

**MORGAN SINDALL UNDERGROUND PROFESSIONAL
SERVICES LTD**

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

TUESDAY



L28TG660

LD6

21/05/2013

#19

COMPANIES HOUSE

MORGAN SINDALL UNDERGROUND PROFESSIONAL SERVICES LTD (REGISTERED NUMBER: 04969901)

CONTENTS OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

	Page
Company Information	1
Directors' Report	2 to 3
Report of the Independent Auditor	4
Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7 to 10

**MORGAN SINDALL UNDERGROUND PROFESSIONAL
SERVICES LTD (REGISTERED NUMBER: 04969901)**

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2012**

DIRECTORS

C M Eddie
G A Shennan
P Whitmore
J J Ledwidge (appointed 27 November 2012)
J W Jenkins (resigned 24 April 2012)
D K Mulligan (resigned 25 February 2013)

SECRETARY:

I M Nettleship

REGISTERED OFFICE

Kent House
14-17 Market Place
London
W1W 8AJ

REGISTERED NUMBER

04969901 (England and Wales)

AUDITOR:

Deloitte LLP
Chartered Accountants and Statutory Auditor
London

MORGAN SINDALL UNDERGROUND PROFESSIONAL SERVICES LTD (REGISTERED NUMBER: 04969901)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their annual report and the audited financial statements for the year ended 31 December 2012

PRINCIPAL ACTIVITY

The principal activity of the Company is the provision of a comprehensive range of expert and technical services to the international construction community

The directors have a reasonable expectation that the Company and the Group of which it is part have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements

DIRECTORS

The directors who served during the year and to the date of this report are shown on page 1

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping 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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

**MORGAN SINDALL UNDERGROUND PROFESSIONAL
SERVICES LTD (REGISTERED NUMBER: 04969901)**

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012**

INDEPENDENT AUDITOR AND DISCLOSURE OF INFORMATION TO THE INDEPENDENT AUDITOR

In the case of each of the persons who are directors of the Company at the date when this report was approved


- So far as each director is aware, there is no relevant audit information (that is, information needed by the Company's auditor in connection with preparing its report) of which the Company's auditor is unaware, and
- Each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP has expressed its willingness to be reappointed for another term and appropriate arrangements have been put in place for it to be deemed reappointed as auditor in the absence of an annual general meeting

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

BY ORDER OF THE BOARD:



G A Shennan - Director

16 May 2013

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
MORGAN SINDALL UNDERGROUND PROFESSIONAL
SERVICES LTD (REGISTERED NUMBER 04969901)**

We have audited the financial statements of Morgan Sindall Underground Professional Services Ltd for the year ended 31 December 2012 which comprise the Profit and Loss account, the Balance Sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

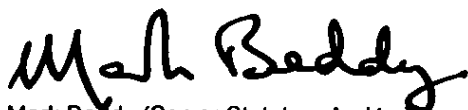
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, and
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report.



Mark Beatty (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London

16 May 2013

**MORGAN SINDALL UNDERGROUND PROFESSIONAL
SERVICES LTD (REGISTERED NUMBER: 04969901)**

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	2012 £	2011 £
TURNOVER	2	4,905,637	4,117,823
Net operating costs		<u>(4,252,386)</u>	<u>(3,514,783)</u>
OPERATING PROFIT	5	653,251	603,040
Interest receivable and similar income	6	<u>12,070</u>	<u>7,457</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		665,321	610,497
Tax on profit on ordinary activities	7	<u>(162,962)</u>	<u>(161,782)</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>502,359</u></u>	<u><u>448,715</u></u>

CONTINUING OPERATIONS

All of the Company's activities were continuing during both the years

TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains or losses in either year other than as detailed above


The notes form part of these financial statements

**MORGAN SINDALL UNDERGROUND PROFESSIONAL
SERVICES LTD (REGISTERED NUMBER: 04969901)**

**BALANCE SHEET
31 DECEMBER 2012**

	Notes	2012 £	2011 £
CURRENT ASSETS			
Debtors	8	2,104,978	1,110,477
Cash at bank		<u>2,834,090</u>	<u>2,226,993</u>
		4,939,068	3,337,470
CREDITORS			
Amounts falling due within one year	9	<u>(4,253,090)</u>	<u>(3,153,851)</u>
NET CURRENT ASSETS		<u>685,978</u>	<u>183,619</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>685,978</u>	<u>183,619</u>
CAPITAL AND RESERVES			
Called up share capital	10	1	1
Profit and loss account	11	<u>685,977</u>	<u>183,618</u>
SHAREHOLDER'S FUNDS	13	<u>685,978</u>	<u>183,619</u>

The financial statements for Morgan Sindall Underground Professional Services Limited were approved by the Board and were signed on its behalf on 16 May 2013 by


C M Eddie - Director

The notes form part of these financial statements

MORGAN SINDALL UNDERGROUND PROFESSIONAL SERVICES LTD (REGISTERED NUMBER: 04969901)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with the items which are considered material in relation to the company's financial statements

Basis of accounting

The financial statements have been prepared under the historic cost convention and in accordance with applicable United Kingdom accounting standards. The financial statements present information for the company as an individual undertaking.

Going concern

The directors have reviewed the performance of the Company during 2012 as set out in these accounts and after taking account of possible changes that can reasonably envisaged in trading performance, have considered the cash flow forecasts and future liquidity requirements of the Company.

Having regard to the above and after making enquiries the directors have a reasonable expectation that the Company will continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Cash flow statement

The Company has taken advantage of the exemption under FRS 1 (revised) not to produce a cash flow statement as the Company's ultimate parent undertaking, Morgan Sindall Group plc, publishes a consolidated cash flow statement.

