

05635505  
**Garbol Limited**

Report and Consolidated  
Financial Statements

*Period Ended*

30 September 2007



**BDO Stoy Hayward**  
Chartered Accountants

WEDNESDAY



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# **Garbol Limited**

## **Report and financial statements for the period ended 30 September 2007**

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### **Directors**

P D Holliday OBE  
M T Morris  
K Breen  
M R Lethaby  
D R Hillman

### **Secretary and registered office**

D R Hillman, 1 Tamdown Way, Braintree, Essex, CM7 2QL

### **Company number**

05635505

### **Auditors**

BDO Stoy Hayward LLP, 66 Broomfield Road, Chelmsford, Essex, CM1 1SW

# Garbol Limited

## Report of the directors for the period ended 30 September 2007

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The directors present their report together with the audited consolidated financial statements for the period ended 30 September 2007

### Results and dividends

The consolidated profit and loss account is set out on page 6 and shows the profit for the period

During the period an interim dividend of £175,000 (2006 – £nil) was declared and paid

A final dividend of £350,000 (2006 - £nil) has been proposed

### Principal Activities

Garbol Ltd is an investment company which owns a group trading in the groundworks, remediation and concrete structures industry

### Business Review

The Group's continued good performance and growth in recent years allowed the management team to acquire the equity from 3i, and carry a group restructure in April 2006. This is therefore the first set of accounts to be produced for the new parent company, covering an 18 month accounting period. The results commented on in this report are in respect of the trading companies within the group, for the year ended 30 September 2007.

With turnover of £71,386,289 (£52,596,689 in 2006), the Group enjoyed growth of 35.73% in 2007. Gross Profit increased by £1.48m (14.5%) to £11.65m (£10.17m in 2006).

The key performance indicators for the business are

- Turnover – an increase of 35.73% in 2007 to £71,386,289 (£52,596,689 in 2006)
- Gross Profit – an increase of 14.5% in 2007 to £11.65m (£10.17m in 2006)
- Operating Profit – an increase of 18% to £5.77m in 2007 (£4.89m in 2006)
- Overheads - £5.8m in 2007, (£5.3m in 2006)

Overheads as a percentage of turnover reduced from 10% in 2006 to 8.23% in 2007. This was due to continued tight controls and review to ensure that the appropriate level of overhead is in place to allow for the effective operation of the business.

Our divisions are as follows

- **Civils and Structures** - Our civils and structures divisions combined generated £61.8m of turnover in 2007, a 29% increase on 2006. The Maidenhead office enjoyed significant growth in 2007, contributing 30% of the group's turnover for the year.
- **Remediation** - Turnover included £5,772,659 from the Remediation sector of the business, a 32% growth on 2006.
- **Projects** - The projects division completed its first project in 2007 which was a hotel. This contributed £3.8m of turnover to the group. This diversification will allow us to grow the business further through different activities.
- **Asbestos** - During the year the group invested in a Joint venture called Environmental Asbestos Solutions Ltd to provide its clients with this additional service. This will allow us to offer our clients a "one stop" shop for their developments.

### People

Our people are key to our success and the group now employs 551 people. Continued investment in training ensures that our people have the necessary skills to undertake their jobs. Emphasis is strong on training for Health & Safety to ensure compliance with legislation so that they can carry out their job safely. We monitor the number of CSCS cards held by our staff and have a compliance rate of 89.3%.

# **Garbol Limited**

## **Report of the directors for the period ended 30 September 2007 (*Continued*)**

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### **Plant**

Our plant division measures the value of hired in plant and machinery which showed significant increase in the year. This was due to the increase in turnover and demand for some machines changing from that held in our fleet. This led to the decision to invest in our plant and machinery in the year. Capital expenditure in the year increased the net book value of the fleet by £1.35m. This investment was undertaken to keep the fleet updated and to have the machines available to meet the requirements of our customers. The emphasis on health and safety continues to increase both for our own fleet and hired in plant and equipment.

### **Future Development**

The well publicised 'credit crunch' that has occurred post year end has had an adverse effect on the housing market, with a consequential knock-on impact on the construction industry as a whole.

