

**Company Registration No. 637008**

**BIRSE CIVILS LIMITED**

**Report and Financial Statements**

**Period ended 28 April 2007**



**Deloitte & Touche LLP  
Leeds**

# **BIRSE CIVILS LIMITED**

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# **BIRSE CIVILS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2007**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

R Adams  
T M Thrall  
M Farrah

#### **SECRETARY**

T M Thrall

#### **REGISTERED OFFICE**

Hill House  
1 Little New Street  
London  
EC4A 3TR

#### **BANKERS**

HSBC plc  
Level 38  
8 Canada Square  
London  
E14 5HQ

#### **AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
Leeds

## **BIRSE CIVILS LIMITED**

### **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the 52 week period ended 28 April 2007

#### **ACTIVITIES AND FUTURE PROSPECTS**

The principal activity of the Company is Civil Engineering and the provision of related professional services. These activities are fulfilled through a number of regional business units.

The results for the year are set out in the profit and loss account on page 6

Since October 2006, the Company has increased production to record levels with monthly turnover reaching £20 million and has been working at near capacity. With demand expected to increase, particularly in the South, management considers that avoiding over-stretching has now become a key risk and management issue to address. The Company's strategy in this respect is to focus on established customers and ensure that their expectations are met. Criteria for targeting projects from new customers have therefore been hardened.

Work on the Company's largest contract, a coastal defence project at Blackpool, is ahead of schedule. We are now a leading operator in this sector with further contract awards secured at Wyre, Morecambe and Weston-super-Mare.

The Birse Civils strategic plan was launched in spring 2004 and is being delivered through the "Achieving Our Vision" initiative. Our strategic business plan ensures that we are clear about our mission and the values and behaviours needed to achieve our vision.

Our mission sets out the purpose of the five main aims of the business, these are:

- Safe operations
- Customer expectations exceeded
- Industry leading profits and controlled turnover growth
- Successful employees
- Recognition and respect within the industry

As a business we have devised a number of key performance indicators (KPI's) to measure our success in achieving each of these aims. The KPI's are reported at individual project, regional business and company levels and form a key part of our management culture.

The following non-financial indicators are utilised.

| K P I  | Actual | Target |
|--|--------|--------|
| Accident Frequency Rate                            | 0.11   | 0.30   |
| % of customers who would recommend Birse to others | 94%    | 88%    |
| Staff turnover                                     | 14.0%  | 10.0%  |
| Recognised Industry Awards                         | 23     | 16     |

#### **PRINCIPAL UNCERTAINTY**

Because the Company generates such a large proportion of its revenue from public sector organisations, the major uncertainty we face remains the Government's commitment to investment in public infrastructure. However, at the end of May 2007, the Company's order book was valued at just over £300m, of which £157m was expected to be completed in the current year. The directors are of the opinion that turnover for the year to 30th April 2007 should exceed £200m and that public sector spending in our chosen markets will continue at current levels.

#### **DIRECTORS**

The present membership of the board is set out on page 1.

Birse Group Services Limited resigned as company secretary and was replaced by T M Thrall on 15 October 2006.

## **BIRSE CIVILS LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **DIVIDEND**

The directors recommend a final dividend of £Nil per ordinary share (2006 68 46 p)

#### **TAXATION STATUS**

As far as the directors are aware, the company is not a close company for taxation purposes

#### **TREASURY**

The company's treasury operates procedures designed to reduce or eliminate financial risk. The policies are approved by the Board and the use of financial instruments is strictly controlled.

The company's principal financial instruments comprise borrowings, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The company does not use interest rate swaps to manage the interest rate risks arising from the company's operations.

#### **EMPLOYEES**

The Company has continued its policy regarding the employment of disabled persons. Full and fair consideration is given to the applications for employment made by disabled persons, having regard to their particular aptitudes and abilities.

Appropriate training is arranged for disabled persons and employees who become disabled, including retraining for alternative work, with the objective of promoting their career development within the organisation.

Employees are encouraged to discuss with management any matters about which they are concerned and factors affecting the Company. In addition, the Board takes account of employees' interests when making decisions, and the employees are informed of the Company's performance on a regular basis. Suggestions from employees aimed at improving the Company's performance are encouraged.

Full and fair consideration is given to all applicants for employment, irrespective of colour or creed.

#### **SUPPLIER PAYMENT POLICY**

Where appropriate to the circumstances prevailing, it is the policy of the company to place orders with suppliers in documented form and process such orders for payment in accordance with terms and conditions set out therein.

The trade creditors at 28 April 2007 represent 122 creditor days (2006 63 days) based on the total amounts invoiced by suppliers during the year.