Turnover

Turnover is defined as the value of goods and services rendered excluding VAT. Turnover is recognised in the period to which it relates and is calculated on a time served or on a percentage complete basis.

Deferred tax

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at the rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Current taxation

Current tax is provided out of amounts expected to be paid (or recovered) using tax rates and laws that have been enacted, or substantially enacted, by the balance sheet date.

Profit recognition

Attributable profit is recognised where the contract outcome can be foreseen with reasonable certainty and is determined by reference to the valuation of work done less related costs of work. Provision is made for all foreseeable contract losses.

MORGAN SINDALL UNDERGROUND PROFESSIONAL SERVICES LTD (REGISTERED NUMBER: 04969901)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

1 ACCOUNTING POLICIES - continued

Contract accounting

Contracts are accounted for as long term contracts. Anticipated net sales value of contracts include a proportion of attributable profit where a profitable outcome can be foreseen, provisions being made for all foreseeable losses. Turnover, less progress payments received, is recorded in "amounts recoverable on contracts" within debtors. Where progress payments exceed turnover and other contract balances, the excess is shown as "payments on account of contracts".

2 TURNOVER

All turnover and profit/(loss) on ordinary activities before taxation relates to the Company's principal activity carried out in the UK.

3 STAFF COSTS

There were no staff costs for the year ended 31 December 2012 nor for the year ended 31 December 2011.

4 DIRECTORS' EMOLUMENTS

The directors have not received any remuneration from the Company or any other Group company in relation to their services to the Company in the year to 31 December 2012 (2011: £nil).

5 OPERATING PROFIT

Auditors remuneration is borne by another Group company. The audit fee for this company was £2,000 (2011: £2,000).

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	2012	2011
	£	£
Bank interest receivable	<u>12,070</u>	<u>7,457</u>

**MORGAN SINDALL UNDERGROUND PROFESSIONAL
SERVICES LTD (REGISTERED NUMBER: 04969901)**

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

7 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	2012 £	2011 £
Current tax		
UK corporation tax	<u>162,962</u>	<u>161,782</u>
Tax on profit on ordinary activities	<u>162,962</u>	<u>161,782</u>

UK corporation tax was charged at 24.5% in 2012 (2011 26.5%)

Factors affecting the tax charge

The tax assessed for the year is the same as the standard rate of corporation tax in the UK

	2012 £	2011 £
Profit on ordinary activities before tax	<u>665,251</u>	<u>610,497</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5% (2011 – 26.5%)	<u>162,962</u>	<u>161,782</u>
Current tax charge	<u>162,962</u>	<u>161,782</u>

In March 2012, the UK Government announced a reduction in the standard rate of corporation tax to 24% effective 1 April 2012 and to 23% 1 April 2013. These rate reductions became substantively enacted in March 2012 and July 2012 respectively. In December 2012, the UK Government also proposed to further reduce the standard rate of UK corporation tax to 21% effective 1 April 2014, but this change has not been substantively enacted. In March 2013, the UK Government also proposed to further reduce the standard rate of UK corporation tax to 20% effective 1 April 2015, but this change has not been substantively enacted.

The effect of these tax rate reductions on the deferred tax balance will be accounted for in the period in which the tax rate reductions are substantively enacted.

8 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Trade debtors	4,464	31,806
Amounts receivable on contracts	<u>2,100,514</u>	<u>1,078,671</u>
	<u>2,104,978</u>	<u>1,110,477</u>

9 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Trade creditors	12,799	-
Amounts owed to group undertakings	2,327,547	2,201,169
Corporation tax	162,962	161,782
Other creditors	1,519,944	51,950
Accruals & deferred income	<u>229,838</u>	<u>738,950</u>
	<u>4,253,090</u>	<u>3,153,851</u>

MORGAN SINDALL UNDERGROUND PROFESSIONAL SERVICES LTD (REGISTERED NUMBER: 04969901)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

9 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR (CONTINUED)

Performance bonds have been entered into in the normal course of business. Performance bond facilities and banking facilities of the Group are supported by cross guarantees given by the Company and other participating companies in the Group. It is not anticipated that any liability will accrue.

10 CALLED UP SHARE CAPITAL

Allotted and issued Number	Class	Nominal Value	2012 £	2011 £
1	Ordinary	£1	<u>1</u>	<u>1</u>

11 RESERVES

	Profit and loss account £
Balance as at 1 January 2012	183,618
Profit for the year	502,359
At 31 December 2012	<u>685,977</u>

12 RELATED PARTY DISCLOSURES

In the ordinary course of business, the Company has traded with its ultimate parent company Morgan Sindall Group plc together with its subsidiaries. The Company has taken advantage of the exemption available in FRS 8 relating to the disclosure of transactions with Group companies.

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2012 £	2011 £
Profit for the financial year	<u>502,359</u>	<u>448,715</u>
Net addition to shareholder's funds	<u>502,359</u>	<u>448,715</u>
Opening shareholders' funds/(deficit)	<u>183,619</u>	<u>(265,096)</u>
Closing shareholder's funds	<u>685,978</u>	<u>183,619</u>

14 IMMEDIATE AND ULTIMATE PARENT COMPANY

The directors consider that the immediate and ultimate parent undertaking and ultimate controlling party of this Company is Morgan Sindall Group plc, which is registered in England and Wales. This is the smallest and largest Group in which the Company is consolidated. Copies of the consolidated financial statements of Morgan Sindall Group plc may be obtained from www.morgansindall.com.