As a result of this, the directors consider that 2008 will be a challenging year, but with the investment in both people and systems over the last 24 months the directors believe that the business is well placed to take advantage of opportunities as they present themselves. Larger premises are planned for the Maidenhead office to ensure that this office can continue its expansion in the region. Further opportunities are available for Projects and the Asbestos business will allow us to expand the range of services we can offer to our clients.

### **Principal risks and uncertainties**

The key business risks are from our clients undergoing acquisitions and mergers and planning delays meaning that projects do not start as quickly as expected. Strong relationships with our clients and awareness of our pipeline assist in negating these risks.

The Company conducts its business within the UK and is not subject to any significant exchange risk. Liquidity and interest rate risk is managed by Garbol Ltd. The interest rate risk is managed through the use of an interest rate cap on the loan which has an £11.4m balance at the end of the period. The liquidity risk is managed by access to a revolving credit facility which can be drawn down. However, due to the amount of cash in the business this has not been used.

The Company's credit risk is primarily attributable to its debtors. A strong credit control department with daily monitoring of our debtors assists in highlighting issues early. The remediation company has one contract within the year which has gone to arbitration and is being closely monitored by the directors.

Risk from price increases is controlled through negotiated term deals and a specialist team of surveyors employed to control costs.

### **Employment policy**

It is the policy of the group that training, career development and promotion opportunities should be available to all employees. The directors are committed to encouraging employee involvement in the business.

### **Disabled persons**

Full and fair consideration has and will be given to employment applications from disabled persons having regard to their particular aptitude and abilities. If an appropriate vacancy is available, then, where practicable, arrangements will be made to continue under normal terms and conditions the employment of an employee who becomes disabled. Disabled employees are given fair consideration for training, career development and promotion.

### **Charitable contributions**

During the year the group made charitable contributions totalling £8,543 (2006 - £10,170). No contributions to political parties were made.

# Garbol Limited

## Report of the directors for the period ended 30 September 2007 (*Continued*)

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### Directors

The directors of the company during the period were

M T Morris  
K Breen  
P D Holliday OBE  
M R Lethaby  
D R Hillman (appointed 24 January 2007)

### Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group 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 accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the next annual general meeting.

### By order of the Board



D R Hillman  
Director

Date 22-5-08

# **Garbol Limited**

## **Report of the independent auditors**

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### **Independent Auditor's Report To The Shareholders Of Garbol Limited**

We have audited the group and parent company financial statements (the "financial statements") of Garbol Limited for the period ended 30 September 2007 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement 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).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with those financial statements. We also 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

### **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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.

# Garbol Limited

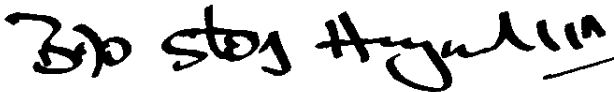
## Report of the independent auditors (*Continued*)

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### Opinion

In our opinion

- the group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 30 September 2007 and of its profit for the period then ended,
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 30 September 2007,
- 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



**BDO STOY HAYWARD LLP**  
*Chartered Accountants  
and Registered Auditors*  
Chelmsford

Date 23 May 2008

# Garbol Limited

## Consolidated profit and loss account for the period ended 30 September 2007

	Note	18 months ending 30 September 2007 £	4 months ending 31 March 2006 £
<i>Turnover group and share of joint venture</i>		97,788,876	-
<i>Less share of joint venture turnover</i>		(39,894)	-
<b>Turnover</b>	2	97,748,982	-
Cost of sales		80,700,904	-
<b>Gross profit</b>		17,048,078	-
Administrative expenses		12,046,435	-
<b>Group operating profit</b>	5	5,001,643	-
Share of operating loss in joint venture		(7,310)	-
<b>Profit on ordinary activities before interest and taxation</b>		4,994,333	-
Interest receivable and similar income (group)		158,155	-
Interest payable (group)	6	(1,378,200)	-
<b>Profit on ordinary activities before taxation</b>		3,774,288	-
Taxation on profit on ordinary activities	7	2,299,287	-
<b>Profit on ordinary activities after taxation</b>	18, 19	1,475,001	-

