

## **Garbol Limited**

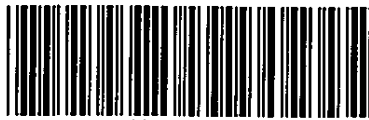
Report and Financial Statements

Year Ended

30 September 2011

Company Number 05635505

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# **Garbol Limited**

## **Report and financial statements for the year ended 30 September 2011**

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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 LLP, 66 Broomfield Road, Chelmsford, Essex, CM1 1SW

# Garbol Limited

## Report of the directors for the year ended 30 September 2011

The directors present their report together with the audited financial statements for the year ended 30 September 2011

### Results and dividends

The profit and loss account is set out on page 7 and shows the profit for the year

Interim dividends of 13p per share were paid to ordinary shareholders during the year. The directors do not recommend the payment of a final dividend

### Principal activities

The Group provides construction services in affordable and private housing, health and education, defence and energy. Those services comprise 1) remediation and enabling 2) infrastructure 3) groundworks and 4) concrete frame and structures

### Business Review

The Board believes the performance in the year continues to confirm the quality of the management team and the group's employees. In uncertain market conditions the business continues to manage revenues, costs and cash generation effectively

Strong growth, good profitability and a strong balance sheet are the characteristics of the reporting period

	2011 £	2010 £
Turnover	68,025,008	58,202,664
Gross profit	8,923,204	8,585,982
Operating profit	1,859,577	1,811,756
Cash	6,532,809	6,629,140
Net assets	7,566,208	6,786,616

Significantly we have enhanced the service we provide to our blue-chip clients through our focus on continuous improvement. This ensures we are in the best position possible to develop our order book

### Principal Risks and Uncertainties

The principle risks of the business comprise

#### Credit Risk

Company policies are aimed at minimising exposure to bad debt. We review the credit rating of existing customers quarterly. In addition we have a very robust selection process on all tenders from companies we have not previously worked for. This assessment includes profitability, payment record and balance sheet strength - we currently decline 40% of opportunities from new companies

#### Competitive Risk

The market is seeing an increasing number of distressed businesses. These companies are submitting tenders at unsustainable margins. Whilst we must remain competitive it is important we select our projects and clients carefully

#### Contractual Risk

The business works under a number of contract forms subject to sector and client. We assess each contract prior to commencement to agree content and mitigate risk. Our long term relationships and familiarity to most contracts entered in to is significant in managing our position

# **Garbol Limited**

## **Report of the directors for the year ended 30 September 2011 (*continued*)**

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### **Future Development and Outlook**

Whilst we expect the economy to remain volatile in the year ahead, our excellent reputation, blue-chip customers, positive liquidity and strong balance sheet puts us in the ideal position to optimise opportunities in 2012 and beyond

### **Key Performance Indicators**

#### ***Financial***

Our financial measures are in line with UK GAAP. In addition we measure our financial performance against the best in class of the competition and compare very favourably

We closely monitor our payment record to our supply chain and we matched our terms each month in the reporting period, performing consistently to a high standard

#### ***Non-Financial***

##### ***Environmental***

Our ongoing environmental objectives for the company are to reduce waste, to increase re-use and recycling of all materials, to reduce emissions and to reduce energy consumption. Our HSQE Manager carries out audits of our sites and reports to the board each month

##### ***Health and Safety***

Our KPI's for Health and Safety are

- To work towards achieving zero RIDDOR
- To ensure our AIR and AFR figures remain below the industry average
- To monitor near miss reporting
- To raise awareness and improvements through a program of Behavioural Safety (WorkSmart) including Worker Engagement

##### ***Employee development and retention***

Our people are the foundation of our business. We continue to hold the Investor in People accreditation and continuously invest in our employee's personal development. We have an annual performance review with our staff. Our Gold Award scheme recognises outstanding innovation, customer service and efficiency

Our systems are audited by the BSI and we are accredited with OHSAS 18001 Health and Safety Standard, ISO 9001 Quality Standard and ISO 14001 Environmental Standard

### **Employment of 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 and political contributions**

During the year the group made charitable contributions totalling £17,977 (2010 - £13,078). No contributions to political parties were made

# **Garbol Limited**

## **Report of the directors for the year ended 30 September 2011 (*continued*)**

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### **Directors**

The directors of the company during the year were

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

### **Directors' responsibilities**

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 group and company 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 group and company and of the profit or loss of the group 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

