover for this division has grown to £13.0m in the current year (2011 £1.1m), but with significant production issues and cost overruns experienced during the start up phase The Renewables sector is a key area of focus for the management of the company who remain committed to the further growth and the successful development of this new division

The Infrastructure and International divisions also had disappointing years in difficult market conditions, with turnover down on prior year in both sectors

Significant changes have been made to strengthen the leadership and senior management of the company during the year Significant potential for growth has been identified, particularly in the International modular bridging business, with key strategies to open new channels and routes to market underway At the same time, significant cost savings initiatives have been developed and are being implemented with considerable savings already identified

Whilst the operating loss for the year was disappointing, the potential for the company remains positive, with the expectation of growth in both the Renewables sector and in many of the company's international markets

### Principal risks and uncertainties facing the company

The key risks are exposure to raw material prices, foreign exchange rate fluctuations, credit risk, general economic conditions which have been particularly poor in the UK construction sector which forms a significant sales segment for the company, competitor actions, the effect of legislation, business continuity and controls failure

Exposure to raw material price risk is generally diminished by restricting bid validity to periods within those quoted by suppliers Wherever possible the company aims to maintain alternative sources in order to minimise the risks presented by market pressures

As part of an international Group, the company's approach to maintaining high ethical standards is critical to its business success A Group Code of Ethics is published to all employees on the Group's intranet, and on all external websites The company has a Business Ethics and Conduct Policy which all staff and significant suppliers are required to sign up to The company undertakes extensive due diligence on its overseas representatives, and operates comprehensive procedures to ensure that the company is not involved in any unethical business The company was the first company to be awarded BS10500 accreditation for anti-bribery standards in July 2012

The Group's treasury policies seek to reduce and minimise financial risk and ensure sufficient liquidity for foreseeable needs Bid validity periods are limited or they contain exchange rate variation clauses Financial instruments, such as currency forwards or options, are used for hedging purposes only and to provide greater certainty on future revenues and costs The period of the hedge is governed by the underlying transaction exposures which can extend for periods of up to four years The counter parties are banks with high credit ratings assigned by prominent credit rating agencies Exposure to the translation of foreign currency profits is not hedged and speculative transactions are not permitted

## Directors' report (continued)

### Principal risks and uncertainties facing the company (continued)

The company's credit risk is attributable to its trade receivables and amounts due under long term contracts. The risk is spread over a number of countries and customers, and where appropriate is minimised by the use of letters of credit or insurance.

There is a comprehensive business planning system in place with an annual budget approved by the board. Management information systems provide directors with relevant and timely reports that identify significant deviations from approved plans and include quarterly rolling 15 month re-forecasts, in order to facilitate timely reaction to changes in economic conditions and competitor actions.

There is a Group manual setting out policies and procedures with which the company is required to comply. The Managing Director is responsible for ensuring that the company observes and implements the policies and procedures set out in the manual which is regularly reviewed and updated.

The company's estimating systems, the accuracy of which is key to the profitability of new business, are constantly monitored and revised where necessary.

A Group Safety, Health and Environment Forum has been established whose goal is to eliminate work-related injuries, comply with regulatory requirements and improve performance. It reviews performance in these areas, collects data, shares best practice and plans for the future. This ensures consistency in performance measurement and improvement activities. Forum members also perform cross company safety audits to identify practices that are working well and areas for improvement. Their reports are used to track completion of corrective actions. Similar forums have been established for Engineering and HR.

The company continues to hold the ISO9001, ISO14001 and OHSAS18001 standards, as well as National Highways Sector Scheme 19a for corrosion protection and Investors in People.

### Research and development

The company's research and development programme is designed to extend the present product range and to improve its current products.

### Disabled employees

It is the company's policy to give full consideration to suitable applications for employment by disabled persons where the requirements of the job can be adequately filled by a disabled person.

### Employee involvement

It is the company's policy to keep all employees aware of financial and commercial matters as far as is practicable. Employees are encouraged to participate directly in the success of the business through the company's performance related bonus scheme.

### Directors

The present directors of the company are shown on page 1.

C J Droogan was appointed on 21 December 2011. M P Scoles resigned on 22 May 2012, A Cole resigned on 23 May 2012 and S J Chivers resigned on 1 October 2012.

