

Gleeson Capital Solutions Limited
Directors' report and
financial statements
Registered number 05276021
30 June 2011



Directors' report and financial statements

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Company information

The board of directors	A C Martin
Company Secretary	A C Martin
Registered Office	Sentinel House Harvest Crescent Ancells Business Park Fleet Hampshire GU51 2UZ
Auditors	KPMG Audit Plc Chartered Accountants & Registered Auditor 1 The Embankment Neville Street Leeds LS1 4DW
Bankers	Santander UK Plc Davidson House Forbury Square Reading RG1 3EU

Directors' report

The directors present their annual report and the audited financial statements of the company for the year ended 30 June 2011

Principal activities

The Company's principal activity of the business during the year was the provision of bid management, accounting and operational management services to joint venture companies in the PFI industry. On 30 June 2011, the accounting and operation management were transferred out of the company for £nil consideration.

The Company is a limited liability company incorporated and domiciled in the United Kingdom.

Business review

The results for the company are set out in the following financial statements. On 30 June 2011, the company transferred the accounting and operation management for £nil consideration.

Dividend

No dividend is proposed (2010: nil). The result for the financial year is set out in the income statement on page 7.

Key Performance Indicators

Revenue, operating (loss)/profit and operating margin (defined as operating (loss)/profit expressed as a percentage of revenue) are the key measures of financial performance in the company, and are as follows:

	2011	2010
Revenue (£000's)	425	618
Operating (loss) (£000's)	(278)	(34)
Operating margin	-6.7%	-5.5%

Directors

The directors who served during the year are listed below:

C Rossiter (resigned 23 November 2011)
NC Holt (resigned 30 September 2010)
AC Martin

Employee policy

It is our policy to ensure that we provide a safe, professional and stable working environment, that all employees are afforded equal opportunities regardless of their age, sex, colour, race, religion or ethnic origin and that disabled persons are not disadvantaged.

Creditor payment policy

Payment terms are agreed with company's suppliers and every effort is made to adhere to these terms. Payments are made when it can be confirmed that goods and/or services have been provided in accordance with the relevant contractual conditions. The company's average trade creditor payment period at 30 June 2011 was 82 days (2010 40 days).

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

A resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at a forthcoming General Meeting.

Political and charitable donations

Donations to charitable organisations amounted to £Nil (2010 £250).

Signed on behalf of the directors,



A C Martin
Director

Approved by the directors on 9 January 2012

Statement of directors' responsibilities in respect of the Directors' Report and the 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 IFRSs as adopted by the EU 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 judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, 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 auditors' report to the members of Gleeson Capital Solutions Limited

We have audited the financial statements of Gleeson Capital Solutions Limited for the year ended 30 June 2011 set out on pages 7 to 19. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As 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 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 (APB'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 APB's web-site at www.frc.org.uk/apb/scope/private.cfm

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 30 June 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, 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.

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



Chris Hearld (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

KPMG Audit Plc
Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW
9 January 2012

Statement of comprehensive income
For the year ended 30 June 2011

	Notes	2011 £000	2010 £000
Revenue		425	618
Gross profit		425	618
Administrative expenses		(703)	(652)
Operating loss		(278)	(34)
Financial costs	5	(33)	(21)
Loss before taxation	3	(311)	(55)
Taxation	6	4	-
Loss for the year		(307)	(55)

Statement of financial position

As at 30 June 2011

	Notes	2011 £000	2010 £000
Non-current assets			
Deferred tax assets	7	-	-
		<u>-</u>	<u>-</u>
Current assets			
Trade and other receivables	8	112	215
		<u>112</u>	<u>215</u>
Total assets		<u>112</u>	<u>215</u>
Current liabilities			
Bank overdraft		(169)	(694)
Trade and other payables	9	(1,194)	(316)
Provisions	10	-	(55)
		<u>(1,363)</u>	<u>(1,065)</u>
Non current liabilities			
Provisions	10	-	(94)
Total liabilities		<u>(1,363)</u>	<u>(1,159)</u>
Net liabilities		<u>(1,251)</u>	<u>(944)</u>
Equity			
Ordinary shares	11	-	-
Retained earnings		(1,251)	(944)
Total deficit		<u>(1,251)</u>	<u>(944)</u>