# Garbol Limited

## Report of the directors for the year ended 30 September 2011 (*continued*)

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### 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 company'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 LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

### On behalf of the board



D R Hillman  
Director

27 March 2012

# **Garbol Limited**

## **Independent auditor's report**

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### **To the members of Garbol Limited**

We have audited the financial statements of Garbol Limited for the year ended 30 September 2011 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. 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 auditors**

As explained more fully in the statement of directors' responsibilities, 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 (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2011 and of the group's 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Garbol Limited

### Independent auditor's report (*continued*)

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#### 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

*BDO LLP*

*Richard Kelly (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Chelmsford  
United Kingdom*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

*27 March 2012*



# Garbol Limited

## Consolidated profit and loss account for the year ended 30 September 2011

	Note	2011 £	2010 £
Turnover Group and share of joint venture		68,025,008	58,407,378
Less share of joint venture turnover		-	(204,714)
<b>Turnover</b>	2	68,025,008	58,202,664
Cost of sales		59,101,804	49,616,682
<b>Gross profit</b>		8,923,204	8,585,982
Administrative expenses		7,063,627	6,774,226
<b>Group operating profit</b>	3	1,859,577	1,811,756
Share of operating profit in joint venture		-	17,283
Loss on disposal of operation		(2,663)	-
<b>Profit on ordinary activities before interest and other income</b>		1,856,914	1,829,039
Other interest receivable and similar income	6	25,602	28,800
Interest payable and similar charges	7	(188,659)	(179,851)
<b>Profit on ordinary activities before taxation</b>		1,693,857	1,677,988
Taxation on profit on ordinary activities	8	816,173	987,966
<b>Profit on ordinary activities after taxation</b>		877,684	690,022
Minority interest		935	-
<b>Profit for the financial year</b>	21	876,749	690,022

All amounts relate to continuing activities

All recognised gains and losses in the current and prior year are included in the profit and loss account

The notes on pages 12 to 28 form part of these financial statements

# Garbol Limited

## Consolidated balance sheet at 30 September 2011

<i>Company number 05635505</i>	<b>Note</b>	<b>2011 £</b>	<b>2011 £</b>	<b>2010 £</b>	<b>2010 £</b>
<b>Fixed assets</b>					
Intangible assets	11		4,257,144		5,203,330
Tangible assets	12		2,987,825		3,229,264
			<u>7,244,969</u>		<u>8,432,594</u>
<b>Current assets</b>					
Stocks	14	300,602		105,173	
Debtors	15	13,612,540		12,509,420	
Investments	16	77,551		86,922	
Cash at bank and in hand		6,532,809		6,629,140	
		<u>20,523,502</u>		<u>19,330,655</u>	
<b>Creditors: amounts falling due within one year</b>	17	16,749,983		16,283,910	
		<u>16,749,983</u>		<u>16,283,910</u>	
<b>Net current assets</b>			<u>3,773,519</u>		<u>3,046,745</u>
<b>Total assets less current liabilities</b>			<u>11,018,488</u>		<u>11,479,339</u>
<b>Creditors: amounts falling due after more than one year</b>	18	3,340,200		4,567,190	
<b>Provisions for liabilities</b>	19	112,080		125,533	
		<u>112,080</u>		<u>125,533</u>	
			<u>3,452,280</u>		<u>4,692,723</u>
			<u>7,566,208</u>		<u>6,786,616</u>


The notes on pages 12 to 28 form part of these financial statements

# Garbol Limited

## Consolidated balance sheet at 30 September 2011 (*continued*)

	Note	2011 £	2011 £	2010 £	2010 £
<b>Capital and reserves</b>					
Called up share capital	20		5,489,184		5,489,184
Profit and loss account	21		2,074,181		1,297,432
			<hr/>		<hr/>
<b>Shareholders' funds</b>	22		7,563,365		6,786,616
<b>Minority interests</b>			2,843		-
			<hr/>		<hr/>
			7,566,208		6,786,616
			<hr/>		<hr/>

The financial statements were approved by the board of directors and authorised for issue on 27 March 2012

