

***adroit***

Construction Services

Annual Report 2009

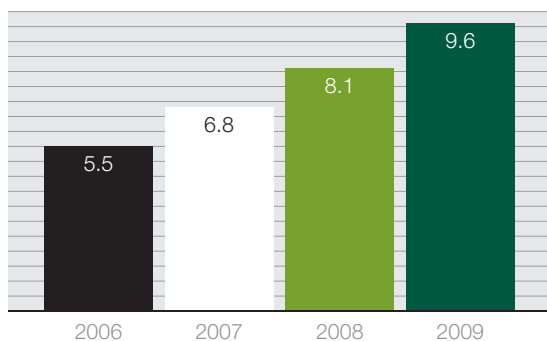
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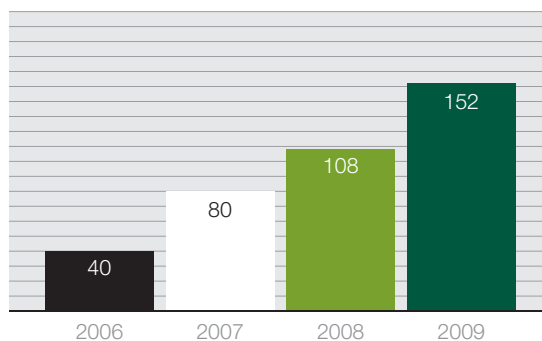
## Financial Highlights

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**Turnover** £'m



**Operating Profit** £'000



# Company Information

## Directors

J Broome - Chairman  
D J Broome - Deputy Chairman  
G C Allchurch - Managing

## Company Secretary

P Barrington

## Headquarters & Registered Office

Adroit Construction Services PLC  
Avon House  
Buntsford Drive  
Bromsgrove  
Worcestershire  
B60 4JE  
0333 240 0428  
[www.adroitgroup.co.uk](http://www.adroitgroup.co.uk)

## Registered Number

00567427 (England and Wales)

## Auditors

Crombies Accountants Limited  
Wolverhampton  
WV1 4DG

## Bankers

Barclays Bank Plc  
Birmingham  
BX3 2BB

# Managing Directors Review of the Year

Adroit Construction Services plc ("ACS") has continued with growth and performance improvements during the year with increased turnover of 19% at £9.6 million and with operating profit up 38% to £152,000. A continued sense of focus is apparent with confidence in the organisation continuing to grow.

Positive cash flow has been maintained throughout the year ensuring that the organisation has been self financing. With the movement into new markets and with new clients, cash flow needs to be examined at all stages with the anticipation of maintaining a positive assessment on all ventures.

ACS has continued to build on, and benefit from, its specialist capability in the area of multi-disciplined contracting which it is able to perform in conjunction with the more specialist skills of Process Engineering. ACS continues to diversify into new markets and now has four principle areas of activity:

- Water & Waste Water
- Power & Substations
- Infrastructure & Rail
- Renewable Energy

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The water sector is the dominant industry and services include virtually all aspects of waste and potable water installations focusing on a contract range from small works at £25,000 up to contracts in excess of £1m. A new market sector and company culture has to be developed as we no longer have the benefit of security of work from key AMP Clients. We are encouraged with the reputation built up in this sector and the interest generated by major contractors who see Adroit Construction as being key to their success as part of their supply chain. We also perceive the Power and Substations sector growing during the next reporting period with interest from a new Client base as we promote the company's capability more widely.

A key focus for the next reporting period is to promote the company's skill base more widely. New clients are surprised and interested at the capability of Adroit Construction who are able to provide a multi-disciplined construction service consisting of civil, mechanical and electrical teams and with added value through the process design and commissioning teams. We are able to provide a seamless package from conception to hand-over of a working facility.

With headquarters in Bromsgrove, Worcestershire the skills and flexibility that flow from the directly employed workforce is much valued by our clients. Growth will be assisted by geographical reach and the new client base. The London satellite office has now satisfied the investment by generating contract work in the area and further office locations have since been established in Manchester and Glasgow.

A strong order book should deliver a significant increase in turnover in the coming year with overall prospects for the business being very encouraging despite the general economic conditions. Marketing and business development is now key to further growth and success with this is being addressed at senior levels. As a result of this initiative,

recruitment is constantly being reviewed, to meet the demands of our ever expanding workload client base.

The company has a commitment to streamline and improve our IT systems to enable better communications and efficiency throughout the company and on our sites.

Health, safety, environmental and quality systems are paramount to the success of Adroit Construction with clients looking for this level of commitment from their supply chain. ACS operates a comprehensive Integrated Management System and has now achieved ISO 18001, Occupational Health and Safety accreditation supplementing its previous accreditations of ISO 9001 and ISO 14001

**G C Allchurch**

Director

26 February 2010

# Report of the Directors

The directors present their report with the financial statements of the company for the year ended 30 September 2009.

## Principal Activities & Review of Business

The principal activity of the company in the year under review was that of civil engineering and public works contractors.

A review of the company's business, financial performance and future development is contained in the managing director's review.

