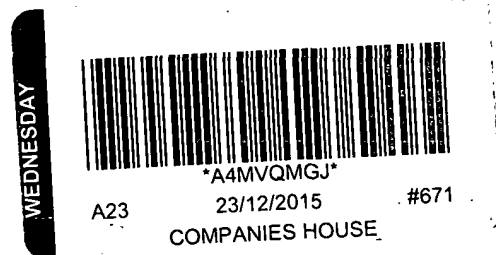


Registered No 4300396

# Mabey Bridge Limited

## Report and Financial Statements

30 September 2015



# Mabey Bridge Limited

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Registered No: 4300396

## **Directors**

G C Voss  
J N Stacey  
M A Carey  
J K Beauchamp

## **Auditor**

KPMG LLP  
Arlington Business Park  
Theale  
Reading  
RG7 4SD

## **Banker**

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

## **Registered Office**

Station Road  
Chepstow  
Monmouthshire  
NP16 5YL

## Strategic report (continued)

The directors present their strategic report for the year ended 30 September 2015.

### Review of the business

The company's activity during the year continued to be the design and fabrication of light and heavy steelwork and its sale and erection worldwide.

The loss after tax for the year amounts to £11,187,568 (2014: – loss of £11,149,182).

The company did not pay any dividends during the year (2014: – £nil).

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

- 1) Improving operating performance of the modular bridging division
- 2) The cost of discontinuing businesses in heavy steel fabrication and tubular products

### Continuing businesses

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

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

This business generated turnover of £21,931,811 (2014: – £28,504,174) and operating losses of £3,729,522 (2014: – loss of 4,082,372). Gross profit at £4,454,604 (2014: £5,212,135) was down, although the gross profit percentage improved against prior year. This, and further overhead savings helped reduce operating losses to £3,729,522 (2014: £4,082,372).

Key financial performance indicators:

Gross profit margins            20% (2014: 18%)

Operating profit margins    -17% (2014: -14%)

The Board is committed to focusing on a strategy to return to profitability and remains confident in building a stronger and sustainable future for the company.

### Discontinued businesses

As reported in last year's review, two significant areas of activity were discontinued during the year:

- heavy steel fabrication mainly for bridges used in UK transport infrastructure contracts;
- manufacture of onshore wind turbine towers and other tubular steel products;

The restructuring of the business in order to reduce the level of the losses sustained by the company has continued during the year. On 11 December 2014, following a detailed strategic review of the business, the Board announced its proposal to discontinue its operations in heavy steel fabrication (Infrastructure) and tubular products (Renewables). The results of these two divisions are therefore reported as discontinued operations during the year. The company is currently in the process of completing its contractual commitments to its Infrastructure and Renewables customers and remains committed to meeting these obligations in a professional and timely manner. The costs of reorganising these divisions are disclosed as exceptional items.

## Strategic report (continued)

These two businesses incurred significant losses of £5,818,745 (2014: losses of £10,478,244) in the year on contractual operations. In addition there were exceptional costs of closing the businesses of £3,867,877. Overall, the costs of the reorganisation have been managed within plan.

### Principal risks and uncertainties facing the company

#### *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*

A framework has been set up to help achieve the above:

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.

## Strategic report (continued)

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.

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.

## Strategic report (continued)

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

#### *Price risk*

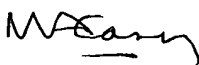
The company maintains alternative sources of raw material supply, in order to minimise the risks presented by market pressures in these areas.

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.

#### *Credit risk*

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.

By order of the Board



M A Carey  
Director

8 December 2015

## Director's report

The directors present their report and the financial statements for the year ended 30 September 2015.

### Directors

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

### Future developments

Details of future developments are provided in the Strategic Report.

### Financial instruments

Details of financial instruments are provided in the Strategic Report.

### 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 in the success of the business through the company's various share plans.

### Disclosure of information to the auditor

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 auditor is 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 auditor is aware of that information.

### Auditor

During the year, the Audit Committee instigated a review of the audit engagement. A competitive tender, involving a number of large and medium sized firms, resulted in Ernst and Young LLP being replaced by KPMG LLP.

