

Registration number: 4300396

Mabey Bridge Limited  
Annual Report and Financial Statements  
for the Year Ended 30 September 2018



# **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 2018**

The directors present their strategic report for the year ended 30 September 2018.

### **Principal activity**

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

### **Fair review of the business**

The loss after tax for the year amounts to £3,682,525 (2017 – loss of £1,778,578).

The company did not pay any dividends during the year (2017 – £nil).

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

- 1) A reduction in revenue from a long term contract in Sri Lanka as this comes to an end, offset by an increase in the underlying modular bridging Retail business
- 2) An increase in gross margins
- 3) In comparison to the prior year, an elimination of profits on the sale of surplus land and profits generated by discontinued operations of £1,852,008.

The business continues to provide 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 £23,717,029 (2017: £24,117,093 from continuing operations) and operating losses of £3,967,102 (2017: loss of £4,034,824 from continuing operations). Whilst the underlying modular Retail turnover increased by 18% during the year, this was offset by a reduction in revenue from a major long term rural development contract in Sri Lanka as this programme comes to an end. Gross margins also improved during the year, although this was offset by an increase in administration costs. Administration costs include £0.2m in relation to the operating cost element of a roof replacement project for the factory in Lydney.

Key financial performance indicators:

Gross contribution margins 47% (2017: 46%)

Gross profit margins 21% (2017: 20%)

Operating profit margins -17% (2017: -15%)

The increase in Retail turnover is further strengthened by strong order intake in the final quarter of the year which will provide a good underpin to the start of the coming financial year. The strategy of the Board of Directors remains to build long term relationships with our customers and key partners in order to deliver the infrastructure solutions they require within their local markets. A key focus is on maintaining a sustainable level of underlying Retail sales and in returning the business to profitability on this. We are now beginning to see the benefits of the investment in new robot technology in the previous year in improving productivity and 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.

# Mabey Bridge Limited

## Strategic Report for the Year Ended 30 September 2018

### 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 2018**

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.

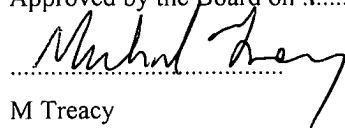
#### ***Price risk, credit risk, liquidity risk and cash flow risk***

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 18 December 2018 and signed on its behalf by:



M Treacy  
Director

**Mabey Bridge Limited**  
**Directors' Report for the Year Ended 30 September 2018**

The directors present their report and the financial statements for the year ended 30 September 2018.

**Directors of the company**

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

M Treacy

G C Voss

T Rasmussen

**Dividends**

The directors recommend no final dividend payment be made in respect of the financial year ended 30 September 2018 (2017 £nil).

**Political donations**

During the year the company made no political donations (2017 £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.

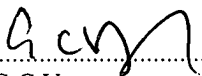
**Disclosure of information to the auditor**

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 18 December 2018 and signed on its behalf by:



G C Voss  
Director

## **Mabey Bridge Limited**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or 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**

### **Opinion**

We have audited the financial statements of Mabey Bridge Limited ("the company") for the year ended 30 September 2018 which comprise the Profit and Loss Account, 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 2018 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 for opinion**

We conducted our audit in accordance with International Standards 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 the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the 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 the 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MABEY BRIDGE LIMITED** *(continued)*

### **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 either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **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](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit 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

**19** December 2018

**Mabey Bridge Limited**  
**Profit and Loss Account for the Year Ended 30 September 2018**

	Note	2018 £	2017 £
Turnover	2	23,717,029	24,325,252
Cost of sales		<u>(18,675,299)</u>	<u>(19,348,353)</u>
Gross profit		5,041,730	4,976,899
Distribution costs		(3,081,123)	(3,364,322)
Administrative expenses		(5,927,709)	(5,345,550)
Profit on sale of surplus land from discontinued operations	3	<u>-</u>	<u>1,550,157</u>
Operating loss	4	(3,967,102)	(2,182,816)
Other interest receivable and similar income	5	<u>17,913</u>	<u>19,277</u>
Loss before tax		(3,949,189)	(2,163,539)
Taxation	9	<u>266,664</u>	<u>384,961</u>
Loss for the financial year and total comprehensive income		<u>(3,682,525)</u>	<u>(1,778,578)</u>

The 2018 results are fully derived from continuing operations.

