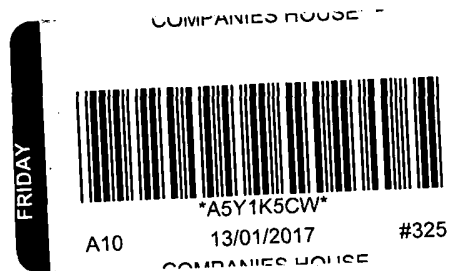


Registration number: 04300396

Mabey Bridge Limited
Annual Report and Financial Statements
for the Year Ended 30 September 2016



Mabey Bridge Limited

Contents

Company Information	1
Strategic Report	2 to 5
Directors' Report	6
Statement of Directors' Responsibilities	7
Independent Auditor's Report	8 to 9
Profit and Loss Account	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 to 29

Mabey Bridge Limited

Company Information

Registered office

Unit 9 Lydney Harbour Estate
Harbour Road
Lydney
Gloucestershire
GL15 4EJ

Bankers

Barclays Bank PLC
Bridgewater House
Counterslip
Finzels Reach
Bristol
BS1 6BX

Auditor

KPMG LLP
Arlington Business Park
Theale
Reading
RG7 4SD

Mabey Bridge Limited

Strategic Report for the Year Ended 30 September 2016

The directors present their strategic report for the year ended 30 September 2016.

Principal activity

The principal activity of the company is the design and fabrication of light and heavy steelwork and its sale and erection worldwide.

Fair review of the business

The profit after tax for the year amounts to £120,671 (2015 – loss of £11,008,667).

The company did not pay any dividends during the year (2015 – £nil).

The full financial result is a consequence of the following key factors:

- 1) A difficult year for the continuing modular bridging business, impacted by a slowdown in government infrastructure spend in some of our key regions
- 2) Profits made on the sale of assets in relation to the discontinued businesses.

Continuing business

The continuing business activity relates to the provision of modular bridging and infrastructure solutions.

The modular bridging business comprises the design, fabrication and delivery of modular rapid erect steel bridges and flyover systems to many countries around the world, operating from its premises in Lydney, Gloucestershire.

This business generated turnover of £17,705,201 (2015: £21,931,811) and operating losses of £5,392,791 (2015: loss of £3,505,896). The bulk of the increased loss was due to a reduction in turnover, primarily from a reduction in bridging shipments in accordance with the project schedule for the major rural development programme in Sri Lanka, and due to an increase in the share of administrative and central costs carried by the continuing business as the discontinued businesses wind down. The performance of the continuing business was also impacted by the political and economic instability within Latin America in particular, which resulted in local infrastructure spend being restricted in some of these key markets.

Key financial performance indicators:

Gross contribution margins	45% (2015: 41%)
Gross profit margins	17% (2015: 20%)
Operating profit margins	-30% (2015: -16%)

The senior management of the business has been strengthened during the year with the appointments of Michael Treacy as CEO and Thomas Rasmussen as Business Development Director. The strategy is centred around building long term relationships with our customers and key partners in order to deliver the infrastructure solutions they require within their local markets. Key investment in new robot technology has been approved during the year to maintain and increase our ability to service our customers' requirements. The Board is committed to returning the business to profitability and remains confident in building a stronger and sustainable future for the company.

Discontinued businesses

As reported in previous years, the company's activities in both bespoke heavy steel fabrication for UK transport infrastructure contracts (Infrastructure division) and the manufacture of onshore wind turbine towers and other tubular steel products (Renewables division) have been discontinued. The process for closure of these two divisions has been completed during the year, with the results reported as discontinued operations. All contractual commitments are now complete, and the relevant assets of the discontinued operations have been sold. The business has reported a profit on sale of discontinued assets of £4,646,229. Overall, the costs of the reorganisation have been managed well within plan.

Mabey Bridge Limited

Strategic Report for the Year Ended 30 September 2016

Principal risks and uncertainties

Risk objectives

Operating in a number of different geographies and business areas, the company is subject to varied risks and uncertainties. The Board has established risk management and internal control systems and procedures to mitigate the impact of those matters on the business. The process for identifying and assessing risk is an integral and inseparable part of the management skills, performance culture and processes which are the core of our business.