A resolution to reappoint KPMG LLP as auditor will be put to the members at the Annual General Meeting.

By order of the Board



M A Carey  
Director

8 December 2015

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

The directors are responsible for preparing the 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 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 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 2015 set out on pages 10 to 25. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 Directors' Responsibilities Statement 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](http://www.frc.org.uk/auditscopeukprivate).

### **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 2015 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 Strategic Report and the 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 (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.



**Robert Fitzpatrick (Senior Statutory Auditor)**  
**For and on behalf of KPMG LLP (Statutory Auditor)**  
Chartered Accountants  
Arlington Business Park  
Theale  
Reading  
United Kingdom  
RG7 4SD

17 December 2015

## Profit and loss account

for the year ended 30 September 2015

	Note	2015	2014
		£	£
<b>Turnover</b>	<b>2</b>	<b>53,565,306</b>	<b>72,933,405</b>
Continuing operations		21,931,811	28,504,174
Discontinued operations		31,633,495	44,429,231
Cost of sales		(49,707,600)	(70,653,014)
Gross profit		3,857,706	2,280,391
Distribution costs		(4,469,373)	(6,449,507)
Administrative expenses		(8,936,600)	(10,391,500)
<b>Operating loss</b>	<b>4(a)</b>	<b>(9,548,267)</b>	<b>(14,560,616)</b>
Continuing operations		(3,729,522)	(4,082,372)
Discontinued operations		(5,818,745)	(10,478,244)
Exceptional costs on reorganisation	5	(3,867,877)	-
Other interest receivable and similar income	8	7,577	21,235
Interest payable and similar charges	9	(139,250)	(126,500)
Loss on ordinary activities before taxation		(13,547,817)	(14,665,881)
Tax on loss on ordinary activities	10	2,360,249	3,516,699
Loss on ordinary activities after taxation		(11,187,568)	(11,149,182)

There are no recognised gains or losses other than the loss of £11,187,568 in the year ended 30 September 2015 (2014: – loss of £11,149,182).

The notes on pages 13-25 form part of the financial statements

## Profit and loss account

for the year ended 30 September 2015

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

	<i>Share capital</i>	<i>Share premium account</i>	<i>Profit and loss account</i>	<i>Total shareholders' funds</i>
	£	£	£	£
Balance at 30 September 2013	47,267,414	17,732,586	(20,093,686)	44,906,314
Loss for the year	-	-	(11,149,182)	(11,149,182)
Recharge in respect of employee share plan	-	-	(72,064)	(72,064)
Balance at 30 September 2014	47,267,414	17,732,586	(31,314,932)	33,685,068
Loss for the year	-	-	(11,187,568)	(11,187,568)
Balance at 30 September 2015	47,267,414	17,732,586	(42,502,500)	22,497,500

## Balance sheet

at 30 September 2015

	Notes	2015 £	2014 £
<b>Fixed assets</b>			
Tangible assets	11	13,484,618	14,834,427
Intangible assets	12	7,585,849	9,482,311
Investments	13	12,885	12,885
		<u>21,083,352</u>	<u>24,329,623</u>
<b>Current assets</b>			
Stocks	14	8,794,840	9,748,931
Debtors	15	10,845,393	14,648,078
Cash at bank and in hand		2,988,196	2,618,835
		<u>22,628,429</u>	<u>27,015,844</u>
<b>Creditors: amounts falling due within one year</b>	16	(18,811,143)	(17,660,399)
<b>Net current assets</b>		<u>3,817,286</u>	<u>9,355,445</u>
<b>Total assets less current liabilities</b>		<u>24,900,638</u>	<u>33,685,068</u>
<b>Provisions for liabilities and charges</b>	17	(2,403,138)	-
<b>Net assets</b>		<u>22,497,500</u>	<u>33,685,068</u>
<b>Capital and reserves</b>			
Called up share capital	19	47,267,414	47,267,414
Share premium account		17,732,586	17,732,586
Profit and loss account		(42,502,500)	(31,314,932)
<b>Shareholders' funds</b>		<u>22,497,500</u>	<u>33,685,068</u>

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



M A Carey - Director

8 December 2015

The notes on pages 13-25 form part of the financial statements

## Notes to the financial statements

at 30 September 2015

### 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*

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. 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.