### Disclosure of information to the auditors

As at the date of this report, as far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken such steps as he should 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.

## Directors' report (continued)

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

By order of the Board

  
P Lloyd  
Director

14th Dec. 2012

## **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Directors' Report and 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 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper 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.

# **Independent auditors' report**

## **to the members of Mabey Bridge Limited**

We have audited the financial statements of Mabey Bridge Limited for the year ended 30 September 2012 which comprise the Profit and loss account, Balance sheet, and the related notes 1 to 22. 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 auditors**

As explained more fully in the Statement of directors' responsibilities set out on page 5, 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 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 Report and Financial Statements 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 30 September 2012 and of its loss 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 matters 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.

## **Independent auditors' report**

**to the members of Mabey Bridge Limited (continued)**

### **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

*Grant + Young UK*

K Harkin (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP (Statutory Auditor)

Reading

*18 December*

2012



## Profit and loss account

for the year ended 30 September 2012

	Notes	2012 £	2011 £
<b>Turnover</b>	3	65,088,779	64,633,546
Cost of sales		69,036,684	61,430,009
<b>Gross (loss)/profit</b>		(3,947,905)	3,203,537
Selling and distribution costs		4,422,383	3,970,292
Administrative expenses – non-exceptional		5,528,359	3,981,450
Administrative expenses – exceptional		-	(2,537,527)
Administrative expenses – total		5,528,359	1,443,923
Amortisation of goodwill		1,896,462	1,896,472
<b>Operating loss</b>	4	(15,795,109)	(4,107,150)
Profit on disposal of subsidiary undertakings		-	41,826,295
Other income	7	86,742	598,474
Interest payable	8	(7)	(3,887,195)
<b>(Loss)/profit on ordinary activities before taxation</b>		(15,708,374)	34,430,424
Tax on (loss)/profit on ordinary activities	9	(2,031,884)	(2,079,872)
<b>(Loss)/profit on ordinary activities after taxation</b>		(13,676,490)	36,510,296

All activities relate to continuing operations. There are no recognised gains or losses other than the loss of £13,676,490 in the year ended 30 September 2012 (2011 – profit of £36,510,296)

## Statement of movements on reserves and reconciliation of movements in shareholders' funds

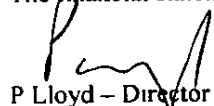
	Share capital £	Capital reserve £	Share premium account £	Profit and loss account £	Total shareholders' funds £
Balance at 30 September 2010	2,267,414	-	17,732,586	(1,408,094)	18,591,906
Shares issued in the year	45,000,000	-	-	-	45,000,000
Profit for the year	-	-	-	36,510,296	36,510,296
Capital contribution received	-	995	-	-	995
Dividend payable	-	-	-	(1,000,000)	(1,000,000)
Distribution in respect of matched share plan	-	-	-	(12,819)	(12,819)
Balance at 30 September 2011	47,267,414	995	17,732,586	34,089,383	99,090,378
Loss for the year	-	-	-	(13,676,490)	(13,676,490)
Dividend paid	-	-	-	(1,000,000)	(1,000,000)
Distribution in respect of matched share plan	-	(995)	-	(116,220)	(117,215)
Balance at 30 September 2012	47,267,414	-	17,732,586	19,296,673	84,296,673

# Balance sheet

at 30 September 2012

	Notes	2012 £	2011 £
<b>Fixed assets</b>			
Tangible assets	10	40,807,871	36,975,506
Intangible assets	11	13,275,235	15,171,697
Investments	12	12,878	-
		<u>54,095,984</u>	<u>52,147,203</u>
<b>Current assets</b>			
Stocks	13	19,987,527	17,596,577
Debtors	14	24,715,970	12,350,502
Amounts owed by group undertakings due within one year		291,681	2,420,039
Cash at bank and in hand		1,842,973	26,880,100
		<u>46,838,151</u>	<u>59,247,218</u>
<b>Creditors: amounts falling due within one year</b>	15	16,637,462	11,637,056
<b>Net current assets</b>		<u>30,200,689</u>	<u>47,610,162</u>
<b>Total assets less current liabilities</b>		<u>84,296,673</u>	<u>99,757,365</u>
<b>Provisions for liabilities and charges</b>			
Deferred taxation	16	-	666,987
		<u>84,296,673</u>	<u>99,090,378</u>
<b>Capital and reserves</b>			
Called up share capital	17	47,267,414	47,267,414
Share premium account		17,732,586	17,732,586
Capital reserve		-	995
Profit and loss account		19,296,673	34,089,383
<b>Shareholders' funds</b>		<u>84,296,673</u>	<u>99,090,378</u>