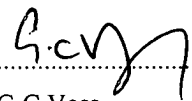
The company has no other comprehensive income for the year other than the results above and therefore no separate statement of comprehensive income has been prepared

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 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	10	2,017,556	3,959,273
Tangible assets	11	6,095,580	5,611,770
		<u>8,113,136</u>	<u>9,571,043</u>
<b>Current assets</b>			
Stocks	13	11,941,373	7,007,956
Debtors	14	3,036,169	8,782,786
Cash at bank and in hand		2,589,335	8,245,589
		<u>17,566,877</u>	<u>24,036,331</u>
<b>Creditors: Amounts falling due within one year</b>	16	<u>(8,581,581)</u>	<u>(12,826,417)</u>
<b>Net current assets</b>		<u>8,985,296</u>	<u>11,209,914</u>
<b>Net assets</b>		<u>17,098,432</u>	<u>20,780,957</u>
<b>Capital and reserves</b>			
Called up share capital	18	47,267,414	47,267,414
Share premium reserve		17,732,586	17,732,586
Profit and loss account		<u>(47,901,568)</u>	<u>(44,219,043)</u>
<b>Total equity</b>		<u>17,098,432</u>	<u>20,780,957</u>

Approved and authorised by the Board on 18 December 2018 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 2018**

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 October 2017	47,267,414	17,732,586	(44,219,043)	20,780,957
Loss for the year	-	-	(3,682,525)	(3,682,525)
Total comprehensive income	-	-	(3,682,525)	(3,682,525)
At 30 September 2018	47,267,414	17,732,586	(47,901,568)	17,098,432
	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

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 2018**

### **1 Accounting policies**

#### **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 financial statements are included in the consolidated financial statements of Mabey Holdings Limited. 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 2018**

#### **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 2018

#### 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

Separately acquired trademarks and licences are shown at historical cost.

Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

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
Trade marks	5 years straight line



## **Mabey Bridge Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2018**

#### **Cash and cash equivalents**

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

#### **Trade debtors**

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

#### **Stocks**

(section 13 of FRS102)

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value, after making due allowance for obsolete or slow-moving items.

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

#### **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.

## Mabey Bridge Limited

### Notes to the Financial Statements for the Year Ended 30 September 2018

#### 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 £1.70 per share (2017: £3.68).

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

- a) at each year end date between grant and settlement the liability to repurchase the investment shares is estimated by reference to the latest price;
- b) during the vesting period for the matching shares, the liability recognised at each year end is the fair value of the shares at that date (by reference to the latest price) multiplied by the expired portion of the vesting period as a proportion of the vesting period. Consideration is taken of whether employees will still be employed at the vesting period and in the case of the Deferred Bonus Plan whether the performance criteria are likely to be met;
- d) from the end of the vesting period for the matching shares until settlement, the liability recognised is the same calculation as for investment shares; and
- e) all changes in the liability are recognised in profit or loss for the year.

#### 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:

	2018 £	2017 £
Europe	5,271,264	4,783,689
Asia	7,606,929	7,724,173
Americas	8,228,990	9,038,955
Africa and Middle East	1,662,961	589,870
Oceania	946,885	2,188,565
	<u>23,717,029</u>	<u>24,325,252</u>

Turnover derived from discontinued operations was £Nil (2017: £208,159).

**Mabey Bridge Limited**  
**Notes to the Financial Statements for the Year Ended 30 September 2018**

**3 Discontinued operations**

The 2018 results are fully derived from continuing operations. The prior year results include profit on sale of surplus land from discontinued operations of £1,550,157 and operating profits from discontinued operations of £301,851.

**4 Operating loss**

Arrived at after charging/(crediting)

	2018 £	2017 £
Depreciation expense	501,442	348,989
Amortisation expense	2,038,331	1,998,575
Research and development cost	213,028	300,108
Operating lease expense - plant and machinery	18,992	92,015
	<hr/>	<hr/>

**5 Other interest receivable and similar income**

	2018 £	2017 £
Interest income on bank deposits	17,913	19,277
	<hr/>	<hr/>

**6 Staff costs**

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

	2018 £	2017 £
Wages and salaries	6,474,859	5,620,825
Social security costs	646,893	563,648
Pension costs, defined contribution scheme	766,944	753,850
Share-based payment expenses	117,170	55,688
	<hr/>	<hr/>
	8,005,866	6,994,011
	<hr/>	<hr/>

