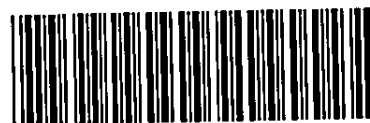


**Registered Number 4309378**

**Laing O'Rourke Midlands Limited**

**Annual Report  
for the year ended 31 March 2008**

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**Laing O'Rourke Midlands Limited**

**Annual Report  
for the year ended 31 March 2008**

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## **Laing O'Rourke Midlands Limited**

### **Directors , Officers and Advisors**

Directors	J Bramall A D Court A Crompton B A Dempsey T M Higgins S M Jones V H Jones J A O'Brien	
Secretary	C W McKenzie LLB, Solicitor	
Company Number	4309378	
Registered Office and Business Address	Bridge Place Anchor Boulevard Admirals Park Crossways Dartford Kent DA2 6SN	
Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH	
Bankers	Bank of Scotland New Uberior House 11 Earl Grey Street Edinburgh EH3 9BN	HSBC Bank Plc 8 Canada Square London E14 5HQ
Solicitors	Nabarro Lacon House Theobalds Road London WC1X 8RW	K&L Gates LLP 110 Cannon Street London EC4N 6AR
Insurance Consultants	Kerry London Limited Clare House Worton Road, Isleworth Middlesex TW7 6ER	

# **Laing O'Rourke Midlands Limited**

## **Directors' Report for the year ended 31 March 2008**

The directors present their annual report together with the audited financial statements of Laing O'Rourke Midlands Limited for the year ended 31 March 2008.

### **Principal activity**

The principal activity of the Company is building contracting in the Midlands.

### **Review of the Business**

The Company is a wholly owned subsidiary of Laing O'Rourke Holdings Limited and a member of the Laing O'Rourke Corporation Limited Group. The Company has not entered into new construction contracts for several years. The directors do not expect the Company to engage in new work in the foreseeable future.

The directors of Laing O'Rourke Corporation Limited manage risk for the Group as a whole, rather than as individual entities. For this reason, the Company's directors believe that analysis of the Company's risks should be viewed in the context of the Group. The principal risks and uncertainties of the Laing O'Rourke Corporation Limited Group, which include those of the Company, are discussed in the Group's annual review which does not form part of this report.

The directors of Laing O'Rourke Corporation Limited manage the Group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators should be viewed in the context of the Group. The development, performance and position of the European construction division of the Laing O'Rourke Corporation Limited Group, which include those of the Company, are discussed in the Group's annual review which does not form part of this report.

### **Results and dividends**

Turnover for the period was £134,956,584 (2007: £181,376,044). The profit before taxation for the period was £1,744,185 (2007: loss £21,345,732), and the profit attributable to shareholders after taxation was £1,235,423 (2007: loss £21,346,546). Total capital and reserves of the Company at 31 March 2008 were a deficit of £38,303,700 (2007: £39,539,123).

The directors do not propose the payment of a dividend for the year (2007: £nil).

### **Health, safety and welfare**

The Group is committed to ensuring the health, safety and welfare of all employees at work. All reasonable measures have been taken to achieve this policy. Arrangements have been made to protect other persons against risk to health and safety arising from the activities of the Group's employees when at work.

### **Employment policy**

The Group continues to provide employees with relevant information and to seek their views on matters of common concern through their representatives and through line managers. Priority is given to ensuring that employees are aware of significant matters affecting the Group's trading position and of any significant organisational changes. The Group treats each application for employment, training and promotion on merit. Full and fair consideration is given to both disabled and able-bodied applicants and employees. If existing employees become disabled, every effort is made to find them appropriate work and training is provided if necessary.

## **Laing O'Rourke Midlands Limited**

### **Directors' Report (continued)**

#### **Payment of creditors**

The Company's policy for the year ending 31 March 2009 for all suppliers is to agree terms of payment for each business transaction, to ensure that the supplier is aware of these terms and to abide by the agreed terms of payment. The number of days billings from suppliers outstanding to the Company as at 31 March 2008 was 18 days (2007: 33 days).

#### **Directors**

The current membership of the Board is as set out in the directors, officers and advisors information on page 1. There have been no changes to the Board since the last financial statements.