  
D R Hillman  
Director

The notes on pages 12 to 28 form part of these financial statements

# Garbol Limited

## Company balance sheet at 30 September 2011

<i>Company number 05635505</i>	Note	2011 £	2011 £	2010 £	2010 £
<b>Fixed assets</b>					
Fixed asset investments	13		20,544,684		21,994,347
<b>Current assets</b>					
Debtors	15	29,571		12,000	
<b>Creditors: amounts falling due within one year</b>	17	<u>11,333,815</u>		<u>11,748,988</u>	
<b>Net current liabilities</b>			<u>(11,304,244)</u>		<u>(11,736,988)</u>
<b>Total assets less current liabilities</b>			9,240,440		10,257,359
<b>Creditors: amounts falling due after more than one year</b>	18		<u>3,340,200</u>		<u>4,567,190</u>
			<u>5,900,240</u>		<u>5,690,169</u>
<b>Capital and reserves</b>					
Called up share capital	20		5,489,184		5,489,184
Profit and loss account	21		<u>411,056</u>		<u>200,985</u>
<b>Shareholders' funds</b>	22		<u>5,900,240</u>		<u>5,690,169</u>

The financial statements were approved by the board of directors and authorised for issue on 27 March 2012



D R Hillman  
Director

The notes on pages 12 to 28 form part of these financial statements

# Garbol Limited

## Consolidated cashflow statement for the year ended 30 September 2011

	Note	2011 £	2010 £
Net cash inflow from operating activities	26	2,290,491	4,752,708
Returns on investments and servicing of finance	27	(140,048)	(210,909)
Taxation	27	(968,614)	(644,651)
Capital expenditure and financial investment	27	(280,478)	(670,423)
Acquisitions and disposals	27	-	18,409
Dividends paid	9	-	(700,000)
		<hr/>	<hr/>
Cash inflow before use of liquid resources and financing		901,351	2,545,134
Management of liquid resources	27	9,371	(60,046)
Financing	27	(1,000,000)	(2,146,509)
		<hr/>	<hr/>
(Decrease)/increase in cash	28	(89,278)	338,579
		<hr/>	<hr/>

The notes on pages 12 to 28 form part of these financial statements

# Garbol Limited

## Notes forming part of the financial statements for the year ended 30 September 2011

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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

In order to show a true and fair view the group's accounting policy in respect of investment properties departs from the requirements of the Companies Act 2006. Details of this departure are given in note 12

In addition in 2008 the company's accounting policy in respect of investments departed from the Companies Act 2006. Details of this departure are given in note 13

The following principal accounting policies have been applied

#### *Basis of consolidation*

The consolidated financial statements incorporate the results of Garbol Limited and all of its subsidiary undertakings as at 30 September 2011 using the acquisition or merger method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition

#### *Turnover*

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Turnover is recognised on an accruals basis

#### *Depreciation*

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

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

#### *Investment properties*

In accordance with SSAP 19 'Accounting for investment properties', investment properties are revalued annually to open market value and no depreciation is provided. The directors consider that this accounting policy results in the financial statements giving a true and fair view. The effect of this departure from the Companies Act 2006 has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve except where a deficit is deemed to represent a permanent diminution in value, in which case it is charged to the profit and loss account.

#### *Investments*

Investments held as fixed assets are stated at cost less any provision for impairment. Investments held as current assets are stated at the lower of cost and net realisable value.

# Garbol Limited

## Notes forming part of the financial statements for the year ended 30 September 2011 (*continued*)

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### 1 Accounting policies (*continued*)

#### *Stocks and long term contracts*

Stocks 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. 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.

#### *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.

#### *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 group anticipates making 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.

#### *Pension costs*

Contributions to the group's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

#### *Liquid resources*

For the purposes of the cash flow statement, liquid resources are defined as current asset investments and short term deposits.

#### *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.

# Garbol Limited

## Notes forming part of the financial statements for the year ended 30 September 2011 (*continued*)

### 1 Accounting policies (*continued*)

#### *Joint ventures (continued)*

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*

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

#### *Going concern*

The company accounts for Garbol Limited have been prepared on a going concern basis. In the opinion of the directors, this basis is appropriate as its subsidiary companies have formally expressed their intention to continue to provide financial support to the company to enable it to meet its debts as they fall due for a period of not less than one year from the date that these accounts were signed.

### 2 Turnover

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

### 3 Operating profit

	2011 £	2010 £
This is arrived at after charging/(crediting)		
Depreciation of tangible fixed assets	539,720	542,079
Amortisation of positive goodwill	945,321	1,557,342
Profit on disposal of tangible fixed assets	(17,803)	(20,769)
Auditors' remuneration		
- fees payable to the group's auditor for the audit of the group's annual accounts	55,000	55,000
- other taxation services	11,500	11,500
- services relating to corporate finance transactions entered into or proposed to be entered into by or on behalf of the company or any of its associates	46,500	-
- all other services	7,950	20,050
	<u>7,950</u>	<u>20,050</u>

Amounts paid to the company's auditor in respect of services to the company, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.



