

# 2007

## Financial Report



Summary

Turning Vision into Value.



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## Directors and advisors for the year ended 31 December 2007

### Executive directors

S Ives

T P Lloyd

S Hebgen

U Reinke

H Funke-Oberhag (appointed 29th June 2007)

### Secretary and registered office

T P Lloyd

Epsilon

Windmill Hill Business Park

Swindon

Wiltshire SN5 6NX

### Registered auditors

Deloitte & Touche LLP

Reading

### Registered Number

2489026



## Directors' report for the year ended 31 December 2007

The directors present their annual report and the audited financial statements for the year ended 31 December 2007.

### Principal activities

The principal activity of the group continues to be building and civil engineering construction both on the company's own account and in joint arrangements.

### Review of business

The Board is pleased to report a profit before tax of £1.6m for the current year, being 3.7% of Turnover.

The business is managed by monitoring a range of financial and non-financial KPI's, principally turnover, operating profit, cash balances and reportable accidents. The turnover has decreased from £47.0m to £43.2m, down 8%, due to a small reduction in contract income from new and existing contracts. Operating profit was lower at £.09m compared with £2.1m the previous year, but has exceeded the company forecast expectations for the current year. Although the Group cash balance at year end is £9.5m, down £3.3m from 2006, the level of Creditors have reduced to £11.0m in the current year compared with £18.5m in 2006, being a reduction of 40% . The Company Accident Frequency Rate has again improved in the current year from 0.28 in 2006 to 0.22 in 2007 using a base of 100,000 employed hours per year.

Operations in South Wales have again proved to be very successful in 2007 with continued good opportunities for 2008. The Board has also continues to focus its attention to increase its market share in the South East of England.

The company has built upon its close cooperation with the Hochtief European competence centres, and has recently been successful in being awarded the contract to build a new Waste to Energy Plant in partnership with the Hochtief Energy Division.

## **Directors' report for the year ended 31 December 2007 (continued)**

### **Directors**

The directors of the company during the year ended 31 December 2007, and to the date of signing were as detailed on page 2.

### **Employment policies**

The group's policies respect the individual regardless of sex, race or religion. Full and fair consideration is given to applications for employment from disabled people having regard to their particular aptitudes and abilities.

It is company policy to ensure the health and safety of employees and visitors. Employees are encouraged to participate in health and safety matters and the group continually seeks to improve safety standards.

### **Environmental policy**

The directors recognise and accept that concern for the environment is an essential part of business strategy and seek to minimise risk to the environment by effective management of the group's resources.

## Consolidated profit and loss account for the year ended 31 December 2007

	<b>2007</b> <b>£'000</b>
Turnover	43,215
Cost of sales	(37,485)
Gross profit	5,730
Other operating expenses	(4,784)
<b>Operating profit</b>	946
Interest receivable and similar income	788
Interest payable and similar charges	(108)
<b>Profit on ordinary activities before taxation</b>	1,626
Taxation	229
<b>Retained profit for the financial year</b>	1,397

All results derive from continuing operations in both the current and preceding financial years.

## Statement of total recognised gains and losses for the year ended 31 December 2007

	<b>2007 £'000</b>
Profit for the year	1,397
Actuarial profit/(loss) on pension scheme	2,289
<b>Total recognised gains for the financial year, being total gains recognised since last annual report</b>	<b>3,686</b>

## Balance sheet as at 31 December 2007

	<b>2007 £'000</b>
<b>Fixed assets</b>	
Tangible assets	1,659
Investments	-
	1,659
<b>Current assets</b>	
Stocks	-
Debtors - due within one year	7,286
- due after one year	413
Cash at bank and in hand	9,472
	17,171
Creditors: amounts falling due within one year	(11,026)
<b>Net current assets</b>	6,145
<b>Total assets less current liabilities</b>	7,804
Creditors : amounts falling due after more than one year	(183)
<b>Net assets excluding pension deficit</b>	7,621
Pension deficit	(1,815)
<b>Net assets including pension deficit</b>	5,806
<b>Capital and reserves</b>	
Called up share capital	27,700
Profit and loss account	(21,894)
<b>Total shareholders' funds</b>	5,806

## Ultimate and immediate parent companies

HOCHTIEF Construction Aktiengesellschaft, a company incorporated and registered in Germany, has a 100% interest in the equity share capital of HOCHTIEF (UK) Construction Limited at 31 December 2007 and is the company's immediate parent undertaking. The ultimate parent company is HOCHTIEF Aktiengesellschaft, a company incorporated and listed in Germany. Copies of the immediate and ultimate parent's consolidated financial statements may be obtained from HOCHTIEF (UK) Construction Limited at its registered office.



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