The company has a number of clear objectives for risk management. These are:

- Maximising the achievement of our business objectives by managing the key components of Mabey financial and brand performance;
- Use as a strategic tool to drive business improvements and improve intelligence for investment decisions;
- Better allocation of effort and resources for the management of key and emerging risks;
- Improving our competitive advantage through actively identifying and managing opportunities that will allow us to maintain growth and stay ahead of the competition;
- Improved effectiveness and confidence from investment in risk management, internal control and compliance activity;
- Improved stakeholder confidence in our ability to reduce the chance of major surprises and deliver on our commitments;
- To meet the requirements of our regulators and accreditation.

Risk Framework

The Group has a formally constituted Group Risk Committee comprising representatives from the finance teams of the trading subsidiaries and head office. It is responsible for the effective identification and management of risk. It reports to the Board of Mabey Holdings Limited and is chaired by the Group Chief Financial Officer.

The Group Risk Committee reviews the group's overall risk assessment processes that inform the decision making of the Board of Mabey Holdings Limited and its trading subsidiaries. It reviews, redrafts and recommends adoption of changes to policy to safeguard the business.

The Group Risk Committee is responsible for the definition, sponsorship, support and challenge of risk management activity within the group, and for supervising the implementation of risk management across the business.

The Board of Directors of each subsidiary is responsible for the identification, assessment and management of risk within its own area of responsibility. They are responsible for implementing risk mitigation procedures and for providing assurance to the Group Board that they have done so.

All managers have a responsibility for identifying, assessing and managing risk within their own area of responsibility, for implementing agreed actions to manage risk and for reporting activities or circumstances that may give rise to new or changed risk.

Mabey Bridge Limited

Strategic Report for the Year Ended 30 September 2016

Risk registers have been developed and are regularly reviewed and updated to reflect the changing nature of the Company's businesses and the markets in which it operates. The Group Risk Committee reviews these to ensure a consistent approach. The risk registers identify risks to our business, assess the inherent severity of risks identified, identify what controls are currently in place, assess residual risk severity; and define business improvement actions. The Group's Audit Committee carries out an annual review of the risk registers.

There is a clearly defined organisational structure within which individual responsibilities are identified and monitored.

There are a number of key areas which are subject to regular reporting to the Group Board. These controls include procedures for seeking and obtaining approval for major investments and transactions, remuneration policies, incentive plans and executive appointments. In addition, the Group Executive meets monthly to discuss business issues and take necessary actions to respond to changes in markets and to commercial opportunities.

The Group maintains policies and procedures with which the company is required to comply. Management are responsible for ensuring that the company observes and implements the policies and procedures set out in the manual which is regularly reviewed and updated. Reporting of compliance with the Group's policies is monitored quarterly.

The company operates an annual planning cycle, starting with a review of strategy and culminating in the preparation of a three year plan, incorporating a detailed budget which is approved by the Group Board. Management information systems provide directors with relevant and timely reports that identify significant deviations from approved plans and include regular reforecasts, in order to facilitate timely reaction to changes in economic conditions and competitor actions.

The key risks that may affect the company's ability to achieve its strategic objectives include general economic conditions, competitor actions, the effect of legislation, the effect of credit risk, ethical risks, product obsolescence and failure, business continuity and controls failure. The company maintains a strong balance sheet to enable it to respond effectively to unforeseen risks or uncertainties.

The company's approach to maintaining high ethical standards is critical to its business success. A Group Code of Ethics is published and available to all employees via the operating companies' intranets, and on external websites.

The company places a high degree of focus on the safety of its employees and customers. The Group Safety, Health and Environment Forum meets regularly to seek to eliminate work-related injuries, comply with regulatory requirements and improve safety. It reviews risk and performance in these areas, collects data, shares best practice and plans for the future. This ensures consistency in performance measurement and improvement activities. Cross company or independent safety audits identify practices that are working well and areas for improvement. Their reports are used to track completion of corrective actions.

Mabey Bridge Limited

Strategic Report for the Year Ended 30 September 2016

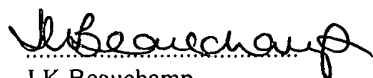
Price risk, credit risk, liquidity risk and cash flow risk

The company maintains alternative sources of raw material supply in order to minimise the risks presented by market pressures in these areas.

The company trades with a number of customers outside the UK and also buys and supplies in currencies other than sterling. As a result, the company's non-sterling tenders, revenues, costs, assets, liabilities and cashflows can be affected by movements in exchange rates. Hedges and other financial instruments are used as and when appropriate in accordance with the group policy. The company is exposed to the economic, political and business risks associated with international operations, such as sudden changes in regulation, expropriation of assets, imposition of trade barriers, limits on the export of currency and volatility of prices and taxes.