# Garbol Limited

Notes forming part of the financial statements  
for the year ended 30 September 2011 (*continued*)

## 4 Employees

Staff costs (including directors) consist of

	Group 2011 £	Group 2010 £
Wages and salaries	14,531,918	12,484,393
Social security costs	1,259,320	1,240,564
	<u>15,791,238</u>	<u>13,724,957</u>

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

	Group 2011 Number	Group 2010 Number
Site workers	399	358
Administration	55	46
	<u>454</u>	<u>404</u>

## 5 Directors' remuneration

	2011 £	2010 £
Directors' emoluments	<u>586,274</u>	<u>893,862</u>

The total amount payable to the highest paid director in respect of emoluments was £212,279 (2010 - £383,091)

## 6 Other interest receivable and similar income

	2011 £	2010 £
Bank deposits	<u>25,602</u>	<u>28,800</u>

# Garbol Limited

## Notes forming part of the financial statements for the year ended 30 September 2011 (*continued*)

### 7 Interest payable and similar charges

	2011 £	2010 £
Bank loans and overdrafts	188,659	179,851

### 8 Taxation on profit on ordinary activities

	2011 £	2010 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	853,429	983,890
Adjustment in respect of previous periods	(23,803)	(5,638)
Total current tax	829,626	978,252
<i>Deferred tax</i>		
Origination and reversal of timing differences	(13,453)	8,591
<i>Other tax</i>		
Share of joint venture's tax charge	-	1,123
Taxation on profit on ordinary activities	816,173	987,966

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below

	2011 £	2010 £
Profit on ordinary activities before tax	1,693,857	1,677,988
Profit on ordinary activities at the standard rate of corporation tax in the UK of 26% (2010 - 28%)	440,403	469,837
Effect of		
Expenses not deductible for tax purposes	126,361	91,420
Depreciation for period in excess/(deficit) of capital allowances	15,714	(7,992)
Adjustment to tax charge in respect of previous periods	(23,803)	(5,638)
Amortisation of goodwill arising on consolidation	246,018	436,056
Difference in tax rates	24,933	(4,308)
Tax related to joint ventures	-	(1,123)
Current tax charge for the year	829,626	978,252

# Garbol Limited

## Notes forming part of the financial statements for the year ended 30 September 2011 (*continued*)

### 9 Dividends

	2011 £	2010 £
Ordinary shares		
Final proposed for the prior year of £Nil (2010 - £0 46) per share	-	350,000
Interim paid of £0 13 (2010 - £0 46) per share	100,000	350,000
	<u>100,000</u>	<u>700,000</u>

### 10 Profit for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The group profit for the year includes a profit after tax of £310,071 (2010 - £1,314,808) which is dealt with in the financial statements of the parent company.

### 11 Intangible fixed assets

#### Group

	Goodwill on consolidation £
<i>Cost</i>	
At 1 October 2010	20,845,885
Disposals	(865)
	<u>20,845,020</u>
At 30 September 2011	
<i>Amortisation</i>	
At 1 October 2010	15,642,555
Provided for the year	945,321
	<u>16,587,876</u>
At 30 September 2011	
<i>Net book value</i>	
At 30 September 2011	<u>4,257,144</u>
At 30 September 2010	<u>5,203,330</u>

# Garbol Limited

Note forming part of the financial statements  
for the year ended 30 September 2011 (*continued*)

12 Tangible fixed assets							
Group		Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Leasehold investment properties £	Total £
<i>Cost</i>							
At 1 October 2010		627,213	4,619,164	809,345	601,123	500,000	7,156,845
Additions		-	493,425	36,520	1,318	-	531,263
Disposals		-	(950,374)	(86,901)	-	-	(1,037,275)
At 30 September 2011		627,213	4,162,215	758,964	602,441	500,000	6,650,833
<i>Depreciation</i>							
At 1 October 2010		145,916	2,768,347	525,034	488,284	-	3,927,581
Provided for the year		15,680	435,736	69,454	18,850	-	539,720
Disposals		-	(764,447)	(39,846)	-	-	(804,293)
At 30 September 2011		161,596	2,439,636	554,642	507,134	-	3,663,008
<i>Net book value</i>							
At 30 September 2011		465,617	1,722,579	204,322	95,307	500,000	2,987,825
At 30 September 2010		481,297	1,850,817	284,311	112,839	500,000	3,229,264

