

# **Report and Accounts**

*Higgs & Hill Overseas Limited*

Registered No. 785092

For the year ended  
31 December 2008

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# Higgs & Hill Overseas Limited

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## **DIRECTORS**

G.K. Mazloumian  
N. Dirkzwager  
P.T. McNicholas

## **SECRETARY**

P.T. McNicholas

## **INDEPENDENT AUDITORS**

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

## **REGISTERED OFFICE**

Breakspear Park  
Breakspear Way  
Hemel Hempstead  
Hertfordshire  
HP2 4FL

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008**

The directors present their report and audited financial statements for the year ended 31 December 2008.

### **RESULTS AND DIVIDENDS**

The company's loss for the financial year was £42,683 (2007: loss of £355,097) which will be transferred to reserves. The directors are unable to recommend the payment of a dividend (2007 £nil).

### **PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

The company continues to be engaged in building construction operations worldwide. The level of activity and turnover were increased slightly in 2008 and resulted in a higher turnover and gross profit.

The directors expect the company to continue to be engaged in building construction operations worldwide for the foreseeable future.

### **DIRECTORS**

The directors who served during the year and up to the date of signing the financial statements are:

G.K. Mazlounian (Appointed 24 December 2008)

N. Dirkzwager

P.T. McNicholas

D. Langbroek (Resigned 24 December 2008)

J. Brouwer (Resigned 24 December 2008)

### **GOING CONCERN**

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the immediate parent company, BAM Group (UK) Limited. The directors have received confirmation that BAM Group (UK) Limited will provide operational and financial support for the foreseeable future.

### **QUALIFYING THIRD PARTY INDEMNITY PROVISIONS FOR DIRECTORS**

The company's ultimate parent undertaking maintains liability and indemnity insurance for its directors and officers. This provision has been in place throughout the year, and remains in place as at the date of approving the directors' report.

### **AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS**

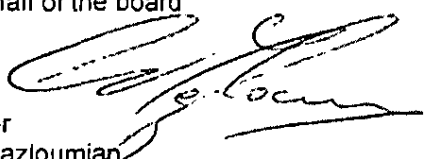
Ernst & Young LLP have been appointed as auditors for the year 2008.

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the Company's auditor is unaware; and
  - (2) having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he/she is obliged to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.
- This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies. Accordingly the company has taken the exemption available under section 247A and does not present a business review.

On behalf of the board



Director

G.K. Mazlounian

14 January 2010

## **Statement of directors' responsibilities in respect of the Annual Report and the financial statements.**

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). The financial statements are required by law to 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 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;
- 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 confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIGGS & HILL OVERSEAS LIMITED**

We have audited the company's financial statements for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and 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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we 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.

### **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 judgments 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIGGS & HILL OVERSEAS LIMITED  
(CONTINUED)**

**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 31 December 2008 and of its loss 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.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered auditor  
London

*14 January 2010*

# Higgs & Hill Overseas Limited

## PROFIT AND LOSS ACCOUNT for the year ended 31 December 2008

	Notes	2008 £	2007 £
<b>Turnover</b>	2	2,883,765	2,641,283
Cost of sales		<u>(2,799,753)</u>	<u>(2,565,085)</u>
<b>Gross profit</b>		84,012	76,198
Administrative expenses		<u>(74,709)</u>	<u>(400,283)</u>
<b>Profit/(Loss) on ordinary activities before taxation</b>	3	9,303	(324,085)
Tax on profit/(loss) on ordinary activities	5	<u>(51,986)</u>	<u>(31,012)</u>
<b>Loss for the financial year</b>		<u><u>(42,683)</u></u>	<u><u>(355,097)</u></u>

All amounts relate to continuing operations.

### Statement of Total Recognised Gains and Losses

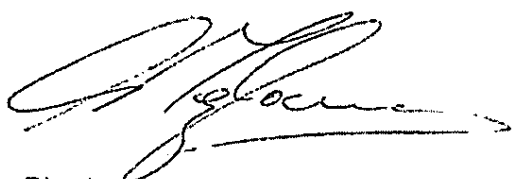
The company had no recognised gains or losses other than its loss of £42,683 for the year ended 31 December 2008 (2007: loss of £355,097).