All amounts relate to continuing activities acquired during the period

The group has no recognised gains and losses other than the profit for the above financial periods

The notes on pages 10 to 23 form part of these financial statements



# Garbol Limited

## Consolidated balance sheet at 30 September 2007

	Note	2007 £	2007 £	2006 £	2006 £
<b>Fixed assets</b>					
Intangible assets	10		10,918,999	-	-
Tangible assets	11		4,406,927	-	-
			<hr/>	<hr/>	
			15,325,926		-
<b>Current assets</b>					
Stocks	12	626,775		-	
Debtors	13	17,750,389		-	
Cash at bank and in hand		4,465,847		1	
		<hr/>	<hr/>	<hr/>	
		22,843,011		1	
<b>Creditors, amounts falling due within one year</b>	14	21,155,715		-	
		<hr/>	<hr/>	<hr/>	
<b>Net current assets</b>			1,687,296		1
			<hr/>	<hr/>	
<b>Total assets less current liabilities</b>			17,013,222		1
<b>Creditors: amounts falling due after more than one year</b>	15		9,654,298		-
<b>Provision for liabilities and charges</b>	16		569,739		-
			<hr/>	<hr/>	
<b>Net assets</b>			6,789,185		1
			<hr/>	<hr/>	
<b>Capital and reserves</b>					
Called up share capital	17		5,489,184		1
Profit and loss account	18		1,300,001		-
			<hr/>	<hr/>	
<b>Shareholders' funds</b>	19		6,789,185		1
			<hr/>	<hr/>	

The financial statements were approved by the board of directors and authorised for issue on 22-5-08



D R Hillman  
Director

The notes on pages 10 to 23 form part of these financial statements

# Garbol Limited

## Company balance sheet at 30 September 2007

	Note	2007 £	2007 £	2006 £	2006 £
<b>Fixed assets</b>					
Investments	9		12,938,060		-
<b>Current assets</b>					
Debtors	13	8,168,931		-	
Cash at bank and in hand		1		1	
		<u>8,168,932</u>		<u>1</u>	
<b>Creditors amounts falling due within one year</b>	14	5,567,648		-	
<b>Net current assets</b>			<u>2,601,284</u>		<u>1</u>
<b>Total assets less current liabilities</b>			<u>15,539,344</u>		<u>1</u>
<b>Creditors amounts falling due after more than one year</b>	15		9,654,298		-
<b>Net assets</b>			<u>5,885,046</u>		<u>1</u>
<b>Capital and reserves</b>					
Called up share capital	17		5,489,184		1
Profit and loss account	18		395,862		-
<b>Shareholders' funds</b>	19		<u>5,885,046</u>		<u>1</u>

The financial statements were approved by the board of directors and authorised for issue on 22-5-08



D R Hillman  
Director

The notes on pages 10 to 23 form part of these financial statements

# Garbol Limited

## Consolidated cash flow statement for the period ended 30 September 2007

		18 months ending 30 September 2007		4 months ending 31 March 2006	
	Note	£	£	£	£
Net cash inflow from operating activities	23		10,661,444		-
<b>Returns on investments and servicing of finance</b>					
Interest received		158,155		-	
Interest paid		(1,378,200)		-	
<b>Net cash outflow for returns on investments and servicing of finance</b>			(1,220,045)		-
<b>Taxation paid</b>			(3,016,854)		-
<b>Capital expenditure and financial investment</b>					
Purchase of tangible fixed assets		(669,208)		-	
Receipts from sales of tangible fixed assets		349,000		-	
<b>Net cash outflow for capital expenditure and financial investment</b>			(320,208)		
<b>Acquisition and disposals</b>					
Purchase of subsidiary undertaking		(7,460,876)		-	
Net cash acquired with subsidiary		1,097,385		-	
<b>Net cash outflow for acquisitions and disposals</b>			(6,363,491)		-
<b>Equity dividends paid</b>			(175,000)		-
<b>Financing</b>					
Issue of ordinary share capital		-		1	
Loan repayments		(1,600,000)		-	
Proceeds of new loan		6,500,000		-	
			4,900,000		1
<b>Increase in cash in the period</b>	23, 24		4,465,846		1

The notes on pages 10 to 23 form part of these financial statements

# Garbol Limited

## Notes forming part of the financial statements for the period ended 30 September 2007

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### 1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

#### *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of Garbol Limited and its subsidiary undertakings as at 30 September 2007 using the acquisition method of accounting as required. Results of subsidiary undertakings are included from the date of acquisition.