# Garbol Limited

## Notes forming part of the financial statements for the year ended 30 September 2011 (*continued*)

### 12 Tangible fixed assets (*continued*)

The group's investment properties are stated above at their open market value. The directors have given consideration to the carrying value of these properties at the year end, and do not believe that there is a material difference between their original cost and their open market value as at 30 September 2011.

### 13 Fixed asset investments

#### Company

	Group undertakings £
Cost	
At 1 October 2010	21,994,347
Impairment adjustment (see note below)	(1,449,663)
	<hr/>
At 30 September 2011	<b>20,544,684</b>
	<hr/>

Prior to an application for striking off Bolgar Limited declared a dividend of £1,449,581. As a result the cost of investment has been fully impaired. The striking off was completed on 14 February 2012.

On 30 September 2008, the directors of Garbol Limited agreed to a group reorganisation, whereby Garbol Limited acquired the entire share capital of Tamdown Group Limited at its net book value from Bolgar Limited, a subsidiary. The consideration for this investment was £15,973,137.

The cost of the company's investment in Bolgar Limited reflected the underlying fair value of Bolgar Limited subgroup's net assets and goodwill at the time of acquisition. As a result of this transfer, the value of the company's investment in Bolgar Limited fell below the amount at which it was stated in the company's accounting records. Schedule 4 to the Companies Act 1985 required that the investment be written down accordingly and that the amount be charged as a loss in the company's profit and loss account. However the directors considered that, as there has been no overall loss to the company, it would fail to give a true and fair view to charge that diminution to the company's profit and loss account and it was instead re-allocated to the cost of investment in Tamdown Group Limited. The effect of this departure is to increase the holding company's retained profit by £4,571,547 (2010 - £4,571,547), and to increase the value of the company's investment in Tamdown Group Limited by £4,571,547 (2010 - £4,571,547). The group accounts are not affected by this transfer.

# Garbol Limited

## Notes forming part of the financial statements for the year ended 30 September 2011 (*continued*)

### 13 Fixed asset investments (*continued*)

#### *Subsidiary undertakings*

The principal undertakings in which the company's interest at the year end is 20% or more are as follows

	Proportion of ordinary share capital held	Nature of business
<i>Subsidiary undertakings</i>		
Bolgar Limited	100%	Dormant
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
Environmental Asbestos Solutions Limited*	100%	Asbestos removal services
Triconnex Ltd*	100%	Connection of utility services

\* Held by Tamdown Group Limited

The above companies are registered in England and Wales. All subsidiaries have prepared financial statements for the year/period ending 30 September 2011 and their results are included in these consolidated financial statements.

# Garbol Limited

Notes forming part of the financial statements  
for the year ended 30 September 2011 (*continued*)

## 14 Stocks

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Long-term contract balances	300,602	105,173	-	-

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
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Long-term contract balances comprise the following

Net costs less foreseeable losses	300,602	105,173	-	-
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There is no material difference between the replacement cost of stocks and the amounts stated above

## 15 Debtors

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Trade debtors	12,942,001	12,109,203	-	-
Other debtors	462,612	240,286	29,571	12,000
Prepayments and accrued income	207,927	159,931	-	-
	13,612,540	12,509,420	29,571	12,000

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

## 16 Current asset investments

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Listed investments	77,551	86,922	-	-
Listed investments Market value	95,199	97,022	-	-

# Garbol Limited

Notes forming part of the financial statements  
for the year ended 30 September 2011 (*continued*)

## 17 Creditors: amounts falling due within one year

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Bank loans (note 18)	1,226,989	984,043	1,226,989	976,990
Payments received on account	377,549	-	-	-
Trade creditors	13,005,765	12,189,887	-	-
Amounts owed to group undertakings	-	-	10,008,415	10,383,536
Corporation tax	447,052	586,040	-	-
Other taxation and social security	397,203	624,753	-	-
Other creditors	100,949	356,950	98,411	356,950
Accruals and deferred income	1,194,476	1,542,237	-	31,512
	<u>16,749,983</u>	<u>16,283,910</u>	<u>11,333,815</u>	<u>11,748,988</u>

