

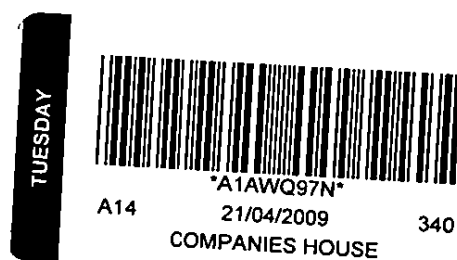
03575157

## **Abbey Pynford Foundation Systems Ltd**

Report and Financial Statements

Year Ended

30 September 2008



**IBDO**

**BDO Stoy Hayward**  
Chartered Accountants

# **Abbey Pynford Foundation Systems Ltd**

**Annual report and financial statements  
for the year ended 30 September 2008**

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## **Directors**

P Kiss  
P Jones  
A Tear  
P Shiells  
M Badham

## **Secretary and registered office**

P Kiss, Second Floor Hille House, 132A St Albans Road, Watford, Herts WD24 4AQ

## **Company number**

3575157

## **Auditors**

BDO Stoy Hayward LLP, Prospect Place, 85 Great North Road, Hatfield, Herts, AL9 5BS

# **Abbey Pynford Foundation Systems Ltd**

## **Report of the directors for the year ended 30 September 2008**

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The directors present their report together with the audited financial statements for the year ended 30 September 2008.

### **Results and dividends**

The profit and loss account is set out on page 5 and shows the profit for the year.

### **Principal activities, review of business and future developments**

Originally the principal activity of this company was that of underpinning.

The company now also offers further services which utilize underpinning techniques including mini piling and retro construct basements, grouting, high Level Beams for use in refurbishment projects, lifting and moving buildings and specialist foundation work in the Rail and Tube line sectors.

Clients range from insurance companies, private clients, contractors, developers, commercial companies, local authorities and Rail organisations.

Works are generally contracted on a design and build basis where the company provide complete geo structural solutions based on performance specifications.

The company predicts future growth in these markets due to its growing reputation for successfully undertaking complex work on restricted and difficult sites.

### **Review of the Business**

The profit and loss account is set out on page 5 and shows turnover for the year of £8,703,559 and profit for the year before tax of £401,207. While these figures are modest, they are considered by the group to be acceptable as a considerable drain was imposed on the company by expanding our basement business.

Our forecast for 2009 is a reduced sales turnover of £8.55 million. The net position however is expected to improve as the business strengthens its position in its current market areas. The growth of the retro construct basement market and rail markets are strong and the company has recruited staff to give this sector particular focus.

### **Principal risks and uncertainties**

The principal risks are those common to businesses in this sector and are of a contractual nature. Uncertainties are mainly that of the economy but the company undertakes a diverse range of work for a diverse range of clients and this has proven to protect the company in lean times.

The track record of the company on both residential and commercial complex work is very good. This is mainly due to the highest level of expertise that has been recognised by the company as a pre-requisite to undertaking such work. The company plans to improve QMS following the introduction into the Abbey Pynford Piling and Foundations Ltd.

Risks due to bad debts are minimised by careful credit checking and the insistence on pre-payments where appropriate.

Cash flows are monitored weekly by all directors. The company is financed by invoice discounting and this has been renewed for a further 2 years.

### **Post balance sheet events**

There have been no events since the balance sheet date which materially affect the position of the company.

# Abbey Pynford Foundation Systems Ltd

## Report of the directors for the year ended 30 September 2008 (*continued*)

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### Directors

The directors of the company during the year were:

P Kiss  
P Jones  
A Tear  
P Shiells  
M Badham

### Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

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

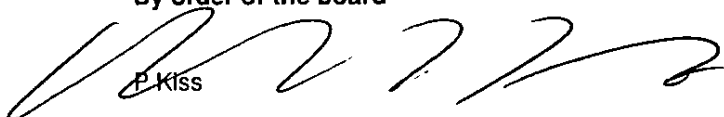
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the 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 Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

### By order of the board



P. Kiss

### Secretary

Date: 6 April 2009

# **Abbey Pynford Foundation Systems Ltd**

## **Independent auditor's report**

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### **To the shareholders of Abbey Pynford Foundation Systems Ltd**

We have audited the financial statements of Abbey Pynford Foundation Systems Ltd for the year ended 30 September 2008 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### *Respective responsibilities of directors and auditors*

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

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

#### *Basis of audit opinion*

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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.