#### *Turnover*

Turnover is recognised on application for payment made to customers, after allowing for amounts agreed to be held on retention.

#### *Depreciation*

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for freehold land, over their expected useful lives. It is calculated at the following rates:

Freehold buildings	- 2.5% straight line
Plant and machinery	- 25% reducing balance
Fixtures and fittings	- 15% reducing balance
Motor vehicles	- 25% reducing balance
Computer equipment	- 33% reducing balance

#### *Investments*

Investments held as fixed assets are stated at cost less any provision for a permanent diminution in value.

#### *Stock and long term contracts*

Stocks and work in progress are valued at the lower of cost and net realisable value.

Long-term contracts are assessed on a contract by contract basis and are reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Turnover is determined by reference to certified valuations. Where the outcome of each long-term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss account as the difference between the reported turnover and related costs for that contract.

Full provision is made for all known or expected losses on individual contracts.

# Garbol Limited

## Notes forming part of the financial statements for the period ended 30 September 2007 (*Continued*)

### 1 Accounting policies (*Continued*)

#### *Goodwill*

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. It is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life of 10 years. Impairment tests on the carrying value of goodwill are undertaken -

- At the end of the first full financial year following acquisition,
- In other periods if events or changes in circumstances indicate that the carrying value may not be recoverable

#### *Joint ventures*

An entity is treated as a joint venture where the group holds a long term interest and share control under a contractual agreement.

In the group accounts, interests in joint ventures are accounted for using the gross equity method of accounting. The consolidated profit and loss account indicates the group's share of the joint venture's turnover and includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings based on audited financial statements. In the consolidated balance sheet, the group's share of the identifiable gross assets (including any unamortised premium paid on acquisition) and its share of the gross liabilities attributable to its joint ventures are shown separately. Where the interest in joint ventures is a liability, the net interest is shown in provisions for liabilities and charges.

#### *Leased assets*

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor. All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives to enter into operating lease agreements are initially recorded as deferred income and released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate.

#### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that

- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

# Garbol Limited

Notes forming part of the financial statements  
for the period ended 30 September 2007 (Continued)

## 1 Accounting policies (Continued)

### Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

## 2 Turnover

Turnover is wholly attributable to the principal activity of the group and arises solely within the United Kingdom.

## 3 Employees

Staff costs (including directors) consist of

	18 months ending 30 September 2007		4 months ending 31 March 2006	
	Group £	Company £	Group £	Company £
Wages and salaries	17,145,061	-	-	-
Social security costs	1,692,036	-	-	-
	<u>18,837,097</u>	<u>-</u>	<u>-</u>	<u>-</u>

The average number of employees (including directors) during the year was as follows

	18 months ending 30 September 2007		4 months ending 31 March 2006	
	Group Number	Company Number	Group Number	Company Number
Site workers	507	-	-	-
Administration	44	5	4	4
	<u>551</u>	<u>5</u>	<u>4</u>	<u>4</u>

## 4 Directors

	18 months ending 30 September 2007 £	4 months ending 31 March 2006 £
Directors' emoluments consist of		
Fees and remuneration for management services	1,191,774	-
Highest paid director		
Emoluments	<u>552,789</u>	<u>-</u>

# Garbol Limited

Notes forming part of the financial statements  
for the period ended 30 September 2007 (*Continued*)

## 5 Operating profit

	18 months ending 30 September 2007 £	4 months ending 31 March 2006 £
This is arrived at after charging		
Amortisation of goodwill	3,121,570	-
Depreciation	1,179,362	-
Auditors' remuneration		
Statutory audit	61,950	-
Compliance tax services	16,475	-
Transaction related services	19,100	-
Other services	1,250	-
Hire of plant and machinery	6,684,604	-
Loss on sale of fixed assets	16,386	-
	<u>          </u>	<u>          </u>

The company has taken advantage of the exemption allowed under Section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The group profit for the period includes a profit after taxation of £570,862 (2006 – £Nil) for Garbol Limited as an individual entity.