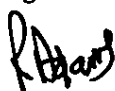
#### **AUDITORS**

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 of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware, and
- each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board

  
R Adams  
Director

26 February 2008

## **BIRSE CIVILS LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BIRSE CIVILS LIMITED**

We have audited the financial statements of Birse Civils Limited for the 52 week period ended 28 April 2007 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in equity shareholders' funds, the statement of total recognised gains and losses and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

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

### **Basis of audit opinion**

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

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

### **Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 April 2007 and of its loss for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

*Deloitte & Touche LLP*

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Leeds

*28 February*

2008

# **BIRSE CIVILS LIMITED**

## **PROFIT AND LOSS ACCOUNT** **52 week period ended 28 April 2007**

|   | Note | 52 week<br>period<br>ended<br>28 April<br>2007<br>£'000 | Year ended<br>30 April<br>2006<br>£'000 |
|---|------|---|---|
| <b>TURNOVER – continuing operations</b>                     | 2    | 196,504   | 188,298                                 |
| Cost of sales   |      | (196,855)   | (170,001)                               |
| <b>GROSS (LOSS)/PROFIT</b>                                  |      | (351)   | 18,297                                  |
| Administrative expenses                                     |      | (14,797)  | (10,523)                                |
| <b>OPERATING (LOSS)/PROFIT – continuing operations</b>      | 4    | (15,148)  | 7,774                                   |
| Net interest receivable                                     | 5    | 1,558   | 1,533                                   |
| <b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> |      | (13,590)  | 9,307                                   |
| Tax on (loss)/profit on ordinary activities                 | 6    | 4,045   | (2,881)                                 |
| <b>(LOSS)/PROFIT FOR THE FINANCIAL PERIOD/YEAR</b>          | 15   | (9,545)   | 6,426                                   |

## **STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

The results above comprise the total recognised gains and losses in the current financial period and the preceding financial year



# **BIRSE CIVILS LIMITED**

## **BALANCE SHEET** **28 April 2007**

|  | Note | 28 April<br>2007<br>£'000 | 30 April<br>2006<br>£'000 |
|--|------|---------------------------|---------------------------|
| <b>FIXED ASSETS</b>  |      |                           |                           |
| Tangible assets  | 8    | 380                       | 930                       |
| <b>CURRENT ASSETS</b>  |      |                           |                           |
| Debtors  | 9    | 49,264                    | 52,691                    |
| Cash at bank and in hand                                       |      | 37,142                    | 38,655                    |
|  |      | <u>86,406</u>             | <u>91,346</u>             |
| <b>CREDITORS: amounts falling due within one year</b>          | 10   | <u>(82,692)</u>           | <u>(78,605)</u>           |
| <b>NET CURRENT ASSETS</b>                                      |      | <u>3,714</u>              | <u>12,741</u>             |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      | <u>4,094</u>              | <u>13,671</u>             |
| <b>CREDITORS: Amounts falling due after more than one year</b> | 11   | <u>(1,151)</u>            | <u>(1,183)</u>            |
| <b>NET ASSETS</b>  |      | <u>2,943</u>              | <u>12,488</u>             |
| <b>SHARE CAPITAL AND RESERVES</b>                              |      |                           |                           |
| Called up share capital  | 14   | 5,000                     | 5,000                     |
| Profit and loss account  | 15   | <u>(2,057)</u>            | <u>7,488</u>              |
| <b>EQUITY SHAREHOLDERS' FUNDS</b>                              |      | <u>2,943</u>              | <u>12,488</u>             |

The financial statements were approved by the Board of Directors on 26 February 2008

Signed on behalf of the Board of Directors



R Adams

Director

## **BIRSE CIVILS LIMITED**

### **RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS** **52 week period ended 28 April 2007**

|  | <b>52 weeks<br/>ended<br/>28 April<br/>2007<br/>£'000</b> | <b>Year ended<br/>30 April<br/>2006<br/>£'000</b> |
|--|---|---|
| (Loss)/ profit for the financial period/year                             | (9,545)   | 6,426   |
| Dividends paid   | -   | (3,423)   |
|  | <hr/>   | <hr/>   |
| <b>Net (withdrawal from)/ addition to equity<br/>shareholders' funds</b> | <b>(9,545)</b>  | <b>3,003</b>                                      |
| Opening equity shareholders' funds                                       | 12,488  | 9,485   |
|  | <hr/>   | <hr/>   |
| <b>Closing equity shareholders' funds</b>                                | <b>2,943</b>  | <b>12,488</b>                                     |

## **BIRSE CIVILS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Period ended 28 April 2007**

#### **1. ACCOUNTING POLICIES**

A summary of the principal accounting policies is set out below. All of these have been applied consistently throughout the current period and the preceding year.