## 18 Creditors: amounts falling due after more than one year

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Bank loans	<u>3,340,200</u>	<u>4,567,190</u>	<u>3,340,200</u>	<u>4,567,190</u>
Maturity of debt				
			Loans 2011 £	Loans 2010 £
In one year or less, or on demand			<u>1,226,989</u>	<u>984,043</u>
In more than one year but not more than two years			<u>3,340,200</u>	<u>1,226,990</u>
In more than two years but not more than five years			-	<u>3,340,200</u>
			<u>3,340,200</u>	<u>4,567,190</u>

The bank loan is secured by fixed and floating charge over the assets of the group (see note 23)



# Garbol Limited

## Notes forming part of the financial statements for the year ended 30 September 2011 (*continued*)

### 19 Provisions for liabilities

#### Group

	Deferred taxation £
At 1 October 2010	125,533
Credited to profit and loss account	(13,453)
	<hr/>
At 30 September 2011	<b>112,080</b>
	<hr/>

#### *Deferred taxation*

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Accelerated capital allowances	<b>112,080</b>	125,533	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

### 20 Share capital

	2011 £	2010 £
<i>Allotted, called up and fully paid</i>		
Ordinary A shares of £1 each	<b>386,715</b>	386,715
Ordinary B shares of £1 each	<b>257,807</b>	257,807
Ordinary C shares of £1 each	<b>63,346</b>	63,346
7% Cumulative preference shares of £1 each	<b>4,734,027</b>	4,734,027
Non-voting ordinary shares of £1 each	<b>47,289</b>	47,289
	<hr/>	<hr/>
	<b>5,489,184</b>	5,489,184
	<hr/>	<hr/>

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.

# Garbol Limited

Notes forming part of the financial statements  
for the year ended 30 September 2011 (*continued*)

## 21 Reserves

### Group

	Profit and loss account £
At 1 October 2010	1,297,432
Profit for the year	876,749
Dividends	(100,000)
	<hr/>
At 30 September 2011	<b>2,074,181</b>
	<hr/>

### Company

	Profit and loss account £
At 1 October 2010	200,985
Profit for the year	310,071
Dividends	(100,000)
	<hr/>
At 30 September 2011	<b>411,056</b>
	<hr/>

## 22 Reconciliation of movements in shareholders' funds

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Profit for the year	<b>876,749</b>	690,022	<b>310,071</b>	1,314,808
Dividends	<b>(100,000)</b>	(700,000)	<b>(100,000)</b>	(700,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Net additions to/(deductions from) shareholders' funds	<b>776,749</b>	(9,978)	<b>210,071</b>	614,808
Opening shareholders' funds	<b>6,786,616</b>	6,796,594	<b>5,690,169</b>	5,075,361
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	<b>7,563,365</b>	6,786,616	<b>5,900,240</b>	5,690,169
	<hr/>	<hr/>	<hr/>	<hr/>

# Garbol Limited

## Notes forming part of the financial statements for the year ended 30 September 2011 (*continued*)

### 23 Contingent liabilities

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 and Tamdown Plant Hire Limited, jointly with the other group companies and severally. At 30 September 2011 the bank debts covered by this guarantee amounted to £4,609,375 (2010 - £5,609,375)

### 24 Related party disclosures

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

#### *Controlling parties*

At 30 September 2011 the company's ultimate controlling party was Michael Morris by virtue of his shareholding in the company

#### *Transactions with directors*

A loan of £200,000 from the group to Mike Morris, a director, under a formal loan agreement was repaid in December 2009, along with the accrued interest of £625. Interest is charged at a rate of 0.5% above the Bank of England base rate.

The company also paid the following dividends to directors and amounts were owing to them at the year end as follows

	Dividend 2011 £	Dividend 2010 £	Amounts owed to related parties 2011 £	Amounts owed to related parties 2010 £
P D Holliday	8,388	58,720	8,388	29,360
M T Morris	47,226	365,582	47,226	182,791
K Breen	29,817	243,718	29,817	121,859
D R Hillman	795	5,562	795	2,781
M Lethaby	132	-	132	-

#### *Other*

At the balance sheet date, the group was owed £18,366 (2010 - £8,340 owed to) from Garbol Warehousing Limited, a company connected by common directors. The group also paid dividends of £795 (2010 - £2,780) to Garbol Warehousing Limited during the year.