## 6 Interest payable and similar charges

	18 months ending 30 September 2007 £	4 months ending 31 March 2006 £
Bank loans and overdrafts	1,360,836	-
Other interest payable	17,364	-
	<u>          </u>	<u>          </u>
	1,378,200	-
	<u>          </u>	<u>          </u>

## 7 Taxation on profit from ordinary activities

	18 months ending 30 September 2007 £	4 months ending 31 March 2006 £
<i>Current tax</i>		
UK corporation tax on profits of the period	2,247,278	-
Adjustment in respect of previous periods	(15,791)	-
	<u>          </u>	<u>          </u>
	2,231,487	-
<i>Deferred tax</i>		
Movement in deferred tax provision (note 16)	69,993	-
<i>Other tax</i>		
Share of joint ventures tax credit	(2,193)	-
	<u>          </u>	<u>          </u>
Taxation on profit on ordinary activities	2,299,287	-
	<u>          </u>	<u>          </u>

# Garbol Limited

## Notes forming part of the financial statements for the period ended 30 September 2007 (Continued)

### 7 Taxation on profit from ordinary activities (Continued)

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below

	18 months ending 30 September 2007 £	4 months ending 31 March 2006 £
Profit on ordinary activities before tax	3,774,288	-
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30%(2006 – 30%)	1,132,286	-
Effects of		
Expenses not deductible for tax purposes	264,579	-
Amortisation of goodwill	936,471	-
Income not taxable	(39,448)	-
Capital allowances for period in excess of depreciation	(61,506)	-
Other timing differences	14,896	-
Adjustment to tax charge in respect of previous periods	(15,791)	-
Current tax charge for period	2,231,487	-

### 8 Dividends

	18 months ending 30 September 2007 £	4 months ending 31 March 2006 £
<b>Interim</b>		
Ordinary A Shares £0 23 (2006 - £Nil) per share	89,617	-
Ordinary B Shares £0 23 (2006 - £Nil) per share	59,744	-
Ordinary C Shares £0 23 (2006 - £Nil) per share	14,680	-
Non-Voting ordinary Shares £0 23 (2006 - £Nil) per share	10,959	-
	175,000	-
<b>Final proposed</b>		
Ordinary A Shares £0 46 (2006 - £Nil) per share	179,235	-
Ordinary B Shares £0 46 (2006 - £Nil) per share	119,488	-
Ordinary C Shares £0 46 (2006 - £Nil) per share	29,360	-
Non-voting ordinary Shares £0 46 (2006 - £Nil) per share	21,917	-
	350,000	-

The final proposed dividend has not been accounted for as the dividend was declared after the balance sheet date



# Garbol Limited

Notes forming part of the financial statements  
for the period ended 30 September 2007 (*Continued*)

## 9 Investments

### Company

Shares in group undertakings

At 1 April 2006

Additions

£  
-  
12,938,060

At 30 September 2007

12,938,060

Name of subsidiary	Proportion of ordinary share capital	Nature of business
Bolgar Limited	100%	Investment company
Tamdown Group Limited*	100%	Civil Engineers
Tamdown Regeneration Limited**	100%	Remediation contractors
Tamdown Services Limited**	100%	Labour providers
Tamdown Plant Hire Limited**	100%	Plant providers
Kings Weston Limited**	100%	Form work specialists

\* Held by Bolgar Limited

\*\* Held by Tamdown Group Limited

The above companies are registered in England and Wales All subsidiaries have prepared financial statements for the year ending 30 September 2007

### Group

The interests in joint ventures shown in provisions for liabilities and charges represents Tamdown Group Limited's 50% share in the voting rights and ordinary share capital of Environmental Asbestos Solutions Limited, acquired on its incorporation Environmental Asbestos Solutions Limited will be preparing its first financial statements to 30 September 2008 The nature of its business is the provision of asbestos removal services

# Garbol Limited

Notes forming part of the financial statements  
for the period ended 30 September 2007 (*Continued*)