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 credit insurance.

Approved by the Board on 5 Dec 2016 and signed on its behalf by:



J K Beauchamp
Director

Mabey Bridge Limited

Directors' Report for the Year Ended 30 September 2016

The directors present their report and the financial statements for the year ended 30 September 2016.

Directors of the company

The directors who held office during the year were as follows:

J K Beauchamp

M A Carey (resigned 19 October 2016)

J N Stacey (resigned 19 October 2016)

G C Voss

The following directors were appointed after the year end:

M Treacy (appointed 19 October 2016)

T Rasmussen (appointed 19 October 2016)

Dividends

The directors recommend no final dividend payment be made in respect of the financial year ended 30 September 2016. (2015 £nil)

Political donations

During the year the company made no political donations. (2015 £nil)

Employment of disabled persons

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 plans. The group also has a number of employee share ownership plans.

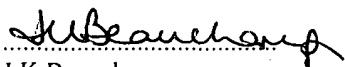
Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

Pursuant to Section 487 of the Companies Act 2006 and the Mabey Holdings Limited Shareholders' reappointment of KPMG LLP as auditor to all Mabey group companies at the Annual General Meetings in December 2015 and December 2016, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board on 6 Dec 2016 and signed on its behalf by:



J K Beauchamp
Director

Mabey Bridge Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report, Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 its profit or loss for that period. In preparing the company financial statements, the directors are required to:

- select suitable accounting policies and 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;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Mabey Bridge Limited

We have audited the financial statements of Mabey Bridge Limited for the year ended 30 September 2016, set out on pages 10 to 29. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 Statement of Directors' Responsibilities set out on page 7, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the 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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK 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

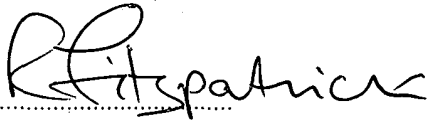
In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report to the Members of Mabey Bridge Limited

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.



Robert Fitzpatrick (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Arlington Business Park
Theale
Reading
RG7 4SD

Date: 9 December 2016

Mabey Bridge Limited

Profit and Loss Account for the Year Ended 30 September 2016

	Note	2016 Continuing operations £	2016 Discontinued operations £	2016 Total £	2015 Continuing operations £	2015 Discontinued operations £	2015 Total £
Turnover	2	17,705,201	3,859,674	21,564,875	21,931,811	31,633,495	53,565,306
Cost of sales		(14,699,993)	(3,774,137)	(18,474,130)	(17,477,207)	(32,230,393)	(49,707,600)
Gross profit/(loss)		3,005,208	85,537	3,090,745	4,454,604	(596,898)	3,857,706
Distribution costs		(3,191,967)	(11,421)	(3,203,388)	(3,080,211)	(1,389,162)	(4,469,373)
Administrative expenses		(5,206,032)	(330,833)	(5,536,865)	(4,880,289)	(3,832,685)	(8,712,974)
Profit / (loss) on termination of an operation	3	-	4,646,229	4,646,229	-	(3,867,877)	(3,867,877)
Operating (loss)/profit	4	(5,392,791)	4,389,512	(1,003,279)	(3,505,896)	(9,686,622)	(13,192,518)
Other interest receivable and similar income	5	16,090	-	16,090	7,577	-	7,577
Interest payable and similar charges	6	(133,525)	-	(133,525)	(139,250)	-	(139,250)
		(117,435)	-	(117,435)	(131,673)	-	(131,673)
(Loss)/profit before tax		(5,510,226)	4,389,512	(1,120,714)	(3,637,569)	(9,686,622)	(13,324,191)
Taxation	10	797,661	443,724	1,241,385	461,899	1,853,625	2,315,524
(Loss)/profit for the financial year		(4,712,565)	4,833,236	120,671	(3,175,670)	(7,832,997)	(11,008,667)

The company has no recognised gains or losses for the year other than the results above and therefore no separate statement of comprehensive income has been prepared.

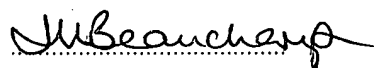
The notes on pages 13 to 29 form an integral part of these financial statements.