#### **Statement of directors' responsibilities for the annual report**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law.) The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which 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 1985. They are also responsible for safeguarding the assets of the Company and hence for taking steps for the prevention and detection of fraud and other irregularities.

## **Laing O'Rourke Midlands Limited**

### **Directors' Report (continued)**

#### **Disclosure of information to auditors**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware;
- each director has taken all the steps that ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985.

#### **Auditors**

The auditors PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution for their reappointment will be proposed at the Annual General Meeting.

#### **Approval**

This report was approved by the Board on 12 September 2008 and signed on its behalf by:



**C W McKenzie** LLB, Solicitor  
Secretary

## **Laing O'Rourke Midlands Limited**

### **Independent Auditors' Report to the Members of Laing O'Rourke Midlands Limited**

We have audited the financial statements of Laing O'Rourke Midlands Limited for the year ended 31 March 2008 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

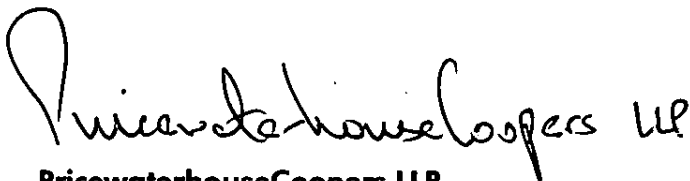
**Laing O'Rourke Midlands Limited**

**Independent Auditors' Report to the Members of  
Laing O'Rourke Midlands Limited**

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



**PricewaterhouseCoopers LLP**  
**Chartered Accountants and Registered Auditors**  
**London**  
**15 September 2008**



**Laing O'Rourke Midlands Limited**

**Profit & Loss Account  
for the year ended 31 March 2008**

	Note	2008 £	2007 £
<b>Turnover</b>	1	<b>134,956,584</b>	181,376,044
Cost of sales		<b>(131,391,955)</b>	(194,980,826)
<b>Gross profit/(loss)</b>		<b>3,564,629</b>	(13,604,782)
Administrative expenses		<b>(1,820,444)</b>	(7,841,842)
<b>Operating profit/(loss)</b>		<b>1,744,185</b>	(21,446,624)
Interest receivable	4	-	100,892
<b>Profit/(loss) on ordinary activities before taxation</b>	2	<b>1,744,185</b>	(21,345,732)
Taxation	5	<b>(508,762)</b>	(814)
<b>Profit/(loss) retained for the year</b>		<b>1,235,423</b>	(21,346,546)

All items in the profit and loss account relate to continuing operations.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year as stated above and their historical cost equivalents.

The Company has no recognised gains and losses other than those shown above and therefore, no separate statement of total recognised gains and losses has been presented.

**Laing O'Rourke Midlands Limited**

**Balance Sheet  
as at 31 March 2008**

		<b>2008</b>		<b>2007</b>	
	Note	£	£	£	£
<b>Current assets</b>					
Debtors:					
Amounts falling due					
within one year	6	<b>11,397,548</b>		16,373,792	
after more than one year	7	-		734,913	
		<u><b>11,397,548</b></u>		<u>17,108,705</u>	
<b>Creditors:</b>					
Amounts falling due					
within one year	8	<b>(49,701,248)</b>		(56,505,153)	
<b>Net current liabilities</b>			<u><b>(38,303,700)</b></u>		<u>(39,396,448)</u>
<b>Creditors:</b>					
Amounts falling due					
after more than one year	9		-		(142,675)
<b>Net liabilities</b>			<u><u><b>(38,303,700)</b></u></u>		<u><u>(39,539,123)</u></u>
<b>Capital and reserves</b>					
Called up share capital	10		<b>1</b>		<b>1</b>
Profit and loss reserve	11		<b>(38,303,701)</b>		(39,539,124)
<b>Shareholders' deficit</b>	11		<u><u><b>(38,303,700)</b></u></u>		<u><u>(39,539,123)</u></u>

The financial statements on pages 7 - 14 were approved by the Board on 12 September 2008 and signed on its behalf by:

  
**J Bramall**  
Director

# **Laing O'Rourke Midlands Limited**

## **Notes to Financial Statements for the year ended 31 March 2008**

### **1 ACCOUNTING POLICIES**

#### **1.1 Basis of preparation of accounts**

These financial statements are prepared in accordance with applicable accounting standards under the historical cost convention in accordance with reporting requirements of the Companies Act 1985. The company has consistently applied all relevant accounting standards.