## Dividends

No interim dividend was paid during the year. The directors recommend a final dividend of 5p per share.

The total distribution of dividends for the year ended 30 September 2009 will be £9,952.

## Directors

The directors shown below have held office during the whole of the period from 1 October 2008 to the date of this report.

J Broome - Chairman  
D J Broome  
G C Allchurch

On 23 December 2009, G C Allchurch became managing director and D J Broome became deputy chairman.

J Broome and D J Broome were directors of the holding company, Adroit Group Limited, throughout the year. The directors' beneficial interest in the issued ordinary share capital of the holding company are given in the group financial statements.

## Company's Policy on Payment of Creditors

It is the company's policy to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure the suppliers are aware of those terms and to pay suppliers in accordance with the agreed terms of settlement, provided they have complied with their obligations.

In respect of the year under review, the number of creditor days after retention was 52.

## 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). 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

### Statement as to Disclosure of Information to Auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Auditors

The auditors, Crombies Accountants Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

### On behalf of the board

The auditors, Crombies Accountants Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**P Barrington**

Secretary

26 February 2010

# Report of the Independent Auditors to the Shareholders

We have audited the financial statements of Adroit Construction Services plc for the year ended 30 September 2009 on pages six to twelve. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 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.

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## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

## Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

## 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.

**P.G. Taylor FCA**

Senior Statutory Auditor

For and on behalf of:  
Crombies Accountants Limited  
34 Waterloo Road  
Wolverhampton  
WV1 4DG

26 February 2010

### Note:

The maintenance and integrity of the company's web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

# Profit & Loss Account

		<u>2009</u>	<u>2008</u>
	Notes	£'000	£'000
TURNOVER	2	9,580	8,076
Cost of sales		<u>(6,161)</u>	<u>(5,539)</u>
GROSS PROFIT		3,419	2,537
Administrative expenses		<u>(3,267)</u>	<u>(2,429)</u>
OPERATING PROFIT	4	152	108
Interest receivable and similar income	5	<u>-</u>	<u>2</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		152	110
Tax on profit on ordinary activities	6	<u>126</u>	<u>(1)</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u><u>278</u></u>	<u><u>109</u></u>

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## CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

## TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year.

The notes form part of these financial statements

# Balance Sheet

		2009		2008	
	Notes	£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	8		338		285
CURRENT ASSETS					
Debtors	10	2,718		2,141	
Cash at bank and in hand		<u>804</u>		<u>309</u>	
		3,522		2,450	
CREDITORS: Amounts falling due within one year	11	<u>(3,149)</u>		<u>(2,292)</u>	
NET CURRENT ASSETS			<u>373</u>		<u>158</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>711</u>		<u>443</u>
CAPITAL AND RESERVES					
Called up share capital	13		199		199
Profit and loss account	14		<u>512</u>		<u>244</u>
SHAREHOLDERS' FUNDS	19		<u>711</u>		<u>443</u>

The financial statements were approved by the Board of Directors on 26 February 2010 and were signed on its behalf by:

**D J Broome**  
 Director  
 26 February 2010

The notes form part of these financial statements

# Notes to the Financial Statements

## 1. ACCOUNTING POLICIES

### Accounting convention

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

The financial statements present information as an individual company and not as a group.

The company has taken advantage of the exemption provided by Section 400 of the Companies Act 2006 not to prepare group financial statements, in that the company is included in consolidated financial statements for a larger group drawn up to the same date.

### Turnover

Turnover represents, with the exception of civil engineering contracts, the invoiced value of goods and services, excluding value added tax. Civil engineering contracts are included in turnover at the sales value of work certified up to the balance sheet date.

### Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 25% on cost
Motor vehicles	- 25% - 33% on cost
Computers and office equipment	- 20% - 25% on cost

### Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

### Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

### Civil engineering contracts

Amounts recoverable on contracts, which are included in debtors, represent the sales value of work certified not invoiced at the balance sheet date, less any necessary provisions for remedial or guarantee work. Contract provisions on individual contracts which are in excess of the amounts recoverable on the contract are shown as provisions for liabilities and charges. A prudent estimate of the profit attributable to work certified is recognised when the outcome of the contract can be reasonably foreseen.

### Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No. 1 from producing a cash flow statement on the grounds that a consolidated cash flow statement will be included in the consolidated accounts of the holding company.

## Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

## 2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

All income arose in the United Kingdom.

