

**Ringway Infrastructure Services Limited**

**Directors' report and financial  
statements**

**Registered number 2756434**

**For the year ended 31 December 2012**

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## Directors' report

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

### Principal activity

The principal activity of the Company during the year was the provision of road and highway infrastructure asset management, operating and maintenance services

### Business review

The results for 2012 are set out on page 8

Key features of which are

- Turnover £157,714,304
- Gross margin 15.7%
- Loss after tax £1,240,746

Our Ringway term service businesses provide a variety of highway related asset management services for Local Authorities and have made solid progress on their business results in 2012

These term service regional businesses posted positive management results in our more mature divisions, the new long term contracts which commenced in 2012 incurred significant mobilisation and start-up costs which had a significant impact on our results leading to a loss for Ringway Infrastructure Services Limited

The new contracts that commenced were as follows -

- North Yorkshire April 2012 commencement
- Shropshire April 2012 commencement
- Hertfordshire October 2012 commencement
- Cheshire West & Chester September 2012 commencement

We continued to improve our staff and operative training, along with business process optimisation and system compliance. This does result in efficiency improvements and improved predictability, which will deliver more sustainable results in the coming years but the assimilation of so many long term contracts with new people whom TUPE transferred to Ringway, has been a very significant challenge and will continue to be in 2013

The market for new work has been significantly tougher over the last three years with increasing tendering costs per bid and more elongated procurement periods. This necessitates a significant time and cash investment that is only recovered if successful and therefore an increasing need to be more selective in what is pursued. We have been building stronger relationships with prospective customers to enable a better understanding of required service outcomes and a more successful tendering process.

We continue to work closely with our parent company EUROVIA S A, which provides specialist support and enhances our ability to introduce innovative products and processes to our markets through their extensive product Research and Development capability.

Health, Safety and Environment are vital indicators for our business, and we are pleased with our continued success in RoSPA - we were awarded our 10<sup>th</sup> successive RoSPA Gold Medal, linked to 10 years of improved safety performance. We also continue to achieve significant reductions in our insurance costs helped by our effective management of risk.

A benchmarking comparison has been carried out with others in the industry through the Highways Term Maintenance Association. Our health and safety performance has been consistently better than the industry average.

## Directors' report *(continued)*

As a founder member of the HTMA, we have been able to share best practice and contribute to enhanced health and safety standards across the industry

In 2012 we increased our focus on environmentally responsible behaviours and on improvements to our environmental-related reporting and management systems. Our most significant environmental achievements in 2012 were in the area of innovation in technology and practice. We invested in water recycling systems, fuel efficiency improvements, and increased use of recycled material, and have continued to find new ways to divert waste from landfill.

Our 2011 "Drive for Life" awareness campaign was undeniably successful in reducing the number of road-related incidents. Following on from this we re-ran and expanded this group wide competition during 2012 which resulted in a further fall in the number of vehicle related incidents. We also received the Highways Magazine Excellence Award – Highway Worker (or Operative) & Site Safety Initiative Award – for this campaign.

## Principal risks and uncertainties

The directors view the principal business risks and uncertainties faced by the company are related to its abilities to continue winning new, or retaining existing, major maintenance contracts at a commercial price to keep the order book at a sustainable level and being able to manage those contracts successfully to generate a sustainable level of profit.

## Dividends

The directors do not recommend the payment of a dividend for the year (2011 £nil)

## Directors

The directors, who served throughout the year except as noted, were as follows

G Batut	
D Binding	
C Connor	
R Gillespie	
N Goddard	(appointed 24 January 2012)
P Horton	(appointed 24 April 2013)
B Moss	(resigned 7 February 2013)
J K Pert	
S A Wardrop	
T West	(resigned 7 May 2013)

## **Directors' report** *(continued)*

### **Disabled employees**

It is the policy of the Company to encourage the employment, training and advancement of disabled persons wherever possible. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged.

### **Employee participation**

The Company's employees are kept informed on matters related to this Company, and its associated and parent companies in the United Kingdom and abroad, through formal and informal meetings, regularly published newsletters and through the Company's intranet. Regular meetings are held with employees to discuss local matters and the Company's results and forecasts are discussed. All employees with more than three months' service are eligible and encouraged to subscribe from time to time to the ultimate parent company's employee share purchase scheme.

### **Financial risk management objectives and policies**

The Company's activities expose it to a number of financial risks including credit risks, liquidity risk and price risk. The Company does not use financial derivatives to mitigate these risks.