# Higgs & Hill Overseas Limited

## BALANCE SHEET As at 31 December 2008

	Notes	2008 £	2007 £
<b>Fixed Assets</b>			
Investments	6	<u>94</u>	<u>113,832</u>
<b>Current Assets</b>			
Debtors	7	1,333,326	2,301,263
Creditors: amounts falling due within one year	8	<u>(2,293,289)</u>	<u>(3,332,281)</u>
<b>Net Current Liabilities</b>		<u>(959,963)</u>	<u>(1,031,018)</u>
<b>Total Assets less Current Liabilities</b>		<u>(959,869)</u>	<u>(917,186)</u>
<b>Net Liabilities</b>		<u>(959,869)</u>	<u>(917,186)</u>
<b>Capital and Reserves</b>			
Called up share capital	9	1,000	1,000
Profit and loss account	10	<u>(960,869)</u>	<u>(918,186)</u>
<b>Total equity shareholder's deficit</b>	10	<u>(959,869)</u>	<u>(917,186)</u>

The financial statements on pages 6 to 12 were approved by the board of directors on 14 January 2010 and were signed on its behalf by



Director  
G.K. Mazlounian



## **NOTES TO THE ACCOUNTS** **for the year ended 31 December 2008**

### **1 ACCOUNTING POLICIES**

#### **Basis of preparation**

The accounts are prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom.

#### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **Group accounts**

Group accounts are not produced as the company is a wholly owned subsidiary of Koninklijke BAM Groep n.v., a company incorporated in The Netherlands, which prepares and files group accounts which incorporate the activities of Higgs & Hill Overseas Limited and its subsidiaries. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 228 of the Companies Act 1985.

#### **Investments**

Investments in subsidiary undertakings are recorded at cost plus incidental expenses, less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

#### **Related parties**

Advantage has been taken of the exemption in FRS8, not to disclose details of transactions between wholly owned group undertakings.

#### **Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account.

#### **Leases**

Rentals receivable and payable under operating leases are credited and charged to the profit and loss account on a straight-line basis over the lease term respectively.

## 2 TURNOVER

Turnover, which is stated net of value added tax, represents revenue for services provided in the year. Turnover arises solely from one continuing class of business, the leasing of construction equipment under operating leases. All of the company's turnover has a destination of the Middle East and originated in the Netherlands.

## 3 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Operating profit is stated after charging £18,975 (2007: £14,000) of fees payable to the company's auditor for the company's statutory audit.

Additionally, operating profit is stated after charging operating lease rentals of plant and machinery of £ 2,799,753 (2007: £2,565,085).

## 4 DIRECTORS' EMOLUMENTS

Total emoluments (including pension contributions) paid to the directors of Higgs & Hill Overseas Limited for their services as directors of the company were £nil (2007: £nil). G. Mazloumian, D. Langbroek and N. Dirkzwager are also directors of BAM International bv (formerly Interbeton bv), a related party. Their remuneration for the year, all of which is paid by Interbeton bv, is disclosed in the accounts of that company. They received no remuneration for their services as directors of this company. P.T. McNicholas and J. Brouwer received remuneration from BAM Construct UK Limited (formerly HBG UK Limited), a related party, as employees of that company. They received no remuneration for their services as directors of this company.

## 5 TAXATION

	2008 £	2007 £
Current tax:		
UK corporation tax at 28.5% (2007: 30%)	12,170	33,450
UK corporation tax prior years	39,994	(2,438)
Total current tax	52,164	31,012
Deferred tax:		
Origination and reversal of timing differences	(178)	-
Total deferred tax	(178)	-
Total tax charge for the year	51,986	31,012

# Higgs & Hill Overseas Limited

## 5 TAXATION (CONTINUED)

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are explained below:

	2008 £	2007 £
Profit/(Loss) on ordinary activities before tax	9,303	(324,085)
Profit/(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.5% (2007: 30%)	2,651	(97,226)
Effects of:		
Adjustments in respect of previous periods	39,994	(2,438)
Expenses not deductible for tax purposes	9,567	130,756
Capital allowance in excess of depreciation	(48)	(80)
Total current tax charge	<u>52,164</u>	<u>31,012</u>

There are no unprovided deferred tax liabilities.