#### **1.2 Cash flow statement**

The company has taken the FRS1 exemption not to prepare a cash flow statement as it is a wholly owned subsidiary of Laing O'Rourke Corporation Limited, whose accounts are available from: Bridge Place, Anchor Boulevard, Admirals Park, Crossways, Dartford, Kent DA2 6SN.

#### **1.3 Turnover**

Turnover represents amounts invoiced to customers, excluding value-added tax, except in respect of contracting activities where turnover represents the estimated sales value of work done in the year, including amounts not invoiced, in accordance with the provisions of SSAP9. All turnover is generated from the United Kingdom.

#### **1.4 Profit recognition**

Profit on contracting activities is recognised on a prudent basis as work progresses. Profit is calculated on an individual contract basis as the element of profit forecast at completion that can prudently be attributed to the proportion of work done at the year end. Immediate provision is made for all foreseeable losses if a contract is assessed as unprofitable.

#### **1.5 Long-term contracts**

Amounts recoverable on long-term contracts, which are included in debtors are stated at the net sales value of the work done after provisions for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Where such amounts have been received and exceed amounts recoverable, the net amounts are included in creditors as payments on account.

#### **1.6 Operating leases**

Rentals payable under operating leases are charged against income on a straight line basis as incurred.

# Laing O'Rourke Midlands Limited

## Notes to Financial Statements for the year ended 31 March 2008

### 1 ACCOUNTING POLICIES (Continued.)

#### 1.7 Deferred taxation

The payment of taxation is deferred or accelerated because of timing differences in the treatment of certain items for taxation and accounting purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS19. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

In accordance with FRS19 deferred tax is not provided for: revaluation gains on land and buildings, unless there is a binding agreement to sell them at the balance sheet date; gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over; extra tax payable if the overseas retained profits of subsidiaries and joint ventures are remitted in future; fair value adjustments gains to fixed assets and stock to uplift prices to those ruling when an acquisition is made.

#### 1.8 Foreign currencies

Transactions denominated in foreign currencies are recorded at the exchange rates in effect when they take place. Resulting foreign currency denominated assets and liabilities are re-translated at the exchange rates ruling at the balance sheet date unless they are covered by forward foreign exchange contracts, in which case the contract rates are used. Exchange differences arising from foreign currency transactions are reflected in the profit and loss account.

### 2 Profit/(loss) on ordinary activities before taxation

	2008 £	2007 £
Profit/(loss) before taxation is stated after charging:		
Hire of plant and machinery	<u>3,644,461</u>	<u>8,911,081</u>

The audit fees and other administrative expenses of the Company have been borne by another Group company, Laing O'Rourke Services Limited.

### 3 Employees and Directors

The Company has no employees. All of the directors and staff working on the Company's contracts are employed by another subsidiary of Laing O'Rourke Corporation Limited, Laing O'Rourke Services Limited. Costs for all staff and directors are recharged on the basis of time spent on the Company's contracts and these costs are included in cost of sales or administrative expenses where appropriate.

# Laing O'Rourke Midlands Limited

## Notes to Financial Statements for the year ended 31 March 2008

### 4 Interest receivable

	2008 £	2007 £
Bank interest	-	100,892

### 5 Taxation

	2008 £	2007 £
<b>Current tax</b>		
UK corporation tax on (loss)/profit for the year	568,256	-
Adjustment in respect of prior years	(59,494)	814
<b>Total current tax</b>	<b>508,762</b>	<b>814</b>

The tax for the year is higher (2007: higher) than the standard rate of Corporation tax in the UK (30%). The differences are explained below:

#### Current tax reconciliation

Profit/(loss) on ordinary activities before tax	1,744,185	(21,345,732)
Profit/(loss) on ordinary activities multiplied by standard rate of Corporation tax in the UK of 30% (2007: 30%)	523,256	(6,403,720)
Effects of :		
- Group relief surrendered not paid	-	6,403,720
- expenditure that is not tax deductible	45,000	-
- adjustments in respect of prior years	(59,494)	814
Actual current taxation charge	508,762	814

The change in the standard rate of Corporation tax in the UK from 30% to 28%, which took effect in April 2008, is expected to impact upon the future tax charges of the Company.

