

Registration number: 4300396

Mabey Bridge Limited
Annual Report and Financial Statements
for the Year Ended 30 September 2017

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Mabey Bridge Limited

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Mabey Bridge Limited

Company Information

Directors

M Treacy

G C Voss

T Rasmussen

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 2017

The directors present their strategic report for the year ended 30 September 2017.

Principal activity

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

Review of the business

The loss after tax for the year amounts to £1,778,578 (2016 – profit of £120,671).

The company did not pay any dividends during the year (2016 – £nil).

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

- 1) An increase in activity and improving margins within the modular bridging business
- 2) Profits made on the sale of surplus land following the closure of the discontinued bespoke heavy steel fabrication and onshore wind tower manufacturing businesses in the previous year.

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 £24,325,252 (2016: £17,705,201) and operating losses of £3,732,973 (2016: loss of £5,392,791). Turnover of the continuing business increased by 37%, leading to a reduction in the continuing operating loss of 31%. The growth in the continuing business was mainly within the North America and Oceania regions, whilst the performance in Latin America and Africa continued to be impacted by political and economic instability resulting in a restriction of infrastructure spending in some of these key markets.

Key financial performance indicators:

Gross contribution margins 46% (2016: 45%)

Gross profit margins 20% (2016: 17%)

Operating profit margins -15% (2016: -30%)

Following their appointments in the previous year, Michael Treacy and Thomas Rasmussen have also now been appointed to the Board of Directors with the focus on 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 is now fully installed and operational and will enhance our ability to service our customers' requirements whilst delivering operational efficiencies. 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

The closure of the bespoke heavy steel fabrication (Infrastructure division) and onshore wind turbine towers manufacturing (Renewables division) businesses was completed in the previous year. The sale of remaining surplus land has been completed in the current year, generating a profit on disposal of £1,550,157.

Mabey Bridge Limited

Strategic Report for the Year Ended 30 September 2017

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.

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.

Mabey Bridge Limited

Strategic Report for the Year Ended 30 September 2017

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.

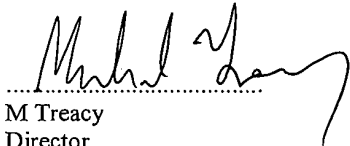
Price risk, credit risk, liquidity risk and cash flow risk

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 December 2017 and signed on its behalf by:


M Treacy
Director

Mabey Bridge Limited

Directors' Report for the Year Ended 30 September 2017

The directors present their report and the financial statements for the year ended 30 September 2017.

Directors of the company

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

J K Beauchamp (resigned 14 December 2016)

M A Carey (resigned 19 October 2016)

J N Stacey (resigned 19 October 2016)

M Treacy (appointed 19 October 2016)

G C Voss

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 2017 (2016 £nil).

Political donations

During the year the company made no political donations (2016 £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.

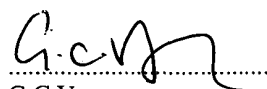
Disclosure of information to the auditor

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 5 December 2017 and signed on its behalf by:



G C Voss
Director

Mabey Bridge Limited

Statement of Directors' Responsibilities

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

- select suitable accounting policies and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or to have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 ("the company") for the year ended 30 September 2017 which comprise the profit and loss, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of opinion

We conducted our audit in accordance with International Standard on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and Directors' report

The directors are responsible for the strategic report and directors' report. Our opinion on the financial statements does not cover those reports and we do not express an opinion thereon.

Our responsibility is to read the strategic report and directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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


Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our work and to whom we owe our responsibilities

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.