These financial statements were approved by the board of directors on 9 January 2012 and were signed on its behalf by



AC Martin
Director

Statement of changes in equity

For the year ended 30 June 2011

	Ordinary share capital £000	Retained earnings £000	Total equity £000
Balance at 1 July 2008	-	(889)	(889)
Total comprehensive income for the year			
Loss for the year	-	(55)	(55)
Total comprehensive income for the year	-	(55)	(55)
Balance at 1 July 2010	-	(944)	(944)
Total comprehensive income for the year			
Loss for the year	-	(307)	(307)
Total comprehensive income for the year	-	(307)	(307)
Balance at 30 June 2011	-	(1,251)	(1,251)

Statement of cashflow

For the year ended 30 June 2011

	Notes	2011 £000	2010 £000
Net cash flow from operating activities	12	525	(326)
Net increase/(decrease) in cash and cash equivalents		525	(326)
Cash and cash equivalents at beginning of year		(694)	(368)
Cash and cash equivalents at end of year		(169)	(694)

Notes to the financial statements

1 Accounting policies

Gleeson Capital Solutions Limited ("Company") is a company incorporated in the United Kingdom

Statement of compliance

The Company's financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU (IFRS)

Basis of preparation

The accounts have been prepared on a Going Concern basis as described on page 11. Assets and liabilities in the financial statements have been valued at historic cost except where otherwise indicated in these accounting policies.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates include the carrying value of land held for development, investment property, work in progress, amounts recoverable on contracts and the recoverability of trade receivables.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business net of value added tax.

Trade receivables

Trade receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown in current liabilities on the balance sheet.

Trade and other payables

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Tax

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying values of assets and liabilities for financial reporting purposes and the values used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future and the company can control the timing of the reversal. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Employee benefits

Obligations for contributions to defined contribution pension schemes are charged to the income statement in the period to which the contributions relate.

Critical judgements in applying the entity's accounting policies

The preparation of financial statements under IFRS requires management to make estimates and assumptions that affect amounts recognised for assets and liabilities at the balance sheet date and the amounts of revenue and expenses incurred during the reporting period. Actual outcomes may therefore differ from these estimates and assumptions.

Going concern

The financial statements have been prepared on the going concern basis which assumes that the Company will continue for the foreseeable future. The Company is dependent on the continuing support of the Company's ultimate parent undertaking to make available such funds as are needed to enable to meet its liabilities as they fall due for payment. The directors of the ultimate parent undertaking have indicated that they will give this support for at least the next 12 months. On the basis of this support the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

2 Segmental information

The Company's turnover and results arose from, and the Company's net assets are deployed in, providing project solutions in the PFI industry, solely in the United Kingdom.

Notes to the financial statements (continued)

3 Loss before taxation

	2011 £000	2010 £000
<i>Loss before taxation is stated after charging:</i>		
Auditors' remuneration for Audit of these financial statements	5	12
Staff costs (note 4)	421	630
	<u> </u>	<u> </u>

4 Staff numbers and costs

The average number of employees engaged in the activity of providing project solutions in the construction industry was 4 (2010 5). These employees are contracted to MJ Gleeson Group plc and their payroll costs recharged to the company. The aggregate payroll costs of these employees were as follows:

	2011 £000	2010 £000
Wages and salaries	350	547
Social security costs	39	45
Other pension costs (see note 18)	32	38
	<u>421</u>	<u>630</u>

5 Financial costs

	2011 £000	2010 £000
Bank and other interest payable	33	21
	<u> </u>	<u> </u>

Note 16 discloses any exposure to interest rate risk

Notes to the financial statements *(continued)*

6 Taxation

(a) Analysis of charge in year

	2011 £000	2010 £000
Current tax		
Adjustment in respect of prior years	4	-
Tax on loss on ordinary activities	4	-

(b) Factors affecting tax charge / (credit) for year

On 1 April 2011 the rate of Corporation tax reduced from 28% to 27%. The weighted average rate of corporation tax was 27.75% (2010: 28.00%) of the estimated assessable profit for the year.