**Laing O'Rourke Midlands Limited**

**Notes to Financial Statements  
for the year ended 31 March 2008**

**6 Debtors: amounts falling due within one year**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>138,128</b>	4,006,329
Amounts recoverable on long-term contracts	<b>11,034,420</b>	12,367,463
Amounts owed by group undertakings	<b>225,000</b>	-
	<u><b>11,397,548</b></u>	<u><b>16,373,792</b></u>

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.

**7 Debtors: amounts falling due after more than one year**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Trade debtors	<u>-</u>	<u>734,913</u>

**8 Creditors : amounts falling due within one year**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Payments on account	<b>3,377,298</b>	9,311,258
Trade creditors	<b>3,077,464</b>	10,381,816
Accruals and sub contractor retentions	<b>26,341,374</b>	29,466,834
Amounts due to group undertakings	<b>13,716,672</b>	5,541,093
Corporation tax	<b>509,576</b>	814
Other taxes and social security	<b>2,678,864</b>	1,803,338
	<u><b>49,701,248</b></u>	<u><b>56,505,153</b></u>

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

**9 Creditors : amounts falling due after more than one year**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Subcontractors' retentions:		
Due between one and two years	<u>-</u>	<u>142,675</u>

# Laing O'Rourke Midlands Limited

## Notes to Financial Statements for the year ended 31 March 2008

### 10 Share capital

	2008 £	2007 £
<b>Authorised</b>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
1 ordinary share of £1	<u>1</u>	<u>1</u>

### 11 Reconciliation of movements in shareholders' funds

	Share capital £	Profit and loss reserve £	Total 2008 £	Total 2007 £
Opening shareholders' deficit	1	(39,539,124)	<b>(39,539,123)</b>	(18,192,577)
Profit/(Loss) for the year	-	1,235,423	<b>1,235,423</b>	(21,346,546)
Closing shareholders' deficit	<u>1</u>	<u><b>(38,303,701)</b></u>	<u><b>(38,303,700)</b></u>	<u>(39,539,123)</u>

### 12 Financial commitments

As at 31 March 2008 the company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	2008 £	2007 £
<b>Expiry date:</b>		
Within one year	-	20,000
Between one and five years	<b>70,825</b>	387,095
Greater than 5 years	<b>546,400</b>	-
	<u><b>617,225</b></u>	<u>407,095</u>

Future commitments have been calculated from current rental payments which are subject to periodic review.

During the years to 31 March 2008 and 2007 the operating lease charges associated with the financial commitments above were borne by another Group company, Laing O'Rourke Services Limited.

## **Laing O'Rourke Midlands Limited**

### **Notes to Financial Statements for the year ended 31 March 2008**

#### **13 Contingent liabilities**

The Company has given performance and trade guarantees in the normal course of business. At the balance sheet date the directors are not aware of any circumstances that may give rise to a liability under these guarantees. The Company is party to disputes from which legal actions have or may arise in the ordinary course of business. While the outcome of these disputes is uncertain, the directors believe that, except where provided in these accounts, no material loss to the Company will occur. In forming their opinions the directors have taken relevant legal advice.

#### **14 Related party transactions**

As a wholly owned subsidiary undertaking of Laing O'Rourke Corporation Limited, the Company has taken advantage of the exemption under Financial Reporting Standard 8 not to provide information on related party transactions with other undertakings within the Laing O'Rourke Corporation Limited Group.

There are no other related party transactions.

#### **15 Ultimate parent company**

The immediate parent company of Laing O'Rourke Midlands Limited is Laing O'Rourke Holdings Limited, a company registered in England and Wales.

Laing O'Rourke Corporation Limited, a company registered in Cyprus, is the largest group of undertakings for which consolidated financial statements are prepared. Copies of the Laing O'Rourke Corporation Limited consolidated financial statements are available for viewing at the Registrar of Companies in Cyprus on payment of the appropriate fee.

Suffolk Partners Corporation, a company incorporated in the British Virgin Islands, is the ultimate parent company. The interests in the share capital of Suffolk Partners Corporation are held in trusts, the beneficiaries of which are R G O'Rourke, H D O'Rourke and B A Dempsey.