### **Credit risk**

The Company's principal financial assets are bank balances and trade receivables.

The Company's credit risk is primarily attributable to its trade receivables. However, the Company's major customers are government agencies so the potential credit risk is limited and credit checks are undertaken on other new customers. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

### **Liquidity risk**

The Company receives additional funding from its parent company or third party bankers on normal commercial terms and subject to the Company meeting the normal liquidity limits imposed by the lender. These are as required in order to ensure sufficient funds are available for ongoing operations and future developments.

### **Price risk**

The Company is exposed to commodity price risk. The Company manages its exposure to commodity price risk through contractual terms with major customers and suppliers.

### **Charitable and political contributions**

Charitable contributions and donations during the year amounted to £900 (2011 £3,295). The Company made no political contributions during the year (2011 £nil).

## Directors' report *(continued)*

### Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

### Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

Approved by the Board and signed on its behalf by



**S Lysionek**  
*Company Secretary*

Registered office  
Albion House  
Springfield Road  
Horsham  
West Sussex  
RH12 2RW

Registered number 2756434

19/09/2013

## **Statement of directors' responsibilities in respect of the Directors' report and financial statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## **Independent auditor's report to the members of Ringway Infrastructure Services Limited**

We have audited the financial statements of Ringway Infrastructure Services Limited for the year ended 31 December 2012 set out on pages 8 to 21

The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with UK 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.



**Independent auditor's report to the members of Ringway Infrastructure Services Limited** *(continued)*

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



20 September 2013

**Mark Sheppard (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*  
1 Forest Gate  
Brighton Road  
Crawley  
RH11 9PT

**Profit and loss account**  
*for the year ended 31 December 2012*

	Note	2012 £	2011 £
Turnover from continuing operations	1,2	157,714,304	162,974,578
Cost of sales		(132,968,398)	(138,453,619)
<b>Gross profit</b>		<b>24,745,906</b>	<b>24,520,959</b>
Administrative expenses		(26,563,549)	(22,503,438)
<b>Operating (loss) / profit on continuing operations</b>		<b>(1,817,643)</b>	<b>2,017,521</b>
Interest payable and similar charges	4	(455,629)	(14,542)
<b>(Loss) / profit on ordinary activities before taxation from continuing operations</b>	3	<b>(2,273,272)</b>	<b>2,002,979</b>
Tax on (loss) / profit on ordinary activities	7	1,032,526	(782,459)
<b>(Loss) / profit for the financial year</b>		<b>(1,240,746)</b>	<b>1,220,520</b>

The notes on pages 10 to 21 form part of the financial statements

There are no recognised gains or losses in either the current or previous financial year other than as shown above  
 Accordingly, no statement of total recognised gains and losses is required

**Reconciliation of movements in shareholder's funds**  
*for the year ended 31 December 2012*

	Called-up share capital £	Share premium account £	Profit and loss account £	Total 2012 £	Total 2011 £
Shareholder's funds at 1 January	5,200,000	19,777	10,230,202	15,449,979	14,229,459
(Loss) / profit for the financial year	-	-	(1,240,746)	(1,240,746)	1,220,520
<b>Shareholder's funds at 31 December</b>	<b>5,200,000</b>	<b>19,777</b>	<b>8,989,456</b>	<b>14,209,233</b>	<b>15,449,979</b>

**Balance sheet**  
*at 31 December 2012*

	<i>Note</i>	<b>2012</b> £	<b>2011</b> £
<b>Fixed assets</b>			
Tangible assets	9	15,875,077	2,598,667
<b>Current assets</b>			
Stocks and work in progress	10	13,631,683	5,923,420
Debtors	11	25,954,945	19,486,453
Cash at bank and in hand		11,401,443	15,339,001
		<u>50,988,071</u>	<u>40,748,874</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(35,030,217)</u>	<u>(23,935,715)</u>
<b>Net current assets</b>		<u>15,957,854</u>	<u>16,813,159</u>
<b>Total assets less current liabilities</b>		<u>31,832,931</u>	<u>19,411,826</u>
<b>Creditors: amounts falling due after more than one year</b>	12	(12,500,000)	(70,786)
<b>Provisions for liabilities and charges</b>	13	(5,123,698)	(3,891,061)
<b>Net assets</b>		<u>14,209,233</u>	<u>15,449,979</u>
<b>Capital and reserves</b>			
Called-up share capital	15	5,200,000	5,200,000
Share premium account		19,777	19,777
Profit and loss account		8,989,456	10,230,202
<b>Shareholder's funds</b>		<u>14,209,233</u>	<u>15,449,979</u>

The notes on pages 10 to 21 form part of the financial statements

These financial statements were approved by the board of directors on  
on its behalf by

19<sup>th</sup> September

2013 and were signed



**S Wardrop**  
Director

Company Registration Number 2756434

## Notes to the financial statements (forming part of the financial statements)

### 1 Accounting policies

The principal accounting policies adopted are summarised below. They have all been applied consistently throughout the year and the preceding year.