# Abbey Pynford Foundation Systems Ltd

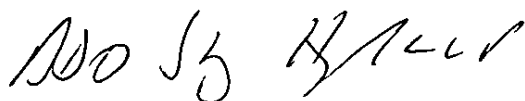
## Independent auditor's report (*continued*)

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### *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 30 September 2008 and of its profit for the year 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.



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

Date:

6 April 2009

# Abbey Pynford Foundation Systems Ltd

## Profit and loss account for the year ended 30 September 2008

	Note	2008 £	2007 £
<b>Turnover</b>	2	<b>8,703,559</b>	6,990,341
Cost of sales		<b>6,310,515</b>	5,043,503
<b>Gross profit</b>		<b>2,393,044</b>	1,946,838
Distribution costs		153,189	51,305
Administrative expenses		<b>1,828,857</b>	1,521,773
<b>Operating profit</b>	3	<b>410,998</b>	373,760
Other interest receivable and similar income		4,181	1,348
Interest payable and similar charges	6	(13,972)	(6,300)
<b>Profit on ordinary activities before taxation</b>		<b>401,207</b>	368,808
Taxation on profit on ordinary activities	7	<b>68,450</b>	36,765
<b>Profit on ordinary activities after taxation</b>		<b>332,757</b>	332,043

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.

There are no movements in shareholders' funds in the current or prior year apart from the profit for the year.

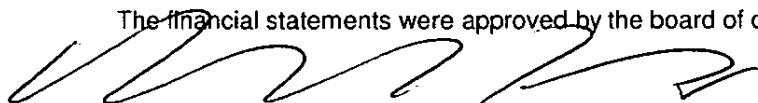
The notes on pages 7 to 15 form part of these financial statements.

# Abbey Pynford Foundation Systems Ltd

## Balance sheet at 30 September 2008

	Note	2008 £	2008 £	2007 £	2007 £
<b>Fixed assets</b>					
Tangible assets	8		608,004		522,732
<b>Current assets</b>					
Stocks	9	56,954		207,618	
Debtors	10	1,628,540		2,596,154	
Cash at bank and in hand		439,827		72,484	
		<u>2,125,321</u>		<u>2,876,256</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>1,300,017</u>		<u>2,420,831</u>	
<b>Net current assets</b>			<u>825,304</u>		<u>455,425</u>
<b>Total assets less current liabilities</b>			<u>1,433,308</u>		<u>978,157</u>
<b>Creditors: amounts falling due after more than one year</b>	12	108,000		-	
<b>Provisions for liabilities</b>	13	<u>70,895</u>		<u>56,501</u>	
			<u>178,895</u>		<u>56,501</u>
			<u>1,254,413</u>		<u>921,656</u>
<b>Capital and reserves</b>					
Called up share capital	15		50,000		50,000
Profit and loss account	16		1,204,413		871,656
<b>Shareholders' funds</b>			<u>1,254,413</u>		<u>921,656</u>

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



P Kiss  
Director

The notes on pages 7 to 15 form part of these financial statements.



# Abbey Pynford Foundation Systems Ltd

## Notes forming part of the financial statements for the year ended 30 September 2008

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### 1 Accounting policies

The financial statements have been prepared under the historical cost convention.

The following principal accounting policies have been applied:

#### *Cash flow statement*

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Abbey Pynford Holdings Plc and the company is included in consolidated financial statements.

#### *Turnover*

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts. Income is recognised on a work certified basis. Retentions are recognised when the final certificate is submitted to clients upon completion.

#### *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:

Plant and machinery	- 10% - 25%
Motor vehicles	- 25%
Fixtures and fittings	- 25%

#### *Stocks*

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

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.

#### *Research*

Expenditure on pure and applied research is charged to the profit and loss account in the year in which it is incurred.

#### *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:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

# Abbey Pynford Foundation Systems Ltd

## Notes forming part of the financial statements for the year ended 30 September 2008 (continued)

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### 1 Accounting policies (continued)

#### *Deferred taxation (continued)*

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.

#### *Leased assets*

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

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

#### *Pension costs*

The company operates a stakeholder pension scheme for employees. No contribution is made by the company. Pension contributions are made in respect of the directors and charged to the profit and loss account when premiums are paid to individual schemes operated by individual insurance companies.