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

	2018 No.	2017 No.
Production	96	76
Administration and support	75	76
	<hr/>	<hr/>
	171	152
	<hr/>	<hr/>

# Mabey Bridge Limited

## Notes to the Financial Statements for the Year Ended 30 September 2018

### 7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2018 £	2017 £
Remuneration	490,496	359,510
Contributions paid to money purchase schemes	62,772	52,628
Sums paid to group companies for directors' services	-	19,259
	<u>553,268</u>	<u>431,397</u>

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

	2018 No.	2017 No.
Received or were entitled to receive shares under long term incentive schemes	3	6
Accruing benefits under money purchase pension scheme	<u>3</u>	<u>5</u>

In respect of the highest paid director:

	2018 £	2017 £
Remuneration	211,665	132,497
Company contributions to money purchase pension schemes	<u>28,495</u>	<u>19,489</u>

### 8 Auditor's remuneration

	2018 £	2017 £
Audit of the financial statements	<u>38,500</u>	<u>35,875</u>

### 9 Taxation

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

	2018 £	2017 £
<b>Current taxation</b>		
UK corporation tax	(271,505)	(380,313)
UK corporation tax adjustment to prior periods	<u>4,841</u>	<u>(4,648)</u>
	<u>(266,664)</u>	<u>(384,961)</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2017 - the same as the standard rate of corporation tax in the UK) of 19% (2017 - 19.5%).

The differences are reconciled below:

## Mabey Bridge Limited

### Notes to the Financial Statements for the Year Ended 30 September 2018

9 Taxation (continued)	2018 £	2017 £
Loss before tax	(3,949,189)	(2,163,539)
Corporation tax at standard rate	(750,346)	(421,860)
Tax exempt revenues	-	(304,004)
Non-deductible expenses	373,476	372,866
Losses utilised	-	71,613
Current year losses for which no deferred tax asset recognised	105,365	-
Current year timing differences for which no deferred tax asset was recognised	-	(94,528)
Under / (over) provided in prior years - current tax	4,841	(4,648)
Effect of research and development tax reliefs	-	(4,400)
Total tax credit	(266,664)	(384,961)

The standard rate of corporation tax in the UK was 19% 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 2018 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 £1,888,799 (2017: £1,805,882) of which £1,213,265 (2017: £1,118,140) relates to disclaimed capital allowances and £675,534 (2017: £687,742) relates to tax losses.

#### 10 Intangible assets

	Goodwill £	Trademarks £	Other intangible assets £	Total £
<b>Cost or valuation</b>				
At 1 October 2017	18,964,621	-	1,140,612	20,105,233
Additions acquired separately	-	91,275	5,339	96,614
At 30 September 2018	18,964,621	91,275	1,145,951	20,201,847
<b>Amortisation</b>				
At 1 October 2017	15,171,697	-	974,263	16,145,960
Amortisation charge	1,896,462	35,728	106,141	2,038,331
At 30 September 2018	17,068,159	35,728	1,080,404	18,184,291
<b>Carrying amount</b>				
At 30 September 2018	1,896,462	55,547	65,547	2,017,556
At 30 September 2017	3,792,924	-	166,349	3,959,273

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

Other intangible assets comprises of computer software.

See note 23 for a narrative on the key judgements made in relation to goodwill.

**Mabey Bridge Limited**  
**Notes to the Financial Statements for the Year Ended 30 September 2018**

**11 Tangible assets**

	Land and buildings £	Plant, machinery and vehicles £	Total £
<b>Cost or valuation</b>			
At 1 October 2017	2,831,445	17,194,895	20,026,340
Additions	592,048	395,879	987,927
Disposals	-	(17,829)	(17,829)
At 30 September 2018	3,423,493	17,572,945	20,996,438
<b>Depreciation</b>			
At 1 October 2017	592,659	13,821,911	14,414,570
Charge for the year	103,836	397,606	501,442
Disposals	-	(15,154)	(15,154)
At 30 September 2018	696,495	14,204,363	14,900,858
<b>Carrying amount</b>			
At 30 September 2018	2,726,998	3,368,582	6,095,580
At 30 September 2017	2,238,786	3,372,984	5,611,770

**12 Investments**

**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	
			2018	2017

**Subsidiary undertakings**

Mabey Bridge International Panama SA	Panama	Ordinary	100%	100%
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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 investment is held at nil value.