## 3. STAFF COSTS

	2009	2008
	£'000	£'000
Wages and salaries	2,969	2,610
Social security costs	261	224
Other pension costs	88	84
	<u>3,318</u>	<u>2,918</u>

The average monthly number of employees during the year was as follows:

	2009	2008
Production and sales	41	40
Office and management	44	44
	<u>85</u>	<u>84</u>

## 4. OPERATING PROFIT

The operating profit is stated after charging:

	2009	2008
	£'000	£'000
Hire of plant and machinery	503	498
Depreciation - owned assets	135	78
Loss on disposal of fixed assets	3	3
Auditors' remuneration	9	9
Operating lease rentals - plant and machinery	<u>20</u>	<u>37</u>

	2009	2008
	£	£
Directors' emoluments	81,453	70,340
Directors' pension contributions to money purchase schemes	<u>13,300</u>	<u>12,000</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
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## 5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2009 £'000	2008 £'000
Bank interest receivable	-	2

## 6. TAXATION

### Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2009 £'000	2008 £'000
Current tax:		
UK corporation tax	-	1
Origination and reversal of timing differences	(126)	-
Tax on profit on ordinary activities	(126)	1

### Factors affecting the tax (credit)/charge

The tax assessed for the year is different to the standard rate of corporation tax in the UK.

The difference is explained below:

	2009 £'000	2008 £'000
Profit on ordinary activities before tax	152	109
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 - 29%)	43	32
Effects of:		
Depreciation for the year in excess of capital allowance	11	19
Expenses not deductible for tax purposes	3	1
Utilisation of losses brought forward	(57)	(51)
Current tax (credit)/charge	-	1

The 2008 charge to UK corporation tax included a payment to fellow subsidiary company in respect of group relief. The payment was based on the equivalent rate of corporation tax.

## 7. DIVIDENDS

	2009 £'000	2008 £'000
Ordinary shares of £1 each		
Final dividend paid	10	-

## 8. TANGIBLE FIXED ASSETS

	Plant and machinery	Motor vehicles	Computers and office equipment	Totals
	£'000	£'000	£'000	£'000
<b>COST</b>				
At 1 October 2008	7	319	129	455
Additions	-	199	1	200
Disposals	-	(57)	-	(57)
At 30 September 2009	7	461	130	598
<b>DEPRECIATION</b>				
At 1 October 2008	2	131	37	170
Charge for year	2	111	22	135
Eliminated on disposal	-	(45)	-	(45)
At 30 September 2009	4	197	59	260
<b>NET BOOK VALUE</b>				
At 30 September 2009	3	264	71	338
At 30 September 2008	5	188	92	285

## 9. FIXED ASSET INVESTMENTS

The company's investments at the balance sheet date in the share capital of companies include the following:

### Gamma Automation Controls Limited

Nature of business: Design and install process systems

Class of shares:	% holding
Ordinary	100.00

A provision for a decrease in value writing off the total cost of the company's investment in its subsidiary company, was made in prior years. The subsidiary did not trade during the year ended 30th September 2009..

## 10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £'000	2008 £'000
Trade debtors	1,515	624
Amounts recoverable on contracts	756	1,288
Amount due from group companies	272	151
Deferred tax asset	126	-
Prepayments and accrued income	49	78
	<u>2,718</u>	<u>2,141</u>

## 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £'000	2008 £'000
Trade creditors	2,855	1,907
Social security and other taxes	203	242
Amount due to group companies	-	15
Accrued expenses	91	128
	<u>3,149</u>	<u>2,292</u>

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## 12. DEFERRED TAX

	£'000
Movement in year	<u>(126)</u>
Balance at 30 September 2009	<u>(126)</u>

The company has recognised the deferred tax asset in respect of unrelieved tax losses in these accounts as it now considers that these will be recovered in the foreseeable future.

## 13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal	2009	2008
Number:	Class:	value:	£'000	£'000
199,200	Ordinary	£1	<u>199</u>	<u>199</u>

## 14. RESERVES

	Profit and loss account £'000
At 1 October 2008	244
Profit for the year	278
Dividends	<u>(10)</u>
At 30 September 2009	<u><u>512</u></u>

## 15. PENSION COMMITMENTS

The company contributes to the group pension scheme. The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund.

The pension cost charge represents contributions payable by the company to the fund and amounted to £88,000 (2008 £84,000).

## 16. ULTIMATE PARENT COMPANY

The ultimate holding company is Adroit Group Limited, a company registered in England and Wales.

The largest group of undertakings for which group accounts are drawn up is Adroit Group Limited.

## 17. CONTINGENT LIABILITIES

The company is a party to a composite account agreement between Adroit Group Limited and its bankers which provides unlimited cross-guarantees by and between all parties to the agreement, secured by a cross debenture.

At 30th September 2009 the group's net indebtedness to its bankers under this agreement was £299,000 (2008 £ nil).

## 18. OTHER FINANCIAL COMMITMENTS

Operating leases

Annual commitments at 30th September 2009 under operating leases are as follows:-  
Plant and machinery

	2009 £'000	2008 £'000
Expiring in less than one year	<u>-</u>	<u>21</u>

## 19. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption not to disclose group transactions on the grounds that consolidated financial statements of the holding company, Adroit Group Limited, which include Adroit Construction Services plc are publicly available.

## 20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009	2008
	£'000	£'000
Profit for the financial year	278	109
Dividends	<u>(10)</u>	<u>-</u>
Net addition to shareholders' funds	268	109
Opening shareholders' funds	<u>443</u>	<u>334</u>
Closing shareholders' funds	<u><u>711</u></u>	<u><u>443</u></u>



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Construction Services

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