10 Intangible assets				Goodwill on consolidation £
<i>Cost</i>				
At 1 April 2006				-
Acquisition of subsidiary				11,392,641
Additions				9,444,203
At 30 September 2007				<b>20,836,844</b>
<i>Amortisation</i>				
At 1 April 2006				-
Acquisition of subsidiary				6,796,275
Provision for period				3,121,570
At 30 September 2007				<b>9,917,845</b>
<i>Net book value</i>				
At 30 September 2007				<b>10,918,999</b>
At 31 March 2006				-
11 Tangible assets				
Group	Freehold land and buildings £	Fixtures fittings and equipment £	Motor vehicles £	Total £
<i>Cost</i>				
At 1 April 2006	-	-	-	-
Acquisition of subsidiary	627,213	5,313,620	1,013,555	6,954,388
Additions	-	2,140,804	288,163	2,428,967
Disposals	-	(1,240,901)	(133,678)	(1,374,579)
At 30 September 2007	<b>627,213</b>	<b>6,213,523</b>	<b>1,168,040</b>	<b>8,008,776</b>
<i>Depreciation</i>				
At 1 April 2006	-	-	-	-
Acquisition of subsidiary	67,517	2,517,064	695,699	3,280,280
Provided for period	31,359	1,003,257	144,746	1,179,362
Disposals	-	(778,992)	(78,801)	(857,793)
At 30 September 2007	<b>98,876</b>	<b>2,741,329</b>	<b>761,644</b>	<b>3,601,849</b>
<i>Net book value</i>				
At 30 September 2007	<b>528,337</b>	<b>3,472,194</b>	<b>406,396</b>	<b>4,406,927</b>
At 31 March 2006	-	-	-	-

# Garbol Limited

Notes forming part of the financial statements  
for the period ended 30 September 2007 (Continued)

12 Stocks	2007 Group £	2007 Company £	2006 Group £	2006 Company £
Finished goods and goods for resale	882	-	-	-
Long-term contract balances				
- Net costs less foreseeable losses	625,893	-	-	-
	<u>626,775</u>	<u>-</u>	<u>-</u>	<u>-</u>

There is no material difference between the replacement cost of stocks and the amounts stated above

13 Debtors	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Amounts recoverable on contracts	16,919,115	-	-	-
Amounts due from group undertakings	-	-	8,156,931	-
Other debtors	691,291	-	12,000	-
Prepayments and accrued income	139,983	-	-	-
	<u>17,750,389</u>	<u>-</u>	<u>8,168,931</u>	<u>-</u>

All amounts shown under debtors fall due for payment within one year

14 Creditors amounts falling due within one year	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Bank loans and overdraft (note 15)	1,590,873	-	1,590,873	-
Trade creditors	16,855,450	-	-	-
Taxation and social security	818,720	-	-	-
Amounts due to group undertakings	-	-	3,904,896	-
Corporation tax	404,771	-	1,034	-
Accruals	1,485,901	-	70,845	-
	<u>21,155,715</u>	<u>-</u>	<u>5,567,648</u>	<u>-</u>

# Garbol Limited

Notes forming part of the financial statements  
for the period ended 30 September 2007 (Continued)

## 15 Creditors amounts falling due after more than one year

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Bank loans	9,654,298	-	9,654,298	-
<b>Group and company</b>				
Repayable by instalments			2007 £	Bank loan 2006 £
In one year or less			1,590,873	-
In more than one year not more than two years			2,414,039	-
In more than two years not more than five years			7,240,259	-
			9,654,298	-

The bank loan is secured by a fixed and floating charge over the assets of the group

## 16 Provision for liabilities and charges

Group	Interest in joint venture (see below) £	Deferred taxation (see below) £	Other provisions £	Total £
At 1 April 2006	-	-	-	-
Acquisition of subsidiary	-	205,334	300,000	505,334
Investment during the period	(500)	-	-	(500)
Charged to profit and loss account	5,117	69,993	(10,205)	64,905
At 30 September 2007	4,617	275,327	289,795	569,739

### Deferred taxation

Deferred taxation represents the excess of taxation allowances on fixed assets over depreciation charged