The financial statements were approved for issue by the board of directors and signed on its behalf by



P Lloyd – Director

14th Dec. 2012

## Notes to the financial statements

at 30 September 2012

### 1. Group accounts

Group accounts are not prepared as the company is a wholly owned subsidiary undertaking of Mabey Holdings Limited

### 2. Accounting policies

#### *Basis of preparation*

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the board continues to adopt the going concern basis of accounting in preparing the annual financial statements

#### *Acquisitions and disposals*

The results of businesses acquired or sold during the year are included from or up to the effective dates of acquisition or sale

#### *Goodwill*

Goodwill, being the difference between the amount paid on the acquisition of a business and the aggregate fair value of its separable net assets, is capitalised, classified as an asset on the balance sheet and amortised over its useful economic life. It is reviewed for impairment at the end of its first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable

#### *Depreciation*

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates estimated with the objective of writing off the cost, less estimated residual value, of each asset evenly over its expected useful economic life, as follows

Freehold buildings	40 years
Plant, equipment and vehicles	3 – 20 years
Patents and trademarks	current expenditure amortised in the year in which incurred

These estimates may change in the future if experience shows they are not achieving this objective

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable

## Notes to the financial statements

at 30 September 2012

### 2. Accounting policies (continued)

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete or slow-moving items

In the case of finished goods and work in progress on manufactured goods, cost comprises direct materials and labour and an appropriate proportion of manufacturing fixed and variable overheads. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

#### **Income and profit recognition on contracts**

Income and profit on UK contracting activities is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on each individual contract on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover represents the value of work carried out during the year and the settlement of claims arising from previous years. Revenue derived from variations and claims on contracts is recognised only when they have been accepted by the customer. For International long-term contracts, income and profit is accounted for based on the proportion of the projected total costs of the project which have been incurred to date. Full provision is made for losses on contracts in the year in which they are first foreseen.

#### **Research and development**

Research and development expenditure is written off as incurred.

#### **Leasing commitments**

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

#### **Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exceptions:

- a) Provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, there is a commitment to dispose of the replacement assets with no likely subsequent rollover or available capital losses.
- b) Provision is made for gains on revalued fixed assets only where there is a commitment to dispose of the revalued assets and the attributable gain can neither be rolled over nor eliminated by capital losses.
- c) Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

## Notes to the financial statements

at 30 September 2012

### 2. Accounting policies (continued)

#### *Share-based payments*

Mabey Holdings Limited has a matched share plan. The plan is administered by a Company Share Trust (the trust) with an independent trustee. Mabey Holdings Limited invites employees to join the plan. Once invited employees can purchase shares (investment shares) and at the same time are offered loans to purchase further shares (the matching shares). The loans, at the option of Mabey Holdings Limited, can be waived at the end of a set period of service (vesting period).

All shares under this plan must be offered back to the trust by the employee when they leave service and the expectation is the shares will be acquired by the trust. It is this expectation that determines the treatment of the plan as a cash settled share based payment arrangement in the group accounts. However for the subsidiaries the arrangement meets the definition of an equity settled scheme.

The price at which the shares are traded is determined by applying the board's valuation policy. It is established annually ahead of a trading window. The latest price is £4.45 per share (2011 - £5.13).

For the arrangements entered into in the current accounting period the longest vesting period is 34 months.

Each time an award of matching shares is made by the trust to an employee of the subsidiary a valuation of that award is undertaken at the date the award is made on the equity settled basis. This valuation is done by reference to the latest share valuation and an assumption about the likely level of staff retention in the vesting period. No allowance is made in the valuation for share price volatility because the shares accrue dividend rights as soon as they are allocated.

The profit and loss charge under the equity settled basis is then compared to the charge calculated by the parent which follows the cash settled basis. The directors consider that there is not a material difference and on that basis adopt the profit and loss charge calculated by the parent company on a cash settled basis.