#### *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.

## Notes to the financial statements

at 30 September 2015

### 2. Accounting policies (continued)

#### *Turnover recognition*

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.

#### *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 2015

### 2. Accounting policies (continued)

#### *Share-based payments*

Mabey Holdings Limited has a number of share plans.

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 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 bi-annually ahead of a trading window. The latest price is £3.45 per share (2014: £4.65).

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 2015

### 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*

	2015	2014
	£	£
Europe	34,744,410	48,020,863
Asia	10,691,891	15,605,101
Americas	4,898,573	5,649,005
Africa and Middle East	2,591,098	3,658,436
Oceania	639,334	-
	<u>53,565,306</u>	<u>72,933,405</u>

## Notes to the financial statements

at 30 September 2015

### 4. Operating loss

(a) This is stated after charging/(crediting):

	2015	2014
	£	£
Depreciation of tangible fixed assets	1,265,903	1,385,965
Amortisation of goodwill	1,896,462	1,896,462
Operating lease rentals in respect of		
- plant and machinery	173,145	212,225
- land and buildings	689,261	679,019

Auditors' remuneration:

The remuneration of KPMG LLP, the auditors for the audit of the financial statements amounted to £60,000 (2014: – Ernst and Young LLP £64,042). Non-audit fees relating to taxation services from KPMG LLP amounted to £nil (2014: Ernst and Young LLP £20,280).

(b) Split of continuing and discontinued operations

	Continuing operations 2015 £	Discontinued operations 2015 £	Total 2015 £
Turnover	21,931,811	31,633,495	53,565,306
Cost of sales	(17,477,207)	(32,230,393)	(49,707,600)
Gross profit	4,454,604	(596,898)	3,857,706
Distribution costs	(3,080,211)	(1,389,162)	(4,469,373)
Administrative costs	(3,207,453)	(3,832,685)	(7,040,138)
Amortisation of goodwill	(1,896,462)	-	(1,896,462)
Operating loss	(3,729,522)	(5,818,745)	(9,548,267)

	Continuing operations 2014 £	Discontinued operations 2014 £	Total 2014 £
Turnover	28,504,174	44,429,231	72,933,405
Cost of sales	(23,292,039)	(47,360,975)	(70,653,014)
Gross profit	5,212,135	(2,931,744)	2,280,391
Distribution costs	(3,938,288)	(2,511,219)	(6,449,507)
Administrative costs	(3,459,757)	(5,035,281)	(8,495,038)
Amortisation of goodwill	(1,896,462)	-	(1,896,462)
Operating loss	(4,082,372)	(10,478,244)	(14,560,616)

# Notes to the financial statements

at 30 September 2015

## 5. Exceptional items

The cost of discontinuing heavy steel fabrication and tubular products businesses amounted to £3,867,877 (2014: £nil). The costs included redundancy costs, closing and decommissioning two fabrication plants and associated costs. The tax effect of this exceptional item is a credit to current tax of £792,915 (2014: £nil)

## 6. Directors' remuneration

	2015 £	2014 £
<b>Total</b>		
Emoluments, excluding pension contributions	343,762	321,088
Company contributions paid to money purchase pension scheme	18,927	28,771
	2015 £	2014 £
<b>Highest paid director</b>		
Emoluments, excluding pension contributions	130,852	168,732
Company contributions paid to money purchase pension scheme	18,927	18,900

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

	2015 No.	2014 No.
Money purchase scheme	3	2

## 7. Staff costs

	2015 £	2014 £
Wages and salaries	17,405,742	17,611,610
Share based payment cost	(18,698)	80,772
Social security costs	1,525,443	1,798,914
Other pension costs	1,909,644	2,313,935
	20,822,131	21,805,231

## Notes to the financial statements

at 30 September 2015

### 7. Staff costs (continued)

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

	2015 No.	2014 No.
Administration	148	198
Production	254	319
	<u>402</u>	<u>517</u>

### 8. Other income

	2015 £	2014 £
Interest receivable on short term deposits	7,577	21,235
	<u>7,577</u>	<u>21,235</u>