### Other provisions

This provision in respect of a claim against the company as a result of an accident involving a former employee

### Interest in joint venture

The interest in the joint venture represents the group's share of the net liability in Environmental Asbestos Solutions Limited

The group's interest comprises of the following

	2007 £	2006 £
Share of gross assets	53,148	-
Share of gross liabilities	(57,765)	-
Net provision for liabilities and charges	(4,617)	-

# Garbol Limited

Notes forming part of the financial statements  
for the period ended 30 September 2007 (Continued)

## 17 Share capital

	2007	Authorised	Allotted, called up and fully paid	
	2007	2006	2007	2006
	£	£	£	£
Ordinary shares of £1 each	-	100	-	1
Ordinary A shares of £1 each	386,814	-	386,715	-
Ordinary B shares of £1 each	257,807	-	257,807	-
Ordinary C shares of £1 each	63,346	-	63,346	-
Non-voting ordinary shares of £1 each	47,289	-	47,289	-
7% Cumulative preference shares of £1 each	4,734,027	-	4,734,027	-
	<u>5,489,283</u>	<u>100</u>	<u>5,489,184</u>	<u>1</u>

On 11 April 2006 Garbol Limited increased its authorised share capital by £5,489,183 to £5,489,283. On this date the £1 ordinary share was redesignated as £1 ordinary A share and £5,489,183 shares were allotted as shown above for 2007. The transaction was a share for share exchange on the acquisition of the Bolgar Limited group of companies.

The 7% cumulative preference shares are redeemable at the option of the company at any time following their issue, and have therefore been presented as equity instruments in accordance with FRS 25. The preference share holders are entitled to receive notice of general meetings, but do not have any voting rights. The dividends payable upon these shares are at all times subject to the approval of the board, and the rate of the dividend is indicative only. On the return of assets to shareholders, the preference share holders are paid the issue price, together with all dividend arrears, prior to the distribution of the balance of the remaining assets.

## 18 Reserves Group

## Profit and loss account

At 1 April 2006	-
Profit for the period	1,475,001
Dividends	(175,000)
	<u>1,300,001</u>
At 30 September 2007	<u>1,300,001</u>
<b>Company</b>	
At 1 April 2006	-
Profit for the period	570,862
Dividends	(175,000)
	<u>395,862</u>
At 30 September 2007	<u>395,862</u>

# Garbol Limited

Notes forming part of the financial statements  
for the period ended 30 September 2007 (*Continued*)

## 19 Reconciliation of movements in shareholders' funds

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Profit for the period	1,475,001	-	570,862	-
Dividends	(175,000)	-	(175,000)	-
Shares issued during the period	5,489,183	1	5,489,183	1
Net increase in shareholders' funds	6,789,184	1	5,885,045	1
Opening shareholders' funds	1	-	1	-
Closing shareholders' funds	6,789,185	1	5,885,046	1

## 20 Acquisitions

### *Acquisition of Bolgar Limited*

On 11 April 2006 the company acquired the entire share capital of Bolgar Limited for £12,938,060. £7,355,400 (excluding expenses of £105,746) was paid by cash, with £5,477,184 accounted for as a share for share exchange. The transaction was financed by a bank loan. Acquisition accounting has been used for this transaction.

There were no material differences between the book values and fair values of the net assets of Bolgar Limited on acquisition. The net assets acquired are summarised in the following table:

	Book value £
<b>Fixed assets</b>	
Tangible fixed assets	3,674,108
Intangible fixed assets	4,596,366
	8,270,474
<b>Current assets</b>	
Stock	1,977
Debtors	11,929,320
Cash	1,471,381
	13,402,678
<b>Creditors</b>	
Due within one year	12,828,526
Due in greater than one year	5,100,000
	17,928,526
Provisions for liabilities and charges	250,769
Net assets	3,493,857

# Garbol Limited

Notes forming part of the financial statements  
for the period ended 30 September 2007 (*Continued*)

## 20 Acquisitions (*continued*)

	£
Goodwill arising on acquisition	
Consideration (including expenses of £105,746)	12,938,060
Net assets acquired	3,493,857
	<hr/>
Goodwill arising on acquisition (note 10)	9,444,203
	<hr/>