#### *Basis of preparation*

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

The directors have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis of accounting in preparing the financial statements.

Under FRS 1 'Cash flow statements' the company is exempt from the requirements to prepare a cash flow statement on the grounds that greater than 90% of the voting rights are controlled by its parent undertaking which includes the results of the company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Eurovia Group Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Vinci SA, the ultimate parent company, incorporated in France, within which this Company is included, can be obtained from the Secretary, Vinci SA, 1 Cours Ferdinand-de Lesseps, 92851 – Rueil Malmaison Cedex, France or the Secretary, Eurovia Group Limited, Albion House, Springfield Road, Horsham, West Sussex, RH12 2RW.

#### *Turnover*

Turnover during the year represents amounts receivable for goods and services provided in the normal course of business, net of VAT, trade discounts and other sales-related taxes.

Turnover from the sales of goods is recognised when goods are physically delivered and title has passed. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due.

#### *Goodwill*

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life up to a presumed maximum of 20 years, being the director's estimate.

#### *Tangible fixed assets and depreciation*

Fixed assets are stated at their purchase cost, together with any incidental expenses of acquisition, less depreciation. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold property	- 2% per annum
Short term leasehold property	- term on the lease
Plant and machinery	- 10% to 25% per annum
Motor vehicles	- 17% to 33% per annum
Office equipment	- 25% to 50% per annum

In the case of assets purchased second hand, the depreciation rates are increased to reflect the reduced remaining useful lives. No depreciation is provided on freehold land.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

#### *Contract accounting*

The value of contract work in progress represents the costs incurred on contracts plus an appropriate proportion of overheads and attributable profit. Where the outcome of a contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of that contract at the balance sheet date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. When it is probable that total contract costs will exceed contract revenue, the expected loss is recognised as an expense immediately.

#### *Taxation*

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised.

#### *Leases*

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

Rentals payable under operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the relevant lease.

## Notes (continued)

### 1 Accounting policies (continued)

#### Retirement benefit costs

The Company participates in a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The Company also participates in the Ringway Group Retirement Benefit Scheme. This is a defined benefit scheme, the assets and liabilities of which are held independently from the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for them as if they were defined contribution schemes. Contributions to the schemes are charged to the profit and loss account when payable.

#### Share based payments

From time to time, the company's ultimate parent company offers employees the Castor Savings Scheme which enables employees, through a joint trust fund, to invest in a portfolio of shares in the ultimate parent company, Vinci SA. This entitles the employees who invest the right to benefit from the increase in the share price of the ultimate parent company, from grant date until the vesting date, which is a minimum of five years, except in specified defined circumstances.

#### Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

### 2 Segmental Information

All the significant operations of the company in the year were in the provision of fully integrated and multi-discipline highway maintenance works and services. No significant turnover arises from activities outside the UK. Accordingly the directors consider that the company operates in only one business segment and geographic market. As a result, no further analysis is required to be provided.

### 3 (Loss) / profit on ordinary activities before taxation

	2012 £	2011 £
<b>This is stated after charging / (crediting)</b>		
Hire of plant and machinery	7,253,057	5,918,062
Charges on other operating leases	997,359	424,510
Profit on sale of fixed assets	(277,037)	(421,559)
Depreciation of tangible fixed assets		
- owned	2,099,728	1,800,269
- held under finance leases and hire purchase contracts	101,444	108,670
	<hr/>	<hr/>
Auditors' remuneration – audit of these financial statements	60,000	45,000
– tax services	17,000	17,000
	<hr/>	<hr/>
	77,000	62,000
	<hr/>	<hr/>

## Notes (continued)

### 4 Interest receivable and payable

	2012 £	2011 £
Interest receivable	-	-
Interest payable under finance leases	10,691	10,691
Other interest payable	444,938	3,851
Interest payable and similar charges	455,629	14,542