#### *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 members or investees of the group headed by Abbey Pynford Holdings Plc on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

#### *Provisions for guarantees*

Provisions for the expected costs of maintenance under guarantees are charged against profits when products have been invoiced. The effect of the time value of money is not material and therefore the provisions are not discounted.

#### *Invoice discounted debts*

Where invoice discounted debts can be separately identified and the financing house has no recourse to the other assets of the company, a linked presentation is adopted.

### 2 Turnover

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

# Abbey Pynford Foundation Systems Ltd

Notes forming part of the financial statements  
for the year ended 30 September 2008 (continued)

## 3 Operating profit

	2008 £	2007 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	122,660	128,989
Hire of plant and machinery - operating leases	20,527	46,611
Hire of other assets - operating leases	52,024	42,768
Auditors' remuneration	5,500	5,000
Non-audit services	1,000	950
	<u>191,711</u>	<u>224,328</u>

## 4 Employees

Staff costs (including directors) consist of:

	2008 £	2007 £
Wages and salaries	1,032,172	794,795
Social security costs	120,855	102,034
Other pension costs	7,893	14,493
	<u>1,160,920</u>	<u>911,322</u>

The average number of employees (including directors) during the year was 33 (2007 - 29).

## 5 Directors' remuneration

	2008 £	2007 £
Directors' emoluments	87,056	85,516
Company contributions to money purchase pension schemes	12,900	6,082
	<u>99,956</u>	<u>91,598</u>

## 6 Interest payable and similar charges

	2008 £	2007 £
Bank loans and overdrafts	13,972	5,217
Finance leases and hire purchase contracts	-	1,083
	<u>13,972</u>	<u>6,300</u>

# Abbey Pynford Foundation Systems Ltd

Notes forming part of the financial statements  
for the year ended 30 September 2008 (*continued*)

## 7 Taxation on profit on ordinary activities

	2008 £	2007 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	48,452	45,222
Adjustment in respect of previous periods	5,604	-
	<hr/>	<hr/>
Total current tax	54,056	45,222
<i>Deferred tax</i>		
Origination and reversal of timing differences	14,394	(8,457)
	<hr/>	<hr/>
Taxation on profit on ordinary activities	68,450	36,765
	<hr/>	<hr/>

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:

	2008 £	2007 £
Profit on ordinary activities before tax	401,207	368,808
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 29% (2007 - 30%)	116,350	110,642
Effect of:		
Expenses not deductible for tax purposes	282	1,873
Capital allowances for period in (excess)/deficit of depreciation	(18,220)	4,421
Adjustment to tax charge in respect of previous periods	5,604	-
Group relief	(45,924)	(66,302)
Short term timing differences	81	-
Effect of small companies taxation rate	(4,117)	(5,412)
	<hr/>	<hr/>
Current tax charge for the year	54,056	45,222
	<hr/>	<hr/>

# Abbey Pynford Foundation Systems Ltd

Notes forming part of the financial statements  
for the year ended 30 September 2008 (continued)

## 8 Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<i>Cost or valuation</i>				
At 1 October 2007	1,468,799	80,345	14,500	1,563,644
Additions	193,225	51,646	-	244,871
Disposals	(387,593)	-	-	(387,593)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2008	1,274,431	131,991	14,500	1,420,922
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 October 2007	1,006,976	27,592	6,344	1,040,912
Provided for the year	94,233	28,427	-	122,660
Disposals	(350,654)	-	-	(350,654)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2008	750,555	56,019	6,344	812,918
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 30 September 2008	523,876	75,972	8,156	608,004
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2007	461,823	52,753	8,156	522,732
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of tangible fixed assets includes an amount of £178,500 (2007 - £401,779) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £1,490 (2007 - £118,945).