The financial statements are prepared under the historical cost convention in accordance with the reporting requirements of the Companies Act 1985, together with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below, and have been applied consistently in the current and preceding year.

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

The company is exempt from the requirement of FRS 1 (Revised) to prepare a cash flow statement, as it is a wholly owned subsidiary undertaking of Balfour Beatty plc which prepares publicly available consolidated financial statements.

##### **Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation less any provision for impairment in value.

Depreciation is provided on a straight line basis over the estimated useful lives of the computer equipment, office equipment and leased assets. The annual rates of depreciation are as follows:

|                       |           |
|-----------------------|-----------|
| Fixtures and fittings | 20% - 33% |
|-----------------------|-----------|

##### **Long term contracts**

When the outcome of individual contracts can be foreseen with reasonable certainty and can be estimated reliably, margin is recognised by reference to the stage of completion. Full provision is made for all known or expected losses on individual contracts immediately once such losses are foreseen. Amounts recoverable on contracts are valued at anticipated net sales value of the work done after provision for anticipated future losses. Cash received on account is deducted from amounts recoverable on contracts. Such amounts which have been received and exceed amounts recoverable are included in creditors as advance payments.

##### **Pension costs**

The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

##### **Taxation**

Current tax including UK corporation tax and foreign tax is provided on amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax 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 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.

##### **Leases and hire purchase contracts**

Fixed assets leased under finance leases or acquired under hire purchase contracts are capitalised at the total amount of instalments payable under the related agreement (excluding finance charges) and depreciated in accordance with the above policy. Finance charges are expensed to the profit and loss account over the period of the lease at the appropriate rate of charge on the remaining balance of the obligation. Operating lease rentals are written off as incurred.

#### **2. TURNOVER**

Turnover is calculated on the basis of the value of work executed during the year within the United Kingdom excluding value added tax.

# BIRSE CIVILS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Period ended 28 April 2007

### 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

|                              | 52 weeks<br>ended<br>28 April<br>2007<br>£'000 | Year ended<br>30 April<br>2006<br>£'000 |
|------------------------------|--|---|
| <b>Directors' emoluments</b> |  |   |
| Remuneration                 | 510  | 507                                     |
| Pension contributions        | 31   | 25                                      |
|                              | <u>541</u>                                     | <u>532</u>                              |
| <b>Highest paid director</b> |  |   |
| Remuneration                 | 260  | 254                                     |
| Pension contributions        | 13   | 11                                      |
|                              | <u>273</u>                                     | <u>265</u>                              |

The accrued pension of the highest paid director as at 28 April 2007 amounted to £58,920 (2006 £56,173)  
All directors are members of the Group's defined benefit pension scheme

|  | 52 weeks<br>ended<br>28 April<br>2007<br>No. | Year ended<br>30 April<br>2006<br>No. |
|--|--|---------------------------------------|
| <b>Average number of persons employed</b>                |  |                                       |
| Production   | 520  | 364                                   |
| Administration   | 130  | 107                                   |
|  | <u>650</u>                                   | <u>471</u>                            |
|  | <b>£'000</b>                                 | <b>£'000</b>                          |
| <b>Staff costs during the year (including directors)</b> |  |                                       |
| Wages and salaries                                       | 27,202                                       | 18,927                                |
| Social security costs                                    | 2,540  | 2,086                                 |
| Pension costs  | 1,529  | 1,132                                 |
|  | <u>31,271</u>                                | <u>22,145</u>                         |

# **BIRSE CIVILS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Period ended 28 April 2007**

### **4. OPERATING (LOSS)/PROFIT**

|  | <b>52 weeks<br/>ended<br/>28 April<br/>2007<br/>£'000</b> | <b>Year ended<br/>30 April<br/>2006<br/>£'000</b> |
|--|---|---|
| <b>Operating (loss)/profit is after charging:</b>                    |   |   |
| Depreciation   |   |   |
| - on assets held under finance leases and hire<br>purchase contracts | 70  | 60  |
| - Owned assets   | 244   | 189   |
| Loss on disposal of fixed assets                                     | -   | 31  |
| Operating lease rentals -  |   |   |
| - Land and buildings   | 206   | 177   |
| - Plant and machinery  | 3,769   | 2,972   |
| Auditors' remuneration   |   |   |
| - Audit fees   | 25  | 30  |
| - Taxation   | 2   | 6   |
|  | <u>          </u>   | <u>          </u>                                 |