Mabey Bridge Limited

(Registration number: 04300396)
Balance Sheet as at 30 September 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	11	5,936,498	7,908,750
Tangible assets	12	4,274,265	13,161,717
Investments	13	12,885	12,885
		<u>10,223,648</u>	<u>21,083,352</u>
Current assets			
Stocks	14	7,506,347	8,794,840
Debtors	15	4,309,288	10,860,052
Cash at bank and in hand	16	14,476,183	2,988,196
		<u>26,291,818</u>	<u>22,643,088</u>
Creditors: Amounts falling due within one year	17	<u>(13,955,931)</u>	<u>(18,884,438)</u>
Net current assets		<u>12,335,887</u>	<u>3,758,650</u>
Total assets less current liabilities		<u>22,559,535</u>	<u>24,842,002</u>
Provisions for liabilities	18	<u>-</u>	<u>(2,403,138)</u>
Net assets		<u>22,559,535</u>	<u>22,438,864</u>
Capital and reserves			
Called up share capital	20	47,267,414	47,267,414
Share premium reserve		17,732,586	17,732,586
Profit and loss account		<u>(42,440,465)</u>	<u>(42,561,136)</u>
Total equity		<u>22,559,535</u>	<u>22,438,864</u>

Approved and authorised by the Board on 5 Dec 2016 and signed on its behalf by:



J K Beauchamp

Director

Mabey Bridge Limited

Statement of Changes in Equity for the Year Ended 30 September 2016

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 October 2015	47,267,414	17,732,586	(42,561,136)	22,438,864
Profit for the year	-	-	120,671	120,671
Total comprehensive income	-	-	120,671	120,671
At 30 September 2016	47,267,414	17,732,586	(42,440,465)	22,559,535
	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 October 2014	47,267,414	17,732,586	(31,552,469)	33,447,531
Loss for the year	-	-	(11,008,667)	(11,008,667)
Total comprehensive income	-	-	(11,008,667)	(11,008,667)
At 30 September 2015	47,267,414	17,732,586	(42,561,136)	22,438,864

The notes on pages 13 to 29 form an integral part of these financial statements.

Mabey Bridge Limited

Notes to the Financial Statements for the Year Ended 30 September 2016

1 Accounting policies

The company is a private company limited by share capital incorporated in United Kingdom.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied.

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The presentation currency of these financial statements is sterling.

In the transition to FRS 102 from old UK GAAP, the Company has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Company is provided in note 26.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Company's ultimate parent undertaking, Mabey Holdings Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Mabey Holdings Limited are prepared in accordance with Financial Reporting Standard 102 and are available to the public and may be obtained from One Valpy, 20 Valpy Street, Reading RG1 1AR. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Mabey Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share Based Payments; or
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

Going concern

The directors have considered the basis of preparation of the financial statements and, based on the assessment of budgets and cashflow forecasts, 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 financial statements.

Revenue recognition

(section 23 of FRS102)

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer and revenue from services rendered is recognised in proportion to the stage of completion of the transaction at the balance sheet date.

Mabey Bridge Limited

Notes to the Financial Statements for the Year Ended 30 September 2016

Contract revenue recognition

Profit on 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 proportion 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. Full provision is made for losses on contracts in the year in which they are first foreseen.

Foreign currency transactions and balances

(section 30 of FRS102)

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 exchange differences are taken to the profit and loss account.

Tax

(section 29 of FRS102)

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Mabey Bridge Limited

Notes to the Financial Statements for the Year Ended 30 September 2016

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits

Tangible assets

(Section 12 of FRS102) Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation

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

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

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

Asset class

Buildings

Plant, equipment and vehicles

Depreciation method and rate

40 years straight line

2-20 years straight line

Mabey Bridge Limited

Notes to the Financial Statements for the Year Ended 30 September 2016

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

(Section 19 of FRS102)

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.

Intangible assets

Research and development expenditure is written off as incurred.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Other intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. They are amortised over their expected useful life.

Asset class	Amortisation method and rate
Computer Software	2-5 years straight line

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits.

Trade debtors

Trade debtors and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impaired losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Stocks

(section 13 of FRS102)

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, 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.

Mabey Bridge Limited

Notes to the Financial Statements for the Year Ended 30 September 2016

Trade creditors

Trade creditors and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Leases

(section 20 of FRS102)

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred.

Defined contribution pension obligation

(section 28 of FRS102)

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions.

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Share based payments

(section 26 of FRS102)

Mabey Holdings Limited has a number of share plans administered by UK and Isle of Man trustees.

All shares under these plans must be offered back to the trusts by the employee when they leave service and the expectation is that the shares will be acquired by the various trusts. It is this expectation that determines the treatment of the plan as a cash settled share based payment arrangement.

The price at which the shares are traded is determined by applying the board's valuation policy. It is established bi-annually ahead of a trading window. The latest price is £3.35 per share (2015: £3.45).