The determination of the profit and loss account charge on the cash settled basis is determined by the parent on the basis of movements in the parent company's share redemption reserve which is recalculated each year end. The buy back reserve is calculated by the parent as follows:

- a) at each year end date between grant and settlement the liability to repurchase the investment shares is estimated by reference to the latest price,
- b) during the vesting period for the matching shares, the liability recognised at each year end is the fair value of the shares at that date (by reference to the latest price) multiplied by the expired portion of the vesting period as a proportion of the vesting period,
- c) during the vesting period, at each year end it is assumed that loans for ongoing employees with matching shares will be waived on completion of the vesting period,
- d) from the end of the vesting period for the matching shares until settlement, the liability recognised is the same calculation as for investment shares, and
- e) all changes in the liability are recognised in profit or loss for the year.

The total cost is expensed to the profit and loss account. This is treated as a capital contribution from Mabey Holdings Limited - see the statement of movements on reserves and reconciliation of movements in shareholders' funds.

## Notes to the financial statements

at 30 September 2012

### 2. Accounting policies (continued)

#### *Foreign currencies*

Gains and losses on forward foreign exchange contracts, which are entered into as hedges of purchases and sales denominated in foreign currency, are generally offset against the foreign currency exchange gains and losses on the related financial assets and liabilities, or where the instrument is used to hedge a committed, or probable, future transaction, are deferred until the transaction occurs. Where forward exchange contracts are used to manage currency exposure on existing long term contracts, the exchange gains and losses are matched against the exposure in the overall long term contract assessment.

All other transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Other monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences are taken to the profit and loss account.

#### *Pensions*

The company participates in the group defined contribution pension scheme, the costs of which are recognised in the profit and loss account in the period in which they become payable.

#### *Related party transactions*

The company has taken advantage of the exemption in FRS 8 not to disclose transactions with fellow group undertakings as it is a wholly owned subsidiary undertaking of Mabey Holdings Limited.

#### *Cash flow statement*

The company has taken advantage of the exemption conferred under FRS 1 (revised) from presenting its own cash flow statement as it is a wholly owned subsidiary undertaking of Mabey Holdings Limited.

### 3. Turnover and segmental analysis

Turnover is attributable to one class of business being the fabrication and distribution of light and heavy steelwork and its erection worldwide. Turnover in respect of long-term contracts represents the value of work carried out during the year and the settlement of claims arising from previous years. Turnover on the sale of other steel fabrications and technical services comprises the total amounts receivable, stated net of value added tax, from the sale and is recognised when the risks and rewards of ownership have passed to the customer. Turnover is analysed as follows:

#### *Geographical area*

	2012 £	2011 £
Europe	35,648,112	29,341,396
Asia	8,475,082	18,483,794
Americas	11,767,876	15,841,113
Africa	9,197,709	967,243
	<u>65,088,779</u>	<u>64,633,546</u>

## Notes to the financial statements

at 30 September 2012

### 4. Operating loss

This is stated after charging/(crediting)

	2012	2011
	£	£
Depreciation of tangible fixed assets	2,434,184	2,035,257
Exceptional gain on settlement of forward exchange contracts	-	(2,537,527)
Amortisation of goodwill	1,896,462	1,896,472
Operating lease rentals in respect of		
- plant and machinery	69,989	160,810
- land and buildings	546,873	557,434

Auditors' remuneration

The remuneration of the auditors for the audit of the financial statements amounted to £65,931 (2011 - £54,776) Non-audit fees relating to taxation services amounted to £8,630 (2011 - £7,500)

### 5. Directors' remuneration

	2012	2011
	£	£
<b>Total</b>		
Emoluments, excluding pension contributions	589,302	537,971
Compensation for loss of office	119,163	-
	<u>708,465</u>	<u>537,971</u>

Company contributions paid to money purchase pension scheme

	113,383	9,640
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	2012	2011
	£	£
<b>Highest paid director</b>		
Emoluments, excluding pension contributions	125,694	116,639
Accrued pension under the group's pension scheme at 30 September	-	13,624
Company contributions paid to money purchase pension scheme	21,375	-

The number of directors to whom retirement benefits were accruing in respect of qualifying service under the group's pension schemes was