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

Arlington Business Park
Theale
Reading
RG7 4SD

Date: 8 December 2017

Mabey Bridge Limited

Profit and Loss Account for the Year Ended 30 September 2017

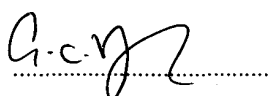
	Note	2017 Total £	2016 Continuing operations £	2016 Discontinued operations £	2016 Total £
Turnover	2	24,325,252	17,705,201	3,859,674	21,564,875
Cost of sales		(19,348,353)	(14,699,993)	(3,774,137)	(18,474,130)
Gross profit		4,976,899	3,005,208	85,537	3,090,745
Distribution costs		(3,364,322)	(3,191,967)	(11,421)	(3,203,388)
Administrative expenses		(5,345,550)	(5,206,032)	(330,833)	(5,536,865)
Profit on sale of surplus land from discontinued operations	3	1,550,157	-	-	-
Profit on termination of an operation	3	-	-	4,646,229	4,646,229
Operating (loss)/profit - continuing		(4,034,824)	(5,392,791)	-	(5,392,791)
Operating (loss)/profit - discontinued	3	1,852,008	-	4,389,512	4,389,512
Operating (loss)/profit	4	(2,182,816)	(5,392,791)	4,389,512	(1,003,279)
Other interest receivable and similar income	5	19,277	16,090	-	16,090
Interest payable and similar expenses	6	-	(133,525)	-	(133,525)
		19,277	(117,435)	-	(117,435)
(Loss)/profit before tax		(2,163,539)	(5,510,226)	4,389,512	(1,120,714)
Taxation	10	384,961	797,661	443,724	1,241,385
(Loss)/profit for the financial year and total comprehensive income		(1,778,578)	(4,712,565)	4,833,236	120,671

The notes on pages 12 to 24 form an integral part of these financial statements.

Mabey Bridge Limited
(Registration number: 4300396)
Balance Sheet as at 30 September 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	11	3,959,273	5,936,498
Tangible assets	12	5,611,770	4,274,265
Investments	13	-	12,885
		<u>9,571,043</u>	<u>10,223,648</u>
Current assets			
Stocks	14	7,007,956	7,506,347
Debtors	15	8,782,786	4,309,288
Cash at bank and in hand		8,245,589	14,476,183
		<u>24,036,331</u>	<u>26,291,818</u>
Creditors: Amounts falling due within one year	17	<u>(12,826,417)</u>	<u>(13,955,931)</u>
Net current assets		<u>11,209,914</u>	<u>12,335,887</u>
Net assets		<u>20,780,957</u>	<u>22,559,535</u>
Capital and reserves			
Called up share capital	19	47,267,414	47,267,414
Share premium reserve		17,732,586	17,732,586
Profit and loss account		<u>(44,219,043)</u>	<u>(42,440,465)</u>
Total equity		<u>20,780,957</u>	<u>22,559,535</u>

Approved and authorised by the Board on 5 December 2017 and signed on its behalf by:



G C Voss

Director

The notes on pages 12 to 24 form an integral part of these financial statements.

Mabey Bridge Limited

Statement of Changes in Equity for the Year Ended 30 September 2017

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 October 2016	47,267,414	17,732,586	(42,440,465)	22,559,535
Loss for the year	-	-	(1,778,578)	(1,778,578)
Total comprehensive income	-	-	(1,778,578)	(1,778,578)
At 30 September 2017	47,267,414	17,732,586	(44,219,043)	20,780,957
	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

The notes on pages 12 to 24 form an integral part of these financial statements.

Mabey Bridge Limited

Notes to the Financial Statements for the Year Ended 30 September 2017

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.

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.

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.

Mabey Bridge Limited

Notes to the Financial Statements for the Year Ended 30 September 2017

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.

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.

Mabey Bridge Limited

Notes to the Financial Statements for the Year Ended 30 September 2017

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	Depreciation method and rate
Freehold buildings	40 years straight line
Plant, equipment and vehicles	2-20 years straight line

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.

Mabey Bridge Limited

Notes to the Financial Statements for the Year Ended 30 September 2017

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.

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.

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 £3.68 per share (2016: £3.35).

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 2017

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 bridges and steel fabrication and its erection worldwide.

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

	2017 £	2016 £
Europe	4,783,689	6,200,666
Asia	7,724,173	7,726,570
Americas	9,038,955	4,876,517
Africa and Middle East	589,870	1,689,184
Oceania	2,188,565	1,071,938
	<u>24,325,252</u>	<u>21,564,875</u>

Turnover derived from discontinued operations was £208,159 (2016: £3,859,674).

3 Discontinued operations

	2017 £	2016 £
Profit on sale of surplus land / termination of operation	1,550,157	4,646,229
Operating profit/(loss) excluding one off items	<u>301,851</u>	<u>(256,717)</u>
Operating (loss)/profit – discontinued operations	<u>1,852,008</u>	<u>4,389,512</u>

Following the closure of the discontinued heavy steel fabrication and tubular products businesses in the prior year, remaining surplus land has been sold in the current year generating a profit on sale of £1,550,157. The discontinuation of the heavy steel fabrication and tubular products businesses in the prior year generated a profit on disposal of assets in 2016 of £4,646,229.