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. Consideration is taken of whether employees will still be employed at the vesting period and in the case of the Deferred Bonus Plan whether the performance criteria are likely to be met;
- 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.

Mabey Bridge Limited

Notes to the Financial Statements for the Year Ended 30 September 2016

Discontinued operations (section 5 of FRS102)

Where an operation, that can be clearly distinguished operationally and for financial purposes, and represents a separate major line of business or geographical area of operations is disposed of, the operation is treated as discontinued and the results disclosed separately on the face of the profit and loss account.

Exceptional items

Significant items that are not expected to recur are treated as exceptional items and disclosed on the face of the profit and loss account.

2 Turnover

Turnover is attributable to one class of business being the sale of modular bridging and steel fabrication and its erection worldwide.

The analysis of the company's turnover for the year by market is as follows:

	2016 £	2015 £
Europe	6,200,666	34,744,410
Asia	7,726,570	10,691,891
Americas	4,876,517	4,898,573
Africa and Middle East	1,689,184	2,591,098
Oceania	1,071,938	639,334
	21,564,875	53,565,306

3 Exceptional items

Profit / (loss) on termination of an operation

Discontinuing the heavy steel fabrication and tubular products businesses generated a profit on disposal of assets in the year which amounted to £4,646,229. The closure of the operation in 2015 incurred costs of £3,867,877, included redundancy costs, closing and decommissioning two fabrication plants and associated costs.

4 Operating loss

Arrived at after charging/(crediting)

	2016 £	2015 £
Depreciation expense	713,803	1,092,114
Amortisation expense	2,001,999	2,070,251
Research and development cost	164,443	273,925
Operating lease expense - property	-	689,261
Operating lease expense - plant and machinery	126,785	173,145

Mabey Bridge Limited

Notes to the Financial Statements for the Year Ended 30 September 2016

5 Other interest receivable and similar income

	2016 £	2015 £
Interest income on bank deposits	16,090	7,577

6 Interest payable and similar charges

	2016 £	2015 £
Interest on bank overdrafts and borrowings	28	500
Interest payable on loans from group undertakings	133,497	138,750
	<u>133,525</u>	<u>139,250</u>

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2016 £	2015 £
Wages and salaries	5,514,862	17,405,742
Social security costs	522,830	1,525,443
Pension costs, defined contribution scheme	935,321	1,909,644
Share-based payment expenses	21,054	(18,698)
	<u>6,994,067</u>	<u>20,822,131</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2016 No.	2015 No.
Production	70	254
Administration and support	87	148
	<u>157</u>	<u>402</u>

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2016 £	2015 £
Remuneration	139,358	130,852
Contributions paid to money purchase schemes	19,302	18,927
Sums paid to group companies for directors' services	358,958	212,910
	<u>517,618</u>	<u>362,689</u>

Mabey Bridge Limited

Notes to the Financial Statements for the Year Ended 30 September 2016

8 Directors remuneration (continued)

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2016 No.	2015 No.
Accruing benefits under money purchase pension scheme	3	3

In respect of the highest paid director:

	2016 £	2015 £
Remuneration	160,428	130,852
Company contributions to money purchase pension schemes	10,890	18,927

9 Auditor's remuneration

	2016 £	2015 £
Audit of the financial statements	35,000	60,000

10 Taxation

Tax charged/(credited) in the profit and loss account

	2016 £	2015 £
Current taxation		
UK corporation tax	(1,220,549)	(2,255,432)
UK corporation tax adjustment to prior periods	(35,495)	(104,817)
	(1,256,044)	(2,360,249)
Deferred taxation		
Arising from origination and reversal of timing differences	14,659	45,840
Arising from changes in tax rates and laws	-	(1,115)
Total deferred taxation	14,659	44,725
Tax receipt in the profit and loss account	(1,241,385)	(2,315,524)

Mabey Bridge Limited

Notes to the Financial Statements for the Year Ended 30 September 2016

10 Taxation (continued)

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2015 - the same as the standard rate of corporation tax in the UK) of 20% (2015 - 20.5%).