### 9. Interest payable

	2015 £	2014 £
Bank overdraft	500	-
Payable to group undertakings	138,750	126,500
	<u>139,250</u>	<u>126,500</u>

## Notes to the financial statements

at 30 September 2015

### 10. Tax

#### a) Tax on loss on ordinary activities

The tax credit is made up as follows:

	2015	2014
	£	£
<b>Current tax</b>		
Corporation tax	(2,255,432)	(3,030,512)
(Over)/under-provided in prior years	(104,817)	(486,187)
Total current tax (note 10(b))	(2,360,249)	(3,516,699)
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	-
Over-provided in prior years	-	-
Deferred tax	-	-
Tax on loss on ordinary activities	(2,360,249)	(3,516,699)

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

The tax assessed on the loss on ordinary activities for the year is lower (2014: – higher) than that at the standard rate of corporation tax of 20.5% (2014: – 22 %). The differences are reconciled below:

	2015	2014
	£	£
Loss on ordinary activities before taxation	(13,547,817)	(14,665,881)
Loss on ordinary activities multiplied by standard rate of corporation tax of 20.5% (2014: – 22%)	(2,777,112)	(3,226,092)
Expenses not deductible for tax purposes	7,274	96,033
Amortisation of goodwill	388,749	417,170
Difference between capital allowances and depreciation	159,752	(347,894)
Movement in share based payments	(18,453)	8,585
Other short term timing differences	(15,642)	21,686
Adjustments relating to prior years	(104,817)	(486,187)
Current tax credit	(2,360,249)	(3,516,699)

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

The standard rate of corporation tax in the UK reduced from 22% to 21% from 1 April 2014 and a further reduction to 20% took effect from 1 April 2015. The deferred tax assets and liabilities at 30 September 2015 have been calculated based on the rate of 20% substantively enacted at that date. Further changes to the UK corporation tax rate were announced in the Chancellor's Budget on 8 July 2015. These included reductions in the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As these changes had not been substantively enacted at the balance sheet date, their effects are not included in these financial statements. However, they are expected to reduce the Company's future current tax charge accordingly and leave the net deferred tax balance at the reporting date of 30 September 2015 unchanged at £nil.

## Notes to the financial statements

at 30 September 2015

### 11. Tangible fixed assets

	<i>Freehold land and buildings £</i>	<i>Plant, equipment and vehicles £</i>	<i>Total £</i>
Cost:			
At 1 October 2014	26,002,835	39,978,049	65,980,884
Additions	-	98,939	98,939
Disposals	(206,940)	(8,383,407)	(8,590,347)
Transfers	118,307	(118,307)	-
At 30 September 2015	<u>25,914,202</u>	<u>31,575,274</u>	<u>57,489,476</u>
Depreciation:			
At 1 October 2014	15,415,229	35,731,228	51,146,457
Charge for the year	314,250	951,653	1,265,903
Disposals	(202,052)	(8,205,450)	(8,407,502)
Transfers	14,176	(14,176)	-
At 30 September 2015	<u>15,541,603</u>	<u>28,463,255</u>	<u>44,004,858</u>
Net book value:			
At 30 September 2015	<u>10,372,599</u>	<u>3,112,019</u>	<u>13,484,618</u>
At 30 September 2014	<u>10,587,606</u>	<u>4,246,821</u>	<u>14,834,427</u>

### 12. Intangible fixed assets

#### Goodwill

	<i>£</i>
Cost:	
At 30 September 2014 and at 30 September 2015	18,964,621
Amortisation:	
At 1 October 2014	9,482,310
Provided in the year	1,896,462
At 30 September 2015	<u>11,378,772</u>
Net book value:	
At 30 September 2015	<u>7,585,849</u>
At 30 September 2014	<u>9,482,311</u>

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

# Notes to the financial statements

at 30 September 2015

## 13. Investments

*Shares in subsidiary undertakings*

Cost:	£
At 1 October 2014 and 30 September 2015	12,885

The subsidiary undertaking at 30 September 2015 is Mabey Bridge Pty Limited, a company engaged in the sale of steel fabrication and structural steel work, which is incorporated in Australia. The company owns 100% of the issued ordinary share capital.