A balance of £521 (2010 - £Nil) was owed to Tamdown Foundation (the "Foundation") at the balance sheet date in relation to donations made by the group's employees. During the year, the group recharged costs of £2,811 (2010 - £Nil) to The Foundation. The Foundation is related by common control of the directors of the group.

# Garbol Limited

## Notes forming part of the financial statements for the year ended 30 September 2011 (*continued*)

### 24 Related party disclosures (*continued*)

#### *Other (continued)*

Prior to it becoming a subsidiary, Environmental Asbestos Solutions Limited made sales totalling £69,295 in the year ended 30 September 2010

During the year the group recharged costs of £8,769 (2010 - £Nil) to Environmental Asbestos Solutions Limited and was invoiced costs of £6,815 (2010 - £Nil)

### 25 Capital commitments

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Contracted but not provided for	173,600	216,045	-	-

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

	2011 £	2010 £
Operating profit	1,859,577	1,811,756
Amortisation of intangible fixed assets	945,321	1,557,342
Depreciation of tangible fixed assets	539,720	533,092
Profit on sale of tangible fixed assets	(17,803)	(20,769)
Decrease in provisions	-	(74,000)
(Increase)/decrease in stocks	(195,429)	313,851
Increase in debtors	(1,103,010)	(1,338,958)
Increase in creditors	262,115	1,970,394
Net cash inflow from operating activities	2,290,491	4,752,708

# Garbol Limited

Notes forming part of the financial statements  
for the year ended 30 September 2011 (*continued*)

## 27 Analysis of cash flows for headings netted in the cash flow statement

	2011 £	2010 £
<b>Returns on investments and servicing of finance</b>		
Interest received	25,602	28,800
Interest paid bank loans	(165,650)	(239,709)
	<u>(140,048)</u>	<u>(210,909)</u>
<b>Taxation</b>		
Corporation tax paid	(968,614)	(644,651)
	<u>(968,614)</u>	<u>(644,651)</u>
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets	(531,263)	(841,570)
Receipts from sale of tangible fixed assets	250,785	171,147
	<u>(280,478)</u>	<u>(670,423)</u>
<b>Acquisitions and disposals</b>		
Purchase of subsidiary undertaking	-	(25,000)
Cash acquired with subsidiary	-	43,409
	<u>-</u>	<u>18,409</u>
<b>Management of liquid resources</b>		
Purchase of current asset investments	-	(65,007)
Sale of current asset investments	9,371	4,961
	<u>9,371</u>	<u>(60,046)</u>
<b>Financing</b>		
New loans	-	5,609,375
Loans repaid	(1,000,000)	(7,755,884)
	<u>(1,000,000)</u>	<u>(2,146,509)</u>

# Garbol Limited

## Notes forming part of the financial statements for the year ended 30 September 2011 (*continued*)

### 28 Reconciliation of net cash flow to movement in net funds/(debt)

	2011 £	2010 £
(Decrease)/increase in cash	(89,278)	338,579
Cash outflow from changes in debt	1,000,000	2,146,509
Cash outflow from changes in liquid resources	(9,371)	60,046
Movement in net funds resulting from cash flows	901,351	2,545,134
Loan arrangement fee	(23,009)	65,195
Movement in net funds	878,342	2,610,329
Opening net funds/(debt)	1,164,829	(1,445,500)
Closing net funds	2,043,171	1,164,829

### 29 Analysis of net funds

	At 1 October 2010 £	Cash flow £	Other non- cash items £	At 30 September 2011 £
Cash at bank and in hand	6,629,140	(96,331)	-	6,532,809
Bank overdrafts	(7,053)	7,053	-	-
		(89,278)		
Debt due within one year	(976,990)	1,000,000	(1,249,999)	(1,226,989)
Debt due after one year	(4,567,190)	-	1,226,990	(3,340,200)
Current asset investments	86,922	(9,371)	-	77,551
Total	1,164,829	901,351	(23,009)	2,043,171

### 30 Acquisitions

#### *Acquisition of Environmental Asbestos Solutions Limited*

On 11 June 2010 the company acquired the remaining 50% of its joint venture Environmental Asbestos Solutions Limited, accordingly it has been treated as a subsidiary from that date

In calculating the goodwill arising on acquisition, the fair value of the net assets of Environmental Asbestos Solutions Limited have been assessed. There was no difference between the fair value and the book value of the net assets at that date