The differences are explained below:

	2011 £000	2010 £000
Loss on ordinary activities before tax	(311)	(55)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 27.75% (2010: 28%)	(86)	(15)
Effects of:		
Expenses not deductible for tax purposes	3	8
Group relief	51	-
Losses arising in the year not utilised	45	7
Other timing differences	(9)	-
Total tax charge / (credit) for year (note 6 (a))	4	-

7 Deferred taxation

The non-current deferred tax assets are recognised as follows:

	Accelerated capital allowances £000
Deferred tax assets:	
At 1 July 2010	-
Credited to the income statement	-
As at 30 June 2011	-

Notes to the financial statements *(continued)*

8 Trade and other receivables

	2011 £000	2010 £000
Trade receivables	34	184
VAT recoverable	10	-
Prepayments and accrued income	68	31
	<u>112</u>	<u>215</u>

The directors consider that the carrying amount of trade and other receivables approximates to their fair value

See note 16 for reference to credit risk associated with trade receivables

9 Trade and other payables

	2011 £000	2010 £000
Current liabilities		
Trade payables	53	22
VAT creditor	-	55
Amounts due to fellow group undertakings	984	68
Accruals and deferred income	157	171
	<u>1,194</u>	<u>316</u>

The directors consider that the carrying amount of trade payables approximates to their fair value

10 Provisions

Cost	£000
At 1 July 2010	149
Utilised in the year	(85)
Credited to the income statement	(64)
As at 30 June 2011	<u>-</u>

The provision relates to an onerous lease on a property previously occupied

Notes to the financial statements (continued)

11 Called up share capital

	2011		2010	
	No	£	No	£
<i>Authorised</i>				
Ordinary shares of £1 each	100	100	100	100
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	1	1	1	1
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

12 Cash flows from operating activities

	2011 £000	2010 £000
Cash flows from operating activities		
Loss before taxation	(311)	(55)
Changes in working capital		
Decrease / (increase) in trade and other receivables	103	(131)
Increase / (decrease) in trade and other payables	878	(118)
Decrease in provisions	(149)	(40)
Cash generated / (used) by operations	<u>521</u>	<u>(326)</u>
Tax received	4	-
Net cash flows from operating activities	<u>525</u>	<u>(326)</u>

13 Operating lease arrangements

Operating leases - lessee

The future aggregate minimum lease payments under non-cancellable operating leases are as follows

	2011 £000	2010 £000
Operating leases which expire		
Between one and five years	-	4
	<u> </u>	<u> </u>

Notes to the financial statements *(continued)*

14 Capital commitments

As at 30 June 2011, the company had no capital commitments (2010 Nil)

15 Contingent liabilities

As at 30 June 2011, the company had no contingent liabilities (2010 Nil)

16 Financial instruments

Risk exposure

The Company operates within the central treasury function for the MJ Gleeson Group. The treasury function arranges loans and funding, invests any surplus liquidity and manages financial risk. Further information is provided within the MJ Gleeson Group accounts.

Cash and cash equivalents

Cash and cash equivalents comprises of cash held by the Company. The carrying amount of these assets equals their fair value.

Credit risk

The Company's principal financial assets are trade and other receivables. The amounts presented in the balance sheet are net of allowance for doubtful debts as necessary, estimated by the Company's management based on prior experience and their assessment of specific circumstances.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers. It has policies in place to ensure that sales of services are made to customers with an appropriate credit history. Accordingly, the possibility of material loss arising in the event of non-performance by counterparties is considered to be unlikely.