### **5. NET INTEREST RECEIVABLE**

|   | <b>52 weeks<br/>ended<br/>28 April<br/>2007<br/>£'000</b> | <b>Year ended<br/>30 April<br/>2006<br/>£'000</b> |
|---|---|---|
| Bank interest receivable  | 1,581   | 1,555   |
| Finance charges payable under finance leases and hire<br>purchase contracts | (23)  | (22)  |
|   | <u>          </u>   | <u>          </u>                                 |
|   | <u>1,558</u>  | <u>1,533</u>                                      |

# **BIRSE CIVILS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Period ended 28 April 2007**

### **6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

|  | <b>52 weeks<br/>ended<br/>28 April<br/>2007<br/>£'000</b> | <b>Year ended<br/>30 April<br/>2006<br/>£'000</b> |
|--|---|---|
| <b>Corporation tax</b>                       |   |   |
| Corporation tax at 30%                       | 2,952   | (2,637)   |
| <b>Deferred tax</b>                          |   |   |
| Timing differences, origination and reversal | 1,084   | (225)   |
| Adjustments in respect of prior years        | 9   | (19)  |
| <b>Tax charge on profit for the period</b>   | <b>4,045</b>  | <b>(2,881)</b>                                    |

#### **Factors affecting tax charge for the period**

The tax assessed for the period is lower than the standard rate of corporation tax of 30%. The differences are explained below

|   | <b>52 weeks<br/>ended<br/>28 April<br/>2007<br/>£'000</b> | <b>Year ended<br/>30 April<br/>2006<br/>£'000</b> |
|---|---|---|
| (Loss)/profit on ordinary activities before tax                     | (13,590)  | 9,307   |
| Expected tax credit/(charge)  | 4,077   | (2,792)   |
| Tax loss utilised   | (984)   | -   |
| Expenses not deductible for tax purposes                            | (41)  | (70)  |
| Capital allowances in excess of depreciation                        | (100)   | (75)  |
| Other timing differences  | -   | 300   |
| <b>Current tax credit/(charge) on profit on ordinary activities</b> | <b>2,952</b>  | <b>(2,637)</b>                                    |

### **7. DIVIDENDS**

|  | <b>52 weeks<br/>ended<br/>28 April<br/>2007<br/>£'000</b> | <b>Year ended<br/>30 April<br/>2006<br/>£'000</b> |
|--|---|---|
| Equity dividends                                       |   |   |
| Final dividend of £nil (2006 68 4p) per ordinary share | -   | 3,423   |

# **BIRSE CIVILS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Period ended 28 April 2007**

### **8. FIXED ASSETS**

|                       | <b>Fixture &amp;<br/>fittings<br/>£'000</b> |
|-----------------------|---|
| <b>Cost</b>           |   |
| At 1 May 2006         | 2,345                                       |
| Additions             | 195   |
| Disposals             | (431)                                       |
|                       | <u>2,109</u>                                |
| At 28 April 2007      | <u>2,109</u>                                |
| <b>Depreciation</b>   |   |
| At 1 May 2006         | 1,415                                       |
| Charge for the period | 314   |
|                       | <u>1,729</u>                                |
| At 28 April 2007      | <u>1,729</u>                                |
| <b>Net book value</b> |   |
| At 28 April 2007      | 380   |
| At 30 April 2006      | 930   |

Included within fixed assets are assets held under finance lease with a net book value of £165,131 (2006 £86,945)

### **9. DEBTORS**

|   | <b>2007<br/>£'000</b> | <b>2006<br/>£'000</b> |
|---|-----------------------|-----------------------|
| Trade debtors   | 36,035                | 34,194                |
| Amounts recoverable on contracts                                  | 1,575                 | 11,056                |
| Amounts owed by parent company and fellow subsidiary undertakings | 9,495                 | 5,031                 |
| Prepayments and accrued income                                    | 798                   | 2,142                 |
| Deferred tax (note 13)  | 1,361                 | 268                   |
|   | <u>49,264</u>         | <u>52,691</u>         |

Included in Trade Debtors is an amount of £2,113,918 which is due after more than one year (2006 £2,457,000)

### **10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|  | <b>2007<br/>£'000</b> | <b>2006<br/>£'000</b> |
|--|-----------------------|-----------------------|
| Trade creditors  | 57,687                | 60,745                |
| Advance payments   | 18,148                | 8,675                 |
| Amounts owed to parent company and fellow subsidiary undertakings      | 1,750                 | 6,738                 |
| Accruals and deferred income   | 1,498                 | 1,056                 |
| Other taxation and social security                                     | 3,545                 | 1,319                 |
| Obligations under finance leases and hire purchase contracts (note 12) | 64                    | 72                    |
|  | <u>82,692</u>         | <u>78,605</u>         |