The results of Bolgar Limited group of companies (as consolidated) prior to its acquisition were as follows

### Profit and loss account

	1 October 2005 to 11 April 2006 £	Year ended 30 September 2006 £
Turnover	26,233,996	52,596,689
	<hr/>	<hr/>
Operating profit	1,838,550	3,603,344
Net interest	(176,315)	(127,543)
	<hr/>	<hr/>
Profit on ordinary activities before taxation	1,662,235	3,475,801
Taxation on profit from ordinary activities	658,267	1,506,973
	<hr/>	<hr/>
Profit for the period	1,003,968	1,968,828
	<hr/>	<hr/>

### Cash flows

The net outflow of cash arising from the acquisition of Bolgar Limited was as follows

	£
Cash consideration paid	7,460,876
Net cash acquired	1,097,385
	<hr/>
Net outflow of cash	6,363,491
	<hr/>

# Garbol Limited

Notes forming part of the financial statements  
for the period ended 30 September 2007 (*Continued*)

## 21 Commitments under operating leases

As at 30 September 2007, the group and company had annual commitments under non-cancellable operating leases in respect of land and buildings as set out below

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Operating leases which expire				
Within one year	16,020	-	-	-
In two to five years	30,000	46,020	-	-
	<u>46,020</u>	<u>46,020</u>	<u>-</u>	<u>-</u>

## 22 Contingent liabilities

### Group and Company

Under a group registration, the company is jointly and severally liable for the value added tax due by other group companies

The company's bank debts are guaranteed by Bolgar Limited, Tamdown Group Limited, Tamdown Regeneration Limited, Tamdown Services Limited, Tamdown Plant Hire Limited, and Kings Weston Limited, jointly with the other group companies and severally. At 30 September 2007 the bank debts covered by this guarantee amounted to £11,400,000 (2006 - £12,200,000)

## 23 Reconciliation of operating profit to net cash inflow from operating activities

	2007 £	2006 £
Operating profit	5,001,643	-
Depreciation	1,179,362	-
Loss on sale of fixed assets	16,386	-
Goodwill amortisation	3,121,570	-
Increase in stock	(624,798)	-
Increase in debtors	(5,816,379)	-
Increase in provisions	294,411	-
Increase in creditors	7,489,249	-
Net cash inflow from operating activities	<u>10,661,444</u>	<u>-</u>



# Garbol Limited

Notes forming part of the financial statements  
for the period ended 30 September 2007 (*Continued*)

24	Reconciliation of net cash flow to movement in net (debt)/funds	2007 £	2006 £
	Increase in cash in the year	4,465,846	1
	Cash inflow from increase in debt	(4,900,000)	-
	Movement in net funds resulting from cash flows	(434,154)	1
	New bank loan	(13,000,000)	-
	Redemption of old bank loan	6,500,000	-
	Finance costs	154,829	-
	Opening net funds	1	-
	Closing net (debt)/funds	(6,779,324)	1

25	Analysis of net funds/(debt)	At 31 March 2006 £	Cash flow £	Other non-cash items £	At 30 September 2007 £
	Cash in hand and at bank	1	4,465,846	-	4,465,847
	Loans				
	- due less than one year	-	(1,650,000)	59,127	(1,590,873)
	- due after one year	-	(3,250,000)	(6,404,298)	(9,654,298)
		-	(4,900,000)	(6,345,171)	(11,245,171)
	Total	1	(434,154)	(6,345,171)	(6,779,324)

## Major non-cash transactions

During the period the following major non-cash transactions were undertaken by the group

- A bank loan was redeemed in the period as part of a group restructure. A new loan agreement was entered into which incorporated the existing loan.

## 26 Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related Party Disclosures" not to disclose transactions with its subsidiaries, on the grounds that they are all 100% owned and are included in the consolidated financial statements.

### Joint venture

At 30 September 2007 there was an outstanding loan of £24,906 payable from Environmental Asbestos Solutions Limited to the group.

## 27 Controlling party

At 30 September 2007 the company's ultimate controlling party was Michael Morris by virtue of his shareholding in the company.