Trade receivables ageing

The ageing of gross trade receivables at the date of reporting was

	2011	2010
	£000	£000
Not past due	29	183
Past due 0-30 days	-	-
Past due 31-120 days	5	-
Past due 121-235 days	-	-
More than one year	-	1
Total	<u>34</u>	<u>184</u>

There were no other financial assets past due at the balance sheet date in the current or prior year.

Notes to the financial statements (continued)

16 Financial instruments (continued)

Interest rate risk

The Company pays or receives no interest directly on its bank balances because all the bank balances of M J Gleeson Group plc and its subsidiaries are pooled, with any net interest payable to M J Gleeson Group plc

The Company pays interest to M J Gleeson Group plc on part of its intra-group balances. Interest has been paid at 1% over base rate and so to this extent the Company is exposed to variations in interest rates on its borrowings. This exposure is monitored and is not considered significant.

Fair values

The fair value of the Company's financial assets and liabilities are not materially different from the carrying values.

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

Non-derivative financial liabilities

At 30 June 2011 (£000)

	Carrying amount	Contractual cashflows	6 mths or less	6-12 mths	1-2yrs	2-5yrs	More than 5 years
Accruals	157	157	157	-	-	-	-
Other payables	53	53	53	-	-	-	-
Amounts due to group companies	984	984	984	-	-	-	-
	<u>1,194</u>	<u>1,194</u>	<u>1,194</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

At 30 June 2010 (£000)

	Carrying amount	Contractual cashflows	6 mths or less	6-12 mths	1-2yrs	2-5yrs	More than 5 years
Accruals	171	171	171	-	-	-	-
Other payables	77	77	77	-	-	-	-
Amounts due to group companies	68	68	68	-	-	-	-
	<u>316</u>	<u>316</u>	<u>316</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the financial statements (continued)

17 Employee benefits

Defined contribution pension plan

M J Gleeson Group plc, the ultimate parent undertaking, operates a defined contribution pension scheme for the benefit of group employees. The assets of the scheme are administered by trustees in a fund independent from those of the company. The pension charge represents contributions payable by the company to the scheme, at rates specified in the plan rules, and amounted to £31,853 (2010 £37,553). There were no outstanding contributions at the beginning and end of the financial year.

18 Related party transactions

a) Purchases of goods and services

	2011 £000	2010 £000
Recharge of services by - the ultimate parent	588	565
	<u>588</u>	<u>565</u>

Goods and services are bought from associates on normal commercial terms and conditions. Management services are recharged from the immediate, intermediate and ultimate parent on a cost-plus basis, allowing a margin reflecting standard commercial terms.

b) Year-end balances arising from sales/purchases of goods/services

	2011 £000	2010 £000
Payables to related parties (notes 10) - The ultimate and immediate parent	984	68
	<u>984</u>	<u>68</u>

The receivables from related parties arise mainly from sale transactions and are due 1 month after the date of sales. The receivables are unsecured in nature and bear no interest.

The payables arise mainly from purchase transactions and are due 1 month after the date of purchase. The payables bear no interest.

The above disclosures exclude all short and long term funding between the Company and its associates, including transactions paid by the Company and recharged to the relevant party. The total of these balances are included within the disclosures of note 8 and note 9.

Notes to the financial statements *(continued)*

19 Ultimate parent undertaking and parent undertaking of larger group of which the company is a member

The company's immediate and ultimate parent undertaking is MJ Gleeson Group plc, which is registered in England and Wales

The smallest and largest group in which the results of the company are consolidated is that headed by MJ Gleeson Group plc. The consolidated financial statements of this group may be obtained from Sentinel House, Harvest Crescent, Ancells Business Park, Fleet, Hampshire, GU51 2UZ or from its website at www.mjgleeson.com.