# Mabey Bridge Limited

## Notes to the Financial Statements for the Year Ended 30 September 2018

### 13 Stocks

	2018 £	2017 £
Raw materials and consumables	2,869,767	1,893,870
Work in progress	2,918,124	2,227,103
Finished goods and goods for resale	6,153,482	2,886,983
	<u>11,941,373</u>	<u>7,007,956</u>

### 14 Debtors

	2018 £	2017 £
Trade debtors	1,575,576	7,379,405
Amounts owed by group undertakings	-	507,906
Other debtors	691,284	256,986
Prepayments	533,814	478,052
Amounts recoverable on contracts	132,160	25,960
Corporation tax recoverable	103,335	134,477
	<u>3,036,169</u>	<u>8,782,786</u>

### 15 Cash and cash equivalents

	2018 £	2017 £
Cash at bank	<u>2,589,335</u>	<u>8,245,589</u>

### 16 Creditors

	2018 £	2017 £
<b>Due within one year</b>		
Trade creditors	4,140,515	4,279,966
Amounts due to group undertakings	610	25,036
Social security and other taxes	157,524	144,414
Accruals and deferred income	4,282,932	8,377,001
	<u>8,581,581</u>	<u>12,826,417</u>

### 17 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 £766,944 (2017 - £753,850).

## Mabey Bridge Limited

### Notes to the Financial Statements for the Year Ended 30 September 2018

#### 18 Share capital

##### Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	47,267,414	47,267,414	47,267,414	47,267,414

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#### 19 Obligations under leases and hire purchase contracts

##### Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2018 £	2017 £
Not later than one year	16,609	18,992
Later than one year and not later than five years	7,665	23,734
Later than five years	-	540
	<u>24,274</u>	<u>43,266</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £18,992 (2017 - £92,015)



# Mabey Bridge Limited

## Notes to the Financial Statements for the Year Ended 30 September 2018

### 20 Share-based payments

#### Scheme details and movements

During the year all share plans, with the exception of the Mabey Share Incentive Plan, were terminated and the related shares were-exercised or forfeited.

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. At the same time that the other schemes were terminated, the decision was made to cease future allocations in this plan. Employees continue to hold shares in this plan. When the plan was still allocating shares, employees could 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 Matched Share Plan was terminated in the year and the related shares were-exercised or forfeited. It was administered by a Company Share Trust (the Trust) with an independent trustee. When it was operating, UK employees purchased shares (investment shares) and at the same time were offered loans to purchase further shares (the matching shares). The loans, at the option of the company, were waived at the end of a set period of service (vesting period). US employees purchased shares (investment shares) and at the same time were issued with matching share units, in exchange for which the company transferred title of a share at the end of a set period of service (vesting period).

The Deferred Bonus Plan was terminated in the year and the related shares were-exercised or forfeited. It was administered by the Trust. When it was operating, employees were issued shares (bonus shares) in proportion to their annual bonus. Employees were due to receive the full benefit of the bonus shares at the end of a set period of service (vesting period). In addition the employees were granted shares (matching shares) at the end of the vesting period, subject to the achievement of certain performance criteria.

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

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

	2018 Number	2017 Number
Outstanding, start of period	70,924	53,698
Granted during the period	17,831	28,977
Forfeited during the period	(12,585)	(414)
Exercised during the period	(37,980)	(11,337)
Outstanding, end of period	<u>38,190</u>	<u>70,924</u>

### 21 Commitments

#### Capital commitments

The total amount contracted for but not provided in the financial statements was £Nil (2017 - £856,062).

**Mabey Bridge Limited**  
**Notes to the Financial Statements for the Year Ended 30 September 2018**

**22 Parent and ultimate parent undertaking**

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

The ultimate parent is Blagrove No 1 Limited, One Valpy, 20 Valpy Street, Reading, RG1 1AR, United Kingdom incorporated in United Kingdom.

The most senior parent entity producing publicly available financial statements is Mabey Holdings Limited, One Valpy, 20 Valpy Street, Reading, RG1 1AR, United Kingdom

**23 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