	2012	2011
	No	No
Money purchase scheme	<u>4</u>	<u>5</u>

## Notes to the financial statements

at 30 September 2012

### 6. Staff costs

	2012	2011
	£	£
Wages and salaries	16,446,847	14,934,080
Share based payment cost	9,841	995
Social security costs	1,824,224	1,545,302
Other pension costs	2,031,788	1,506,461
	<u>20,312,700</u>	<u>17,986,838</u>

The average monthly number of persons employed by the company during the year was made up as follows

	2012	2011
	No	No
Administration	152	145
Production	399	322
	<u>551</u>	<u>467</u>

### 7. Other income

	2012	2011
	£	£
Rents receivable	4,375	45,000
Interest receivable on short term deposits	82,367	16,931
Interest receivable from group undertakings	-	536,543
	<u>86,742</u>	<u>598,474</u>

### 8. Interest payable

	2012	2011
	£	£
Bank overdraft	7	275
Payable to group undertakings	-	3,886,920
	<u>7</u>	<u>3,887,195</u>



## Notes to the financial statements

at 30 September 2012

### 9. Tax

#### a) Tax on (loss)/profit on ordinary activities

The tax credit is made up as follows

	2012 £	2011 £
<b>Current tax</b>		
Corporation tax	(2,239,016)	(2,242,433)
Under-provided in prior years	874,119	47,195
<b>Total current tax (note 9(b))</b>	<b>(1,364,897)</b>	<b>(2,195,238)</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(802,986)	177,309
Over-provided in prior years	135,999	(61,943)
<b>Deferred tax</b>	<b>(666,987)</b>	<b>115,366</b>
<b>Tax on (loss)/profit on ordinary activities</b>	<b>(2,031,884)</b>	<b>(2,079,872)</b>

#### b) Factors affecting current tax charge/(credit)

The tax assessed on the (loss)/profit on ordinary activities for the year is higher (2011 – lower) than that at the standard rate of corporation tax of 25% (2011 – 27%). The differences are reconciled below

	2012 £	2011 £
(Loss)/profit on ordinary activities before taxation	(15,708,374)	34,430,424
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax of 25% (2011 – 27%)	(3,927,094)	9,296,215
Expenses not deductible for tax purposes	12,994	17,550
Amortisation of goodwill	474,115	512,047
Profit on disposal of subsidiaries not taxable	-	(11,293,100)
Difference between capital allowances and depreciation	627,190	(141,314)
Unrelieved losses carried forward	539,169	-
Group relief and similar items	(5,101)	(633,831)
Other short term timing differences	39,711	-
Adjustments relating to prior years	874,119	47,195
<b>Current tax credit</b>	<b>(1,364,897)</b>	<b>(2,195,238)</b>

#### c) Factors that may affect future tax charges

The Chancellor announced in the 2012 budget on 21 March 2012 that the standard rate of tax would be reduced from the expected rate of 25% to 24% with effect from 1 April 2012. Further reductions of 1% per annum will take place in 2013 and 2014 to bring the tax rate to 22% from 1 April 2014. The rate enacted with effect from 1 April 2013 is 23% and accordingly closing deferred tax has been provided at 23%.

# Notes to the financial statements

at 30 September 2012

## 10. Tangible fixed assets

	<i>Freehold land and buildings</i>	<i>Plant, equipment and vehicles</i>	<i>Total</i>
	£	£	£
Cost			
At 1 October 2011	22,823,178	36,425,668	59,248,846
Additions	428,917	5,848,082	6,276,999
Disposals	-	(1,756,888)	(1,756,888)
At 30 September 2012	23,252,095	40,516,862	63,768,957
Depreciation			
At 1 October 2011	459,660	21,813,680	22,273,340
Charge for the year	506,798	1,927,386	2,434,184
Disposals	-	(1,746,438)	(1,746,438)
At 30 September 2012	966,458	21,994,628	22,961,086
Net book value			
At 30 September 2012	22,285,637	18,522,234	40,807,871
At 1 October 2011	22,363,518	14,611,988	36,975,506

## 11. Intangible fixed assets

### Goodwill

	£
Cost	
At 1 October 2011 and at 30 September 2012	18,964,621
Amortisation	
At 1 October 2011	3,792,924
Provided in the year	1,896,462
At 30 September 2012	5,689,386
Net book value	
At 30 September 2012	13,275,235
At 1 October 2011	15,171,697

Goodwill arising on acquisitions is being amortised over its estimated useful economic life of 10 years

## Notes to the financial statements

at 30 September 2012

### 12. Investments

*Shares in subsidiary undertakings*

	£
Cost	-
At 1 October 2011	-
Additions	12,878
At 30 September 2012	12,878

During the year the company acquired the whole of the issued share capital of Mabey Bridge Pty Limited for a consideration of AUD\$20,000. Mabey Bridge Pty Limited, a company engaged in the sale of steel fabrication and structural steel work, is incorporated in Australia.