## 6 INVESTMENTS

### *Subsidiary/Associate Undertakings*

	Subsidiaries £	Associate £	Total £
<b>Cost:</b>			
At 1 January 2008	102,525	13,738	116,263
Disposal	(100,000)	(13,738)	(113,738)
At 31 December 2008	<u>2,525</u>	<u>-</u>	<u>2,525</u>
<b>Amounts provided:</b>			
At 1 January and 31 December 2008	<u>2,431</u>	<u>-</u>	<u>2,431</u>
<b>Net book value:</b>			
At 31 December 2008	<u>94</u>	<u>-</u>	<u>94</u>
At 1 January 2008	<u>100,094</u>	<u>13,738</u>	<u>113,832</u>

During the year ended 31 December 2007, the company took an impairment provision of £2,431 against the value of its investment in Higgs & Hill Czech Spol sro, writing the net book value of the company's investment in Higgs & Hill Czech Spol sro to £nil. Higgs & Hill Czech Spol sro was liquidated during 2009.

On 14 May 2008, the company sold at book value its entire investment in Higgs & Hill International Limited to BAM International bv..

On 21 May 2007, the company entered into an agreement to sell its entire investment in Higgs & Hill Qatar WLL to Higgs & Hill International Limited for book value. This sale was subject to the approval of the majority shareholder of Higgs & Hill Qatar WLL. This approval was received in March 2008.

# Higgs & Hill Overseas Limited

## 6 INVESTMENTS (CONTINUED)

The following are wholly owned subsidiary undertakings of the company:

***Incorporated in Jamaica***

Higgs & Hill Jamaica Limited

Dormant

***Incorporated in St Kitts***

Higgs & Hill St Kitts Limited

Dormant

***Incorporated in Czech Republic***

Higgs & Hill Czech Spol sro

Liquidated in 2009

## 7 DEBTORS

	2008 £	2007 £
Taxation - Corporate (Group Relief)	-	6,694
Deferred tax	178	-
Prepayments and accrued income	228,585	587,284
Amounts receivable from group undertakings	<u>1,104,563</u>	<u>1,707,285</u>
	<u>1,333,326</u>	<u>2,301,263</u>

Amounts receivable from group undertakings are unsecured, payable on demand and interest free.

## 8 CREDITORS: amounts falling due within one year

	2008 £	2007 £
Amounts due to group undertakings	2,083,546	2,490,813
Corporation tax creditor	12,266	-
Accruals and deferred income	<u>197,477</u>	<u>841,468</u>
	<u>2,293,289</u>	<u>3,332,281</u>

£1,712,936 of amounts due to group undertakings is secured by a first floating charge over all of the company's present and future undertaking, property, rights and assets (2007: £2,177,240). All amounts due to group undertakings are repayable on demand and interest free.

## 9 CALLED UP SHARE CAPITAL

	2008 £	2007 £
Authorised, allotted, called up and fully paid 1,000 (2007: 1,000) Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

**10 RECONCILIATION OF SHAREHOLDER'S DEFICIT AND MOVEMENTS ON RESERVES**

	<b>Called up Share capital 2008 £</b>	<b>Profit and loss account 2008 £</b>	<b>Total share- holder's funds 2008 £</b>	<b>Total share- holder's funds 2007 £</b>
At 1 January	1,000	(918,186)	(917,186)	(562,089)
Loss for the financial year	-	(42,683)	(42,683)	(355,097)
At 31 December	1,000	(960,869)	(959,869)	(917,186)

**11 CONTINGENT LIABILITIES**

There are contingent liabilities in respect of performance bonds and supplier guarantees given in the normal course of business. The directors do not consider that these will have any significant impact on the results of the business.

**12 CASH FLOW STATEMENT**

As the company is a wholly owned subsidiary of Koninklijke BAM Groep n.v., a company registered in the Netherlands, which prepares consolidated financial statements, the company has taken advantage of the exemption provided under FRS 1 (Revised) not to prepare a Cash Flow Statement.

**13 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The company's immediate parent undertaking is BAM Group (UK) Limited.

The ultimate parent undertaking and controlling party is Koninklijke BAM Groep n.v., a company incorporated in The Netherlands. The group accounts of the ultimate parent undertaking (the largest group of which the company is a member and for which group accounts are prepared) are available from this company's registered office.