### 5 Directors' remuneration

	2012 £	2011 £
Directors' emoluments	-	117,385
Company contributions to defined contribution pension schemes	-	30,573

	Number of directors	
	2012	2011
Retirement benefits are accruing to the following number of directors under		
Defined contribution schemes	-	1

No director received any remuneration from the company during the year

### 6 Staff costs

The average monthly number of employees, including Directors, was

	2012	2011
Operations	928	725
Administration	266	180
	1,194	905

Their aggregate remuneration comprised

	2012 £	2011 £
Wages and salaries	31,547,274	25,806,517
Social security costs	2,986,034	2,621,519
Other pension costs	2,464,261	1,218,002
<b>Total direct costs of employment</b>	<b>36,997,569</b>	<b>29,646,038</b>

## Notes (continued)

### 6 Staff costs (continued)

#### Retirement benefit schemes

##### Defined contribution

The company participates in a defined contribution retirement benefit scheme for all qualifying employees. The total cost charged of £179,928 (2011 £138,077) represents contributions payable by the company to this scheme. At 31 December 2012 contributions of £39,747 (2011 £18,158) due in respect of the current reporting period had not been paid over to the scheme.

##### Defined Benefit

The Group operates defined benefit schemes which were established specifically to accommodate employees transferring from the public sector to replicate their existing benefit structure. These schemes were amalgamated into one scheme with effect from 1 September 2007. The scheme is administered by independent Trustees.

Full actuarial valuations of the combined scheme took place on 31 August 2010. These valuations have been updated at 31 December 2012 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 17. The major assumptions used for the valuation as at 31 December 2012 are future salary increases 3.10% (2011 3.35%), pension increases 2.85% (2011 3.10%), discount rate 4.40% (2011 4.65%) and inflation 2.85% (2011 3.10%).

As the schemes operate for more than one Eurovia group subsidiary, the Company is unable to identify its share of the underlying assets and liabilities of the scheme. The schemes' actuaries have assessed the liabilities of the combined scheme at 31 December 2012 at £36,247,000 showing a deficit of £10,275,000. The related deferred tax asset amounts to £2,363,250. No provision for these amounts has been made in these accounts. However, in conjunction with the Actuary's recommendations, the Group has maintained its funding rate at 22.2% (2011 22.2%). The Group is also funding the existing actuarially calculated deficit at £68,600 per month from 1 January 2012.

Full pension scheme disclosure is provided in the Eurovia Group Limited consolidated accounts for the year ended 31 December 2012.

##### Employee benefits

Some of the Company's employees are entitled to share based payments, ultimately settled by physical delivery of shares in the ultimate parent company, VINCI SA. Full disclosure regarding these schemes is provided in the Eurovia Group Limited consolidated accounts for the year ended 31 December 2012.



## Notes (continued)

### 6 Staff costs (continued)

#### Castor International Savings Scheme

During 2012 the Eurovia Group offered to its employees the Castor International Savings Scheme which enables employees through a trust fund, to invest in the equity capital of the ultimate parent company VINCI SA

The principal characteristics of the plan are as follows

- Acquisition of VINCI shares purchased on the market on the subscription dates, without discount,
- Nine successive subscription periods between March and November 2012
- Financial contribution from the employer company in the form of matching shares (subject to a maximum) provided that
  - o Investing employees have continuing employment for a period of 3 years after acquisition
  - o There is no disposal of shares for 3 years after the subscription date

Share purchase Date	Share price £	No. of employees	No. of shares
16 April 2012	29 35	82	2436
15 May 2012	27 47	91	1067
15 June 2012	27 56	84	452
16 July 2012	27 55	83	409
15 August 2012	27 34	82	400
17 September 2012	30 04	86	363
15 October 2012	27 72	83	406
15 November 2012	26 67	81	373
17 December 2012	29 51	83	395

The charge for the year of £37,565 (2011 £nil) arising from the Castor International Savings Scheme has been calculated based on estimating the number of shares in the scheme which will ultimately vest

### 7 Tax on (loss) / profit on ordinary activities

#### a) Analysis of tax in the year

The tax charge comprises

	2012 £	2011 £
UK Corporation tax at 24.5% (2011 26.5%)	(198,330)	900,254
Adjustment to prior years' tax provision	(1,283,108)	(352,857)
<b>Total current tax</b>	<b>(1,481,438)</b>	<b>547,397</b>
Deferred tax charge at 23% (2011 25%) (note 14)	448,912	235,062
<b>Total tax on (loss) / profit on ordinary activities</b>	<b>(1,032,526)</b>	<b>782,459</b>