The differences are reconciled below:

	2016 £	2015 £
Loss before tax	(1,120,714)	(13,324,191)
Corporation tax at standard rate	(224,143)	(2,731,276)
Tax exempt revenues	(1,083,496)	(6,150)
Non-deductible expenses	494,978	467,597
Reduction in tax rate on deferred tax	-	(1,115)
Current year timing differences for which no deferred tax asset was recognised	(384,429)	60,237
Under / (over) provided in prior years - current tax	(35,495)	(104,817)
Effect of research and development tax reliefs	(8,800)	-
Total tax credit	(1,241,385)	(2,315,524)

Deferred tax

Deferred tax assets and liabilities

	Asset £
2016	
Other short term timing differences	-
2015	
Other short term timing differences	14,659

The company has deferred tax assets that have not been recognised due to the uncertainty around their recoverability. These unrecognised assets amount to £2,193,168 (2015: £2,105,283).

The standard rate of corporation tax in the UK was 20% throughout the accounting period. Changes to the UK corporation tax rate were enacted by Finance (No. 2) Act 2015, reducing the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020. A further reduction to 17% with effect from 1 April 2020 was enacted in Finance Act 2016 which received Royal Assent on 15 September 2016. The deferred tax assets and liabilities at 30 September 2016 have been calculated based on the rate of 17% substantively enacted at that date.

Mabey Bridge Limited

Notes to the Financial Statements for the Year Ended 30 September 2016

11 Intangible assets

	Goodwill £	Other intangible assets £	Total £
Cost or valuation			
At 1 October 2015	18,964,621	1,373,603	20,338,224
Additions acquired separately	-	29,747	29,747
Disposals	-	(284,088)	(284,088)
At 30 September 2016	18,964,621	1,119,262	20,083,883
Amortisation			
At 1 October 2015	11,378,772	1,050,702	12,429,474
Amortisation charge	1,896,463	105,536	2,001,999
Amortisation eliminated on disposals	-	(284,088)	(284,088)
At 30 September 2016	13,275,235	872,150	14,147,385
Carrying amount			
At 30 September 2016	5,689,386	247,112	5,936,498
At 30 September 2015	7,585,849	322,901	7,908,750

Other intangible assets comprises of computer software.

See note 25 for a narrative on the key judgements made in relation to goodwill.

12 Tangible assets

	Land and buildings £	Plant, machinery and vehicles £	Total £
Cost or valuation			
At 1 October 2015	25,914,202	30,201,671	56,115,873
Additions	-	1,019,267	1,019,267
Disposals	(22,085,519)	(15,587,116)	(37,672,635)
At 30 September 2016	3,828,683	15,633,822	19,462,505
Depreciation			
At 1 October 2015	15,541,603	27,412,553	42,954,156
Charge for the year	257,691	456,112	713,803
Eliminated on disposal	(14,500,122)	(13,979,597)	(28,479,719)
At 30 September 2016	1,299,172	13,889,068	15,188,240
Carrying amount			
At 30 September 2016	2,529,511	1,744,754	4,274,265
At 30 September 2015	10,372,599	2,789,118	13,161,717

Mabey Bridge Limited

Notes to the Financial Statements for the Year Ended 30 September 2016

13 Investments

	2016 £	2015 £
Investments in subsidiaries	12,885	12,885

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2016	2015
Subsidiary undertakings				
Mabey Bridge Pty Limited	Australia	Ordinary	100%	100%

The principal activity of Mabey Bridge Pty Limited is sale of steel fabrication and structural steel work

14 Stocks

	2016 £	2015 £
Raw materials and consumables	1,924,962	1,807,557
Work in progress	666,889	3,777,311
Finished goods and goods for resale	4,914,496	3,209,972
	<u>7,506,347</u>	<u>8,794,840</u>

15 Debtors

	2016 £	2015 £
Trade debtors	1,677,875	7,810,467
Amounts owed by group undertakings	277,507	183,602
Other debtors	218,107	181,261
Prepayments	782,299	918,463
Amounts recoverable on contracts	745,289	773,155
Deferred tax assets	-	14,659
Corporation tax recoverable	608,211	978,445
Total current trade and other debtors	<u>4,309,288</u>	<u>10,860,052</u>

16 Cash and cash equivalents

	2016 £	2015 £
Cash at bank	<u>14,476,183</u>	<u>2,988,196</u>

Mabey Bridge Limited

Notes to the Financial Statements for the Year Ended 30 September 2016

17 Creditors

	2016 £	2015 £
Due within one year		
Trade creditors	2,516,902	4,264,458
Amounts due to group undertakings	15,714	2,883,687
Social security and other taxes	2,222,684	267,591
Accruals and deferred income	9,200,631	11,468,702
	<u>13,955,931</u>	<u>18,884,438</u>

18 Provisions for liabilities

	Other provisions £	Total £
At 1 October 2015	2,403,138	2,403,138
Provisions used	<u>(2,403,138)</u>	<u>(2,403,138)</u>
At 30 September 2016	<u>-</u>	<u>-</u>

The heavy steel fabrication and manufacture of tubular products businesses were discontinued during 2015. These financial statements reflect the directors' best estimates of the financial consequences of the reorganisations. The largest single item within the provision was for redundancies, with lesser amounts for site decommissioning.