Mabey Bridge Limited

Notes to the Financial Statements for the Year Ended 30 September 2017

4 Operating loss

Arrived at after charging/(crediting)

	2017 £	2016 £
Depreciation expense	348,989	713,803
Amortisation expense	1,998,575	2,001,999
Research and development cost	300,108	164,443
Operating lease expense - plant and machinery	92,015	126,785
	<u> </u>	<u> </u>

5 Other interest receivable and similar income

	2017 £	2016 £
Interest income on bank deposits	19,277	16,090
	<u> </u>	<u> </u>

6 Interest payable and similar expenses

	2017 £	2016 £
Interest on bank overdrafts and borrowings	-	28
Interest payable on loans from group undertakings	-	133,497
	<u> </u>	<u>133,525</u>

7 Staff costs

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

	2017 £	2016 £
Wages and salaries	5,620,825	5,514,862
Social security costs	563,648	522,830
Pension costs, defined contribution scheme	753,850	935,321
Share-based payment expenses	55,688	21,054
	<u>6,994,011</u>	<u>6,994,067</u>

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

	2017 No.	2016 No.
Production	76	70
Administration and support	76	87
	<u>152</u>	<u>157</u>

Mabey Bridge Limited

Notes to the Financial Statements for the Year Ended 30 September 2017

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2017 £	2016 £
Remuneration	359,510	139,358
Contributions paid to money purchase schemes	52,628	19,302
Sums paid to group companies for directors' services	19,259	358,958
	<u>431,397</u>	<u>517,618</u>

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

	2017 No.	2016 No.
Received or were entitled to receive shares under long term incentive schemes	6	-
Accruing benefits under money purchase pension scheme	5	3

In respect of the highest paid director:

	2017 £	2016 £
Remuneration	132,497	160,428
Company contributions to money purchase pension schemes	19,489	10,890

9 Auditor's remuneration

	2017 £	2016 £
Audit of the financial statements	35,875	35,000

Mabey Bridge Limited

Notes to the Financial Statements for the Year Ended 30 September 2017

10 Taxation

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

	2017 £	2016 £
Current taxation		
UK corporation tax	(380,313)	(1,220,549)
UK corporation tax adjustment to prior periods	(4,648)	(35,495)
	<u>(384,961)</u>	<u>(1,256,044)</u>

Deferred taxation

Arising from origination and reversal of timing differences

	-	14,659
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Tax receipt in the profit and loss account

	(384,961)	(1,241,385)
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The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2016 - the same as the standard rate of corporation tax in the UK) of 19.5% (2016 - 20%).

The differences are reconciled below:

	2017 £	2016 £
Loss before tax	<u>(2,163,539)</u>	<u>(1,120,714)</u>
Corporation tax at standard rate	(421,860)	(224,143)
Tax exempt revenues	(304,004)	(1,083,496)
Non-deductible expenses	372,866	494,978
Losses utilised	71,613	-
Current year timing differences for which no deferred tax asset was recognised	(94,528)	483,794
Under / (over) provided in prior years - current tax	(4,648)	(35,495)
Unrelieved tax losses carried forward	-	(868,223)
Effect of research and development tax reliefs	(4,400)	(8,800)
Total tax credit	<u>(384,961)</u>	<u>(1,241,385)</u>

The standard rate of corporation tax in the UK was 19.5% 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 2017 have been calculated based on the rate of 17% substantively enacted at that date.

The company has not recognised the deferred tax benefits due to the uncertainty around its recoverability. These unrecognised assets total £1,805,882 (2016: £2,193,168) of which £1,118,140 (2016: £1,156,405) relates to disclaimed capital allowances and £687,742 (2016: £1,036,763) relates to tax losses.

Mabey Bridge Limited

Notes to the Financial Statements for the Year Ended 30 September 2017

11 Intangible assets

	Goodwill £	Other intangible assets £	Total £
Cost or valuation			
At 1 October 2016	18,964,621	1,119,262	20,083,883
Additions acquired separately	-	21,350	21,350
At 30 September 2017	18,964,621	1,140,612	20,105,233
Amortisation			
At 1 October 2016	13,275,235	872,150	14,147,385
Amortisation charge	1,896,462	102,113	1,998,575
At 30 September 2017	15,171,697	974,263	16,145,960
Carrying amount			
At 30 September 2017	3,792,924	166,349	3,959,273
At 30 September 2016	5,689,386	247,112	5,936,498

Other intangible assets comprises of computer software.