## Notes (continued)

### 7 Tax on (loss) / profit on ordinary activities (continued)

#### b) Factors affecting the tax charge for the current year

The tax assessed for the year is higher (2011 higher) than the standard rate of corporation tax in the UK of 24.5% (2011 26.5%). The differences are explained below

	2012	2011
	%	%
Standard tax rate for year as a percentage of (losses) / profits	24.5	26.5
Effects of		
Expenses not deductible for tax purposes	(0.7)	1.6
Capital allowances in excess of depreciation / depreciation in excess of capital allowances	14.0	16.8
Adjustments to tax charge in respect of previous periods	56.4	(17.6)
Deferral of tax losses	(29.0)	-
	<hr/>	<hr/>
Current tax for year as a percentage of (losses) / profits	65.2	27.3
	<hr/>	<hr/>

### 8 Intangible assets

	Goodwill £
<b>Cost</b>	
At 1 January 2012	375,055
	<hr/>
At 31 December 2012	375,055
	<hr/>
<b>Amortisation</b>	
At 1 January 2012	375,055
	<hr/>
At 31 December 2012	375,055
	<hr/>
<b>Net book value</b>	
At 31 December 2012	-
	<hr/>
At 31 December 2011	-
	<hr/>

## Notes (continued)

### 9 Tangible fixed assets

	Freehold land and Property £	Short term Leasehold Property £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
<b>Cost</b>						
At 1 January 2012	144,914	635,001	7,150,985	8,268,840	420,826	16,620,566
Reclassifications	-	-	138,049	(138,049)	-	-
Inter-company transfers	-	12,774	(85,530)	(114,817)	8,195	(179,378)
Additions	14,789	21,104	5,672,352	9,705,579	444,782	15,858,606
Disposals	(8,528)	(10,283)	(1,231,330)	(790,428)	(188,467)	(2,229,036)
At 31 December 2012	151,175	658,596	11,644,526	16,931,125	685,336	30,070,758
<b>Depreciation</b>						
At 1 January 2012	117,197	584,265	6,050,959	6,855,321	414,157	14,021,899
Reclassifications	-	-	138,049	(138,049)	-	-
Inter-company transfers	-	12,774	63,968	(29,738)	8,195	55,199
Charge for the year	1,814	13,152	760,072	1,201,987	224,147	2,201,172
Eliminated on disposal	(8,528)	(10,283)	(1,128,220)	(747,091)	(188,467)	(2,082,589)
At 31 December 2012	110,483	599,908	5,884,828	7,142,430	458,032	14,195,681
<b>Net book value</b>						
At 31 December 2012	40,692	58,688	5,759,698	9,788,695	227,304	15,875,077
At 31 December 2011	27,717	50,736	1,100,026	1,413,519	6,669	2,598,667

Freehold land with a cost of £nil that is not depreciated has been included in Freehold Property (2011 £nil)

Included within the above are assets held under finance leases with a net book value of £568 (2011 £102,013)

### 10 Stocks and work in progress

	2012 £	2011 £
Raw materials and consumables	1,906,135	451,761
Work in progress	11,725,548	5,471,659
	<u>13,631,683</u>	<u>5,923,420</u>

## Notes (continued)

### 11 Debtors

	2012 £	2011 £
<b>Amounts falling due within one year:</b>		
Trade debtors	4,798,186	5,224,978
Amount owed by group undertakings	18,731,980	12,323,939
Other debtors	701,726	118,928
Group relief receivable	198,330	-
Prepayments and accrued income	181,859	26,832
Deferred tax (note 14)	1,342,864	1,791,776
<b>Total debtors</b>	<b>25,954,945</b>	<b>19,486,453</b>

### 12 Creditors

	2012 £	2011 £
<b>Amounts falling due within one year:</b>		
Obligations under finance leases	72,444	77,954
Trade creditors	13,478,511	7,544,330
Amounts owed to group undertakings	3,107,848	3,703,713
Amounts owed to associates	2,500,000	-
Corporation tax	-	900,254
Other taxation and social security	6,135,108	4,785,409
Other creditors	3,098,361	3,100,117
Accruals and deferred income	6,637,945	3,823,938
	<b>35,030,217</b>	<b>23,935,715</b>

	2012 £	2011 £
<b>Amounts falling due after more than one year</b>		
Obligations under finance leases	-	70,786
Amounts owed to associates	12,500,000	-
	<b>12,500,000</b>	<b>70,786</b>