19 Pensions

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £935,321 (2015 - £1,909,644).

20 Share capital

Allotted, called up and fully paid shares

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	47,267,414	47,267,414	47,267,414	47,267,414

Mabey Bridge Limited

Notes to the Financial Statements for the Year Ended 30 September 2016

21 Obligations under leases and hire purchase contracts

Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2016 £	2015 £
Not later than one year	98,707	117,022
Later than one year and not later than five years	78,845	118,686
	<u>177,552</u>	<u>235,708</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £126,785 (2015 - £862,406).

22 Share-based payments

Scheme details and movements

The Matched Share 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 UK 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).

The Deferred Bonus Plan is administered by the Trust. The company invites employees to join the plan. Once invited employees are issued shares (bonus shares) in proportion to their annual bonus. Employees receive the full benefit of the bonus shares at the end of a set period of service (vesting period). In addition the employees are granted shares (matching shares) at the end of the vesting period, subject to them achieving certain performance criteria.

The Mabey Share Incentive Plan is administered by a separate trustee, the Mabey SIP Trustee. This is recognised as a tax advantaged scheme by HMRC. Mabey Holdings Limited invites employees to join the plan. Once invited employees can purchase shares (partnership shares) and at the same time receive further shares (the matching shares). Employees receive the full benefit of the matching shares at the end of a set period of service (vesting period).

For the arrangements entered into in the current accounting period, the longest vesting period is 36 months. All the plans are cash settled.

The movements in the number of share options during the year were as follows:

	2016 Number	2015 Number
Outstanding, start of period	61,282	92,154
Granted during the period	16,328	20,340
Forfeited during the period	(346)	(1,476)
Exercised during the period	<u>(23,566)</u>	<u>(49,736)</u>
Outstanding, end of period	<u>53,698</u>	<u>61,282</u>

Mabey Bridge Limited

Notes to the Financial Statements for the Year Ended 30 September 2016

23 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £1,595,520 (2015 - £Nil)

Of the commitments at 30 September 2016, it is expected that £376,720 will be incurred by 31 December 2016, £997,200 by 31 March 2017 and the balance of £221,600 thereafter.

24 Parent and ultimate parent undertaking

The company's immediate parent is Mabey Engineering (Holdings) Limited, incorporated in United Kingdom.

The ultimate parent is Mabey Holdings Limited, incorporated in United Kingdom.

25 Judgements

Accounting estimates and judgements.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Carrying value of purchased goodwill.

In determining whether the valuation of goodwill required adjustment, a discounted cashflow for the modular bridging business was evaluated, using the following key assumptions:

- Future earnings before interest, tax, depreciation and amortisation of the modular bridging business;
- Changes in working capital requirements;
- Discount rate.

26 Transition to FRS 102

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 30 September 2016 and the comparative information presented in these financial statements for the year ended 30 September 2015.