## 9 Stocks

	2008 £	2007 £
Raw materials and consumables	36,017	48,764
Work in progress	20,937	158,854
	<hr/>	<hr/>
	56,954	207,618
	<hr/>	<hr/>

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

# Abbey Pynford Foundation Systems Ltd

Notes forming part of the financial statements  
for the year ended 30 September 2008 (continued)

## 10 Debtors

	2008 £	2007 £
Amounts receivable within one year		
Trade debtors	1,092,957	1,142,686
Amounts owed by group undertakings	448,355	1,393,343
Prepayments and accrued income	37,228	10,125
	<u>1,578,540</u>	<u>2,546,154</u>
Amounts receivable after more than one year		
Amounts owed by group undertakings	50,000	50,000
	<u>50,000</u>	<u>50,000</u>
Total debtors	<u>1,628,540</u>	<u>2,596,154</u>

Abbey Pynford Foundation Systems Limited has a debt purchase agreement with its bankers.

## 11 Creditors: amounts falling due within one year

	2008 £	2007 £
Bank loans and overdrafts (secured)	32,115	89,491
Trade creditors	421,871	520,707
Amounts owed to group undertakings	-	1,101,637
Taxation and social security	391,294	347,299
Obligations under finance lease and hire purchase contracts	54,000	17,999
Accruals and deferred income	400,737	343,698
	<u>1,300,017</u>	<u>2,420,831</u>

The invoice discounting agreement is secured by a fixed and floating charge over all of the assets and property of the company. The Abbey Pynford group of companies also has a group bank set off agreement, omnibus guarantee and fixed and floating charge. The invoice discounting facility was renewed post year end.

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

	2008 £	2007 £
Obligations under finance lease and hire purchase contracts	108,000	-
	<u>108,000</u>	<u>-</u>

# Abbey Pynford Foundation Systems Ltd

Notes forming part of the financial statements  
for the year ended 30 September 2008 (continued)

## 12 Creditors: amounts falling due after more than one year (continued)

Maturity of debt:

	Loans and overdrafts 2008 £	Loans and overdrafts 2007 £	Finance leases 2008 £	Finance leases 2007 £
In one year or less, or on demand	32,115	89,491	54,000	17,999
In more than two years but not more than five years	-	-	108,000	-

The finance leases are secured over the assets giving rise to them.

## 13 Provisions for liabilities

	Deferred taxation £
At 1 October 2007	56,501
Charged to profit and loss account	14,394
	<hr/>
At 30 September 2008	70,895
	<hr/>
<i>Deferred taxation</i>	
	2008 £
	2007 £
Accelerated capital allowances	70,895
	<hr/>
	56,501
	<hr/>

## 14 Pensions

The company makes contributions to directors own pension executive schemes operated by individual insurance companies. The total contributions paid in the year amounted to £12,900 (2007: £6,082). Pension payments accruing at the year end were £nil (2007: £nil).

# Abbey Pynford Foundation Systems Ltd

Notes forming part of the financial statements  
for the year ended 30 September 2008 (continued)

## 15 Share capital

	2008 £	Authorised 2007 £	Allotted, called up and fully paid 2008 £	2007 £
40,000 "A" ordinary shares of £1 each	40,000	40,000	40,000	40,000
10,000 "B" ordinary shares of £1 each	10,000	10,000	10,000	10,000
	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

The A and B shares rank pari passu except for each class of share may participate in such dividends as may be declared in the proportions recommended by the directors.

## 16 Reserves

	Profit and loss account £
At 1 October 2007	871,656
Profit for the year	332,757
	<u>1,204,413</u>
At 30 September 2008	

## 17 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2008 £	Other 2008 £	Land and buildings 2007 £	Other 2007 £
Operating leases which expire:				
In two to five years	<u>41,114</u>	<u>35,508</u>	<u>-</u>	<u>39,256</u>



[REDACTED]

[REDACTED]

[REDACTED]

# **Abbey Pynford Foundation Systems Ltd**

**Notes forming part of the financial statements  
for the year ended 30 September 2008 (*continued*)**

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## **18 Ultimate parent company and parent undertaking of larger group**

The company is a subsidiary of Abbey Pynford Holdings Plc which is the ultimate parent company incorporated in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by Abbey Pynford Holdings Plc, incorporated in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from 2nd Floor Hille House, 132A St Albans Road, Watford, Herts, WD24 4AQ. No other group accounts include the results of the company.

## **19 Contingent liabilities**

The company continues to receive various claims in the normal course of its business, certain of which had not been resolved when these financial statements were approved by the Board. The company always disputes any claims made against it and mounts a rigorous defence thereof. The directors are of the opinion that in respect of some of these claims, the company is able to make counter claims or a necessary provision regarding these claims is made in the financial statements.