#### Borrowings are repayable as follows

	2012 £	2011 £
<b>Associated company loans</b>		
Within one year	2,500,000	-
In the second to fifth year inclusive	10,000,000	-
After the fifth year	2,500,000	-
	<b>15,000,000</b>	<b>-</b>

	2012 £	2011 £
<b>Obligations under finance leases</b>		
Within one year	72,444	77,954
In the second to fifth year inclusive	-	70,786
	<b>72,444</b>	<b>148,740</b>

## Notes (continued)

### 13 Provisions for liabilities and charges

	Other provisions £	Contract provisions £	Total £
At 1 January 2012	250,000	3,641,061	3,891,061
Charged to profit and loss account	50,000	2,569,341	2,619,341
Released unused	-	(227,000)	(227,000)
Utilisation of provision	-	(1,159,704)	(1,159,704)
<b>At 31 December 2012</b>	<b>300,000</b>	<b>4,823,698</b>	<b>5,123,698</b>

Contract provisions relate to provisions on contracts, including the costs of rectifying faulty workmanship in future periods of work completed in the current or earlier years. The company estimates this liability to be £4,823,698 (2011 £3,641,061) for the current year based on past experience and has provided this sum accordingly. The majority of the provision is expected to be utilised within five years. Other provisions relate to legal claims and costs which are expected to be utilised within two years.

### 14 Deferred taxation

	Total £
At 1 January 2012	1,791,776
Amounts debited to profit and loss account (note 7)	(1,108,871)
Tax losses not group relieved	659,959
<b>At 31 December 2012</b>	<b>1,342,864</b>

The deferred tax asset consists of the following amounts

	2012 £	2011 £
Depreciation in excess of capital allowances	668,769	1,685,529
Other timing differences	54,542	106,247
Tax losses	619,553	-
	<b>1,342,864</b>	<b>1,791,776</b>

### 15 Called-up share capital

	2012 £	2011 £
<b>Authorised, issued and fully paid</b>		
5,200,000 ordinary shares of £1 each	5,200,000	5,200,000

## Notes (continued)

### 16 Commitments under operating leases

Annual commitments under non-cancellable operating leases are as follows

	2012 Land and buildings £	Other £	2011 Land and buildings £	Other £
Expiry date				
- within one year	43,455	718,150	13,201	232,075
- between two and five years	37,000	652,689	95,017	571,280
- after five years	75,000	-	75,000	-
	<u>155,455</u>	<u>1,370,839</u>	<u>183,218</u>	<u>803,355</u>

### 17 Capital commitments

Amounts contracted for but not provided in the accounts amounted to £42,194 (2011 £5,882,084)

### 18 Contingent liabilities

The Company has in the normal course of business given guarantees in respect of bonds relating to the Company's own contracts, from which no losses are expected to arise. The maximum liability under these at 31 December 2012 was £4,528,385 (2011 £1,262,091)

### 19 Related party transactions

During the year the Company sold and purchased goods and services in the ordinary course of business at market rates and terms from a number of related parties. Amounts owed by and to these companies are disclosed below

	Year ended 31 December 2012 £	Year ended 31 December 2011 £	Balance outstanding at 31 December 2012 £	Balance outstanding at 31 December 2011 £
<b>Sales</b>				
BEAR Scotland Limited	-	3,360	-	-
Ringway Jacobs Limited	-	715,343	-	134,407
	<u>-</u>	<u>718,703</u>	<u>-</u>	<u>134,407</u>
<b>Purchases</b>				
Eurosigns (UK) Limited	903,341	763,489	120,917	23,819
BEAR Scotland Limited	917,701	712,437	100,106	613
	<u>1,821,042</u>	<u>1,475,926</u>	<u>221,023</u>	<u>24,432</u>

**Notes** *(continued)*

**20 Parent company and ultimate controlling party**

The largest group in which the results of the Company are consolidated is that headed by VINCI SA, incorporated in France. This is the ultimate parent company and the ultimate controlling party. The smallest group in which they are consolidated is that headed by Eurovia Group Limited, the Company's immediate parent undertaking incorporated in England and Wales. The consolidated financial statements of these groups are available to the public and may be obtained respectively from the Secretary, VINCI SA, 1 Cours Ferdinand-de-Lesseps, 92851 – Rueil Malmaison Cedex, France, or the Secretary, Eurovia Group Limited, Albion House, Springfield Road, Horsham, West Sussex RH12 2RW.