In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

Mabey Bridge Limited

Notes to the Financial Statements for the Year Ended 30 September 2016

26 Transition to FRS102 (continued)

(a) Reconciliation of equity

		1 October 2014			30 September 2015		
		Adopted UK	Effect of	FRS 102	Adopted UK	Effect of	FRS 102
	Note	GAAP	transition to		GAAP	transition to	
		£	FRS 102	£	£	FRS 102	£
Fixed assets							
Intangible assets	A	9,482,311	510,090	9,992,401	7,585,849	322,901	7,908,750
Tangible fixed assets	A	14,834,427	(510,090)	14,324,337	13,484,618	(322,901)	13,161,717
Investments		12,885	-	12,885	12,885	-	12,885
		<u>24,329,623</u>	<u>-</u>	<u>24,329,623</u>	<u>21,083,352</u>	<u>-</u>	<u>21,083,352</u>
Current assets							
Stocks		9,748,931	-	9,748,931	8,794,840	-	8,794,840
Debtors amounts falling due within one year	C	14,648,078	59,384	14,707,462	10,845,393	14,659	10,860,052
Cash at bank and in hand		2,618,835	-	2,618,835	2,988,196	-	2,988,196
		<u>27,015,844</u>	<u>59,384</u>	<u>27,075,228</u>	<u>22,628,429</u>	<u>14,659</u>	<u>22,643,088</u>
Creditors: amounts due within one year	B	(17,660,399)	(296,921)	(17,957,320)	(18,811,143)	(73,295)	(18,884,438)
Net current assets		<u>9,355,445</u>	<u>(237,537)</u>	<u>9,117,908</u>	<u>3,817,286</u>	<u>(58,636)</u>	<u>3,758,650</u>
Provisions for liabilities		-	-	-	(2,403,138)	-	(2,403,138)
Net assets		<u>33,685,068</u>	<u>(237,537)</u>	<u>33,447,531</u>	<u>22,497,500</u>	<u>(58,636)</u>	<u>22,438,864</u>
Capital and reserves							
Called up share capital		47,267,414	-	47,267,414	47,267,414	-	47,267,414
Share premium account		17,732,586	-	17,732,586	17,732,586	-	17,732,586
Profit and loss account	D	(31,314,932)	(237,537)	(31,552,469)	(42,502,500)	(58,636)	(42,561,136)
		<u>33,685,068</u>	<u>(237,537)</u>	<u>33,447,531</u>	<u>22,497,500</u>	<u>(58,636)</u>	<u>22,438,864</u>

Mabey Bridge Limited

Notes to the Financial Statements for the Year Ended 30 September 2016

26 Transition to FRS102 (continued)

Notes to the reconciliation of equity

- A. The classification of fixed assets under FRS 102 requires computer software assets, including costs of configuring and implementing computer systems, to be shown as an intangible asset separate from the hardware on which the software is installed rather than a tangible fixed asset for the combined software and hardware. The net book value of capitalised software that has been reclassified as intangible fixed assets, at 30 September 2015: £322,901 (1 October 2014 £510,090).
- B. The cost of unused holiday entitlement at the end of the year is accrued under FRS 102 with movements in the accrual taken through the profit and loss account. An additional opening accrual of £296,921 has been posted in the balance sheet at 1 October 2014, and the movement in the accrual will be recognised in the profit and loss account each year. An accrual of £73,295 at 30 September 2015 was required, thus a £223,626 credit to profit and loss account was recognised in the year.
- C. The additional accruals for holiday pay referred to in B have an impact on current and deferred tax payable equivalent to 20% of the accrual; being £59,384 at 1 October 2014 and £14,659 at 30 September 2015, thus giving a profit and loss account movement in the year to 30 September 2015 of £44,725. For the purpose of this restatement the balances have been reflected in deferred tax.
- D. The equity attributable to the owners of the company has reduced by £237,537 at 1 October 2014 and £58,636 at 30 September 2015 as a result of the additional accrual for holiday pay entitlement set out in B above and the related tax as set out in C above.

Mabey Bridge Limited

Notes to the Financial Statements for the Year Ended 30 September 2016

26 Transition to FRS102 (continued)

(b) Reconciliation of profit for year ended 30 September 2015

		30 September 2015	
	Note	Adopted UK GAAP £	Effect of transition to FRS 102 £
Turnover		53,565,306	-
Cost of sales		(49,707,600)	-
Gross profit		3,857,706	-
Distribution costs		(4,469,373)	-
Administrative expenses	A	(8,936,600)	223,626
Operating profit		(9,548,267)	223,626
Loss on termination of an operation		(3,867,877)	-
Other interest receivable and similar income		7,577	-
Interest payable and similar charges		(139,250)	-
Profit/[loss] on ordinary activities before taxation		(13,547,817)	223,626
Tax on profit on ordinary activities	B	2,360,249	(44,725)
Profit for the financial year		(11,187,568)	178,901

Notes to the reconciliation of profit

A. The cost of unused holiday entitlement at the end of the year is accrued under FRS 102 with movements in the accrual taken through the profit and loss account. An additional opening accrual of £296,921 has been posted in the balance sheet at 1 October 2014, and the movement in the accrual will be recognised in the profit and loss account each year. The accrual at 30 September 2015 was calculated to be £73,295, thus a £223,626 profit and loss account movement was recognised in the year.

B. The additional accruals for holiday pay referred to in A have an impact on current and deferred tax payable equivalent to 20% of the accrual; being £59,384 at 1 October 2014 and £14,659 at 30 September 2015, thus giving a profit and loss account movement in the year to 30 September 2015 of £44,725. For the purpose of this restatement the balances have been reflected in deferred tax.