See note 24 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 2016	3,828,683	15,633,822	19,462,505
Additions	307,427	1,914,377	2,221,804
Disposals	(1,304,665)	(353,304)	(1,657,969)
At 30 September 2017	2,831,445	17,194,895	20,026,340
Depreciation			
At 1 October 2016	1,299,172	13,889,068	15,188,240
Charge for the year	98,152	250,837	348,989
Eliminated on disposal	(804,665)	(317,994)	(1,122,659)
At 30 September 2017	592,659	13,821,911	14,414,570
Carrying amount			
At 30 September 2017	2,238,786	3,372,984	5,611,770
At 30 September 2016	2,529,511	1,744,754	4,274,265

Mabey Bridge Limited

Notes to the Financial Statements for the Year Ended 30 September 2017

13 Investments

	2017 £	2016 £
Investments in subsidiaries	-	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	
			2017	2016
Subsidiary undertakings				
Mabey Bridge International Panama SA	Panama	Ordinary	100%	0%
Mabey Bridge Australia Pty Limited	Australia	Ordinary	0%	100%

The principal activity of Mabey Bridge International Panama SA is the sale of steel fabrication and structural steel work. This company has not yet commenced trading.

The principal activity of Mabey Bridge Australia Pty Limited was the sale of steel fabrication and structural steel work and it was de-registered during the year.

14 Stocks

	2017 £	2016 £
Raw materials and consumables	1,893,870	1,924,962
Work in progress	2,227,103	666,889
Finished goods and goods for resale	2,886,983	4,914,496
	<u>7,007,956</u>	<u>7,506,347</u>

Mabey Bridge Limited

Notes to the Financial Statements for the Year Ended 30 September 2017

15 Debtors

	2017 £	2016 £
Trade debtors	7,379,405	1,677,875
Amounts owed by group undertakings	507,906	277,507
Other debtors	256,986	218,107
Prepayments	478,052	782,299
Amounts recoverable on contracts	25,960	745,289
Corporation tax recoverable	134,477	608,211
Total current trade and other debtors	<u>8,782,786</u>	<u>4,309,288</u>

16 Cash and cash equivalents

	2017 £	2016 £
Cash at bank	<u>8,245,589</u>	<u>14,476,183</u>

17 Creditors

	2017 £	2016 £
Due within one year		
Trade creditors	4,279,966	2,516,902
Amounts due to group undertakings	25,036	15,714
Social security and other taxes	144,414	2,222,684
Accruals and deferred income	8,377,001	9,200,631
	<u>12,826,417</u>	<u>13,955,931</u>

18 Pensions

Defined contribution pension scheme

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 £753,850 (2016 - £935,321).

Mabey Bridge Limited

Notes to the Financial Statements for the Year Ended 30 September 2017

19 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	47,267,414	47,267,414	47,267,414	47,267,414

20 Obligations under leases and hire purchase contracts

Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2017 £	2016 £
Not later than one year	18,992	98,707
Later than one year and not later than five years	23,734	78,845
Later than five years	540	-
	<u>43,266</u>	<u>177,552</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £92,015 (2016 - £126,785).

21 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.

Mabey Bridge Limited

Notes to the Financial Statements for the Year Ended 30 September 2017

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

	2017 Number	2016 Number
Outstanding, start of period	53,698	61,282
Granted during the period	28,977	16,328
Forfeited during the period	(414)	(346)
Exercised during the period	(11,337)	(23,566)
Outstanding, end of period	70,924	53,698

22 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £856,062 (2016 - £1,595,520). Of the commitments at 30 September 2017, it is expected that £616,062 will be incurred by 31 December 2017 and the balance of £240,000 by 31 March 2018.

23 Parent and ultimate parent undertaking

The company's immediate parent is Mabey Engineering (Holdings) Limited, incorporated in United Kingdom, and with registered address One Valpy, 20 Valpy Street, Reading, RG1 1AR.

The ultimate parent is Mabey Holdings Limited, incorporated in United Kingdom, and with registered address One Valpy, 20 Valpy Street, Reading, RG1 1AR.

24 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