## 14. Stocks

	2015 £	2014 £
Raw materials	1,807,557	1,842,815
Work in progress	3,209,972	3,970,508
Finished goods	3,777,311	3,935,608
	<u>8,794,840</u>	<u>9,748,931</u>

## 15. Debtors

	2015 £	2014 £
Trade debtors	7,810,467	5,151,449
Amounts recoverable on contracts	773,155	5,440,607
Amounts owed by group undertakings	183,602	204,051
Other debtors	181,262	921,441
Prepayments and accrued income	918,462	1,194,578
Taxation recoverable	978,445	1,735,952
	<u>10,845,393</u>	<u>14,648,078</u>

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

	2015 £	2014 £
Trade creditors	4,264,458	11,460,417
Amounts due to group undertakings	2,883,687	2,593,686
Social security and other taxes	267,591	517,216
Accruals and deferred income	11,395,407	3,089,080
	<u>18,811,143</u>	<u>17,660,399</u>

## Notes to the financial statements

at 30 September 2015

### 17. Provisions for liabilities and charges

	<i>Reorganisation</i> £
At 1 October 2014	-
Utilised	(1,464,739)
Charge/(credit) in the year	3,867,877
At 30 September 2015	<u>2,403,138</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 is for redundancies, with lesser amounts for site decommissioning. The bulk of these is expected to unwind within six months.

### 18. Deferred taxation

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

	<i>Provided</i>	<i>Not provided</i>
	<i>2015</i>	<i>2014</i>
	£	£
(Decelerated)/accelerated capital allowances	-	(1,776,060)
Other short term timing differences	-	46,178
Losses	-	(378,759)
Capital gains 'rolled over'	-	3,359
Deferred tax liability / (asset)	<u>-</u>	<u>(2,105,282)</u>

The net deferred tax asset has not been recognised due to uncertainty in respect of its future recoverability.

### 19. Called up share capital

	<i>Allotted, called up and fully paid</i>
	<i>2015</i>
	£
47,267,414 ordinary shares of £1 each	<u>47,267,414</u>

### 20. Capital commitments

At 30 September 2015 the directors have authorised and contracted future capital expenditure which amounts to £nil (2014: £nil).



## Notes to the financial statements

at 30 September 2015

### 21. 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>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Operating leases which expire				
- within one year	-	-	-	39,520
- within two to five years	-	-	117,022	140,925
	-	-	117,022	180,445

### 22. Related party transactions

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

	<i>Balance at 30 September 2014</i>	<i>Balance at 30 September 2015</i>	<i>Maximum balance in period</i>
	<i>£</i>	<i>£</i>	<i>£</i>
G Voss	5,021	5,021	5,021

### 23. 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 2015 was £1,909,644 (2014: £2,313,935).

### 24. 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.

## Notes to the financial statements

at 30 September 2015

### 25. Share based payments

There are a number of share plans.

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 Mabey Share Incentive Plan is administered by a separate trustee, the Mabey SIP Trustee. This is recognised as tax advantaged 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).

The terms and conditions of grants during the year are as follows:

<i>Grant</i>	<i>Method of settlement accounting</i>	<i>Number of instruments</i>	<i>Vesting conditions</i>	<i>Vesting date</i>
Matched Share Plan	Cash	10,150	Continued employment	March 2017
Share Incentive Plan	Cash	5,060	Continued employment	June 2018
Share Incentive Plan	Cash	5,130	Continued employment	September 2018
		<u>20,340</u>		

For the arrangements entered into in the current accounting period the longest vesting period is 36 months.

Movements on outstanding grants during the year are as follows:

	<i>2015 Number of shares</i>	<i>2014 Number of shares</i>
Outstanding at the beginning of the year	92,154	81,568
Granted during the year	20,340	31,068
Forfeited during the year	(1,476)	(9,856)
Exercised during the year	(49,736)	(10,626)
Outstanding at the end of the year	<u>61,282</u>	<u>92,154</u>