### 13. Stocks

	2012 £	2011 £
Raw materials	1,581,354	1,448,676
Work in progress	11,392,810	4,238,044
Finished goods	7,013,363	11,909,857
	19,987,527	17,596,577

### 14. Debtors

	2012 £	2011 £
Trade debtors	17,284,381	3,377,637
Amounts recoverable on contracts	4,321,877	4,566,378
Other debtors	822,296	2,109,340
Prepayments and accrued income	1,038,400	896,714
Taxation recoverable	1,249,016	1,400,433
	24,715,970	12,350,502

### 15. Creditors: amounts falling due within one year

	2012 £	2011 £
Payments on account of long term contracts	850,892	1,984,492
Trade creditors	10,600,225	5,820,821
Amounts due to group undertakings	130,789	153,437
Social security and other taxes	711,053	1,161,961
Other creditors	376	4,515
Accruals and deferred income	4,344,127	1,511,830
Dividend payable	-	1,000,000
	16,637,462	11,637,056

# Notes to the financial statements

at 30 September 2012

## 16. Deferred taxation

	£
At 1 October 2011	666,987
Credit for the year	(666,987)
At 30 September 2012	-

Deferred taxation provided in the financial statements and the amounts not provided are as follows

	<i>Provided</i>		<i>Not provided</i>	
	2012	2011	2012	2011
	£	£	£	£
Capital allowances in advance of depreciation	-	585,549	196,342	-
Other short term timing differences	-	81,438	47,537	-
Losses	-	-	(496,036)	-
Capital gains 'rolled over'	-	-	3,862	4,198
	-	666,987	(248,295)	4,198

## 17. Called up share capital

	<i>Allotted, called up and fully paid</i>	
	2012	2011
	£	£
Ordinary shares of £1 each	47,267,414	47,267,414

## 18. Capital commitments

At 30 September 2012 the directors have authorised and contracted future capital expenditure which amounts to £970,260 (2011 - £110,036)

## 19. Other financial commitments

The company has annual commitments under non-cancellable operating leases as follows

	<i>Land and buildings</i>		<i>Plant and machinery</i>	
	2012	2011	2012	2011
	£	£	£	£
Operating leases which expire				
- within one year	54,000	-	4,435	22,370
- within two to five years	-	-	140,028	39,392
	54,000	-	144,463	61,762

## Notes to the financial statements

at 30 September 2012

### 20. Related party transactions

The company has made loans under the terms of the group car allowance scheme to three directors. These loans were interest free and with no fixed repayment date. The amounts outstanding in relation to these loans were

	<i>Balance at 30 September 2011</i>	<i>Balance at 30 September 2012</i>	<i>Maximum balance in period</i>
	£	£	£
S Chivers	4,999	4,999	4,999
A Cole	4,999	-	4,999
A H Smale	4,999	4,999	4,999

The company made loans under the terms of the group matched share plan to four directors. The amounts outstanding in relation to these loans were

	<i>Balance at 30 September 2011</i>	<i>Balance at 30 September 2012</i>	<i>Maximum balance in period</i>
	£	£	£
S Chivers	-	1,523	1,523
C Droogan	-	7,573	7,573
M P Scoles	-	-	6,154
A H Smale	-	1,244	1,244

### 21. Pensions

The group operates a defined contribution pension scheme. The pension cost for this scheme is equal to the employer contributions made. The company pension charge for this scheme in the year ended 30 September 2012 was £2,031,788 (2011 - £1,506,461).

### 22. Parent undertaking and ultimate parent company

The parent undertaking of the group of undertakings for which group financial statements are drawn up and of which the company is a member is Mabey Holdings Limited, registered in England and Wales, which is also the company's ultimate parent company and controlling party.