# BIRSE CIVILS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Period ended 28 April 2007

### 11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

|  | 2007<br>£'000 | 2006<br>£'000 |
|--|---------------|---------------|
| Trade creditors (all due between 1 and 2 years)                        | 1,047         | 1,147         |
| Obligations under finance leases and hire purchase contracts (note 12) | 104           | 36            |
|  | <u>1,151</u>  | <u>1,183</u>  |

### 12. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

|  | 2007<br>£'000 | 2006<br>£'000 |
|--|---------------|---------------|
| The maturity of these amounts is as follows  |               |               |
| Amounts payable  |               |               |
| Within one year  | 74            | 83            |
| In two to five years   | 119           | 38            |
|  | <u>193</u>    | <u>121</u>    |
| Less finance charges allocated to future periods   | (25)          | (13)          |
|  | <u>168</u>    | <u>108</u>    |
| Finance leases and hire purchase contracts are analysed as follows   |               |               |
| Current obligations (note 10)  | 64            | 72            |
| Non-current obligations (note 11)  | 104           | 36            |
|  | <u>168</u>    | <u>108</u>    |
| Analysis of changes in finance leases and hire purchase contracts during the current period and previous years |               |               |
| At 1 May 2007 and 1 May 2006   | 108           | 166           |
| Inception of finance leases  | 160           | -             |
| Capital element of finance lease rental payments   | (100)         | (58)          |
|  | <u>168</u>    | <u>108</u>    |
| At 28 April 2007 and 30 April 2006   |               |               |

### 13. DEFERRED TAXATION

|  | Provided<br>2007<br>£'000 | 2006<br>£'000 |
|--|---------------------------|---------------|
| Depreciation in excess of capital allowances | 257                       | 148           |
| Short term timing differences                | 120                       | 120           |
| Losses not utilised                          | 984                       | -             |
|  | <u>1,361</u>              | <u>268</u>    |

The deferred tax assets recognised (note 9) are based upon the estimated tax losses of the business that can be relieved or upon those timing differences that will reverse in the foreseeable future after taking into account the historical performance of the businesses

|                         | Asset<br>£'000 |
|-------------------------|----------------|
| At 1 May 2006           | 268            |
| Profit and loss account | 1,093          |
| At 28 April 2007        | <u>1,361</u>   |

There is no unprovided deferred tax at the current period end or prior year



## BIRSE CIVILS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Period ended 28 April 2007

#### 14. CALLED UP SHARE CAPITAL

|   | 2007<br>£'000 | 2006<br>£'000 |
|---|---------------|---------------|
| <b>Authorised</b>                                     |               |               |
| 5,000,000 (2006 5,000,000) Ordinary shares of £1 each | 5,000         | 5,000         |
| <b>Called up, allotted and fully paid</b>             |               |               |
| 5,000,000 (2006 5,000,000) Ordinary shares of £1 each | 5,000         | 5,000         |

#### 15. MOVEMENTS ON RESERVES

|                          | Profit and<br>loss account<br>£'000 |
|--------------------------|-------------------------------------|
| Balance at 1 May 2006    | 7,488                               |
| Loss for the period      | (9,545)                             |
| Balance at 28 April 2007 | (2,057)                             |

#### 16. CONTINGENT LIABILITIES, GUARANTEES AND SECURITY

The company, along with other members of the group registered in England, is party to guarantees and mortgages given to the group's bankers and surety agents for any borrowings or guarantees provided thereby. Disclosure of the group borrowings is made in the Birse Group plc financial statements.

#### 17. PENSION SCHEME

The company participates in a funded defined benefit pension scheme operated by Birse Group plc for its full time permanent employees. The assets of the scheme are held in a separate trustee administered fund. The latest funding valuation by independent qualified actuaries was at 5 April 2004. Based on this valuation, the current employer contribution rate is 7.2%.

The company is unable to identify its share of the underlying assets and liabilities for the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme.

The accounting policy is given in note 1. The pension cost charge for this is set out in note 3.

#### 18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions available in FRS 8 not to disclose transactions with other group companies.

There were no other related party transactions in the current period or prior year.

#### 19. ULTIMATE PARENT COMPANY

In the opinion of the directors, the company's ultimate parent company is Balfour Beatty plc, a company registered in England and Wales, and this is the largest group that prepares consolidated financial statements which include the accounts for the company. Copies of the group accounts of Balfour Beatty plc are available from 130 Wilton Road, London SW1 1LQ. The directors consider that Birse Construction Limited is the immediate parent company.