

**Company Registration No. SC 70682**

**LAND ENGINEERING (SCOTLAND)  
LIMITED**

**Report and Financial Statements**

**31 August 2009**

# LAND ENGINEERING (SCOTLAND) LIMITED

## REPORT AND FINANCIAL STATEMENTS 2009

<b>CONTENTS</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Directors' responsibilities statement</b>	<b>8</b>
<b>Independent auditors' report</b>	<b>10</b>
<b>Profit and loss account</b>	<b>13</b>
<b>Balance sheet</b>	<b>14</b>
<b>Notes to the financial statements</b>	<b>16</b>

# **LAND ENGINEERING (SCOTLAND) LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2009**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

John T Ronald  
Stuart Dillett  
John N Macdonald  
David J Irvine  
Charles J Barrett

#### **SECRETARY**

John N Macdonald

#### **REGISTERED OFFICE**

2 Blythswood Square  
Glasgow  
G2 4AD

#### **BANKERS**

Royal Bank of Scotland plc  
96 John Finnie Street  
Kilmarnock  
KA1 1NY

#### **SOLICITORS**

Brodies LLP  
2 Blythswood Square  
Glasgow  
G2 4AD

#### **INDEPENDENT AUDITORS**

Deloitte LLP  
Glasgow

# LAND ENGINEERING (SCOTLAND) LIMITED

## DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 August 2009.

### PRINCIPAL ACTIVITIES

The company is a wholly owned subsidiary of Land Engineering Limited. The company's ultimate parent company is Land Engineering Group Holdings Limited, a company registered in Scotland.

The company's principal activities during the year were civil engineering and landscape and ground maintenance contracting. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

### BUSINESS REVIEW AND FUTURE PROSPECTS

The directors are pleased to report that profits continued to improve with profit before tax being 26% greater than the previous year as a consequence of the greater workload and improved contract profitability.

Sales increased by 18% due to an increased workload. Sales are anticipated to increase in the following year.

The company's balance sheet, on page 7 of the financial statements, shows that the company's financial position at the year end continued to strengthen and shareholders' funds amounted to £3,146,000 (2008 - £2,518,000). Details of amounts owed by and owed to group companies are shown in notes 9 and 10 on page 12 and 13.

There have been no significant events since the balance sheet date.

The directors are satisfied with the results for the year and will continue to seek appropriate trading opportunities to further enhance profitability in the forthcoming year.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### PROFIT AND DIVIDENDS

The results for the year are shown in the profit and loss account on page 6.

No dividend (2008 - £nil) was paid in the year and the profit for the year has been transferred to reserves.

### DIRECTORS

The directors during the year, and to the date of this report were:

John T Ronald

Stuart Dillett

John N Macdonald

David J Irvine

Charles J Barrett

Jannette Anderson (appointed 5 August 2009, resigned 27 November 2009)

### PRINCIPAL RISKS AND UNCERTAINTIES

The company is exposed to risks in the normal course of business. These risks include, but are not limited to, the company's ability to win new contracts, government policy, competitors, pressures on pricing from both suppliers and customers, ability to attract and retain talent and environmental issues. The company manages these risks by providing competitive pricing to its customers, by maintaining strong relationships with customers and review on a regular basis by senior management to ensure the risks are appropriately managed.

The company is financed through equity investment, retained profit, working capital, a bank facility and hire purchase contracts. The directors are satisfied with the facilities available to the company.

# LAND ENGINEERING (SCOTLAND) LIMITED

## DIRECTORS' REPORT (CONTINUED)

### CREDIT RISK

The company's principal financial assets are bank balances, trade debtors and intercompany balances. The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of provisions for doubtful debts. The company has no significant concentration of credit risk, with exposure spread over a large number of customers. The company does not enter into any derivative financial instruments.

### DIRECTORS' INDEMNITIES

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

### ENVIRONMENT

The Land Engineering group recognises the importance of its environmental responsibilities, and designs and implements policies to reduce any damage that might be caused by the group's activities. The Land Engineering group has successfully secured accreditation to ISO 14001 Environmental Management Systems.

### EMPLOYEES

Details of the number of employees and related costs can be found in note 3 to the financial statements on page 10.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The company participates in the group's policies and practices to keep employees informed on matters relevant to them as employees through regular meetings and newsletters.

### DISCLOSURE OF INFORMATION TO AUDITORS

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 of which the company's auditors are unaware; and
2. the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### INDEPENDENT AUDITORS

A resolution to re-appoint Deloitte LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed by order of the Board



John N Macdonald  
Secretary

25 MAY 2010

# LAND ENGINEERING (SCOTLAND) LIMITED

## DIRECTORS' RESPONSIBILITIES STATEMENT

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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; 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 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. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LAND ENGINEERING (SCOTLAND) LIMITED

We have audited the financial statements of Land Engineering (Scotland) Limited for the year ended 31 August 2009 which comprise the profit and loss account, the balance sheet and the related notes 1 to 20. 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 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, 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

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 financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 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 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.



Colin Gibson CA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
Glasgow  
United Kingdom

26 May 2010

# LAND ENGINEERING (SCOTLAND) LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 31 August 2009

	Note	2009 £'000	2008 £'000
<b>TURNOVER</b>	1	46,592	39,542
Cost of sales		(37,985)	(33,440)
<b>GROSS PROFIT</b>		8,607	6,102
Administrative expenses		(7,745)	(5,415)
Other operating income		119	55
<b>OPERATING PROFIT</b>	2	981	742
Interest receivable and similar income	4	46	77
Interest payable and similar charges	5	(94)	(76)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		933	743
Taxation on profit on ordinary activities	6	(305)	(243)
<b>PROFIT FOR THE YEAR</b>	16	628	500

The accompanying notes form an integral part of this profit and loss account.

Movements in reserves are shown in the notes to the financial statements.

There are no recognised gains or losses in 2008 or 2009 other than the profits for those years. Accordingly a Statement of Total Recognised Gains and Losses is not provided.

All results are from continuing operations.

# LAND ENGINEERING (SCOTLAND) LIMITED

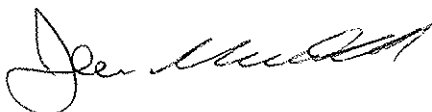
## BALANCE SHEET As at 31 August 2009

	Note	2009 £'000	2008 £'000
<b>FIXED ASSETS</b>			
Tangible fixed assets	7	3,177	2,900
<b>CURRENT ASSETS</b>			
Stocks	8	30	30
Debtors	9	12,509	10,607
Cash at bank and in hand		3,588	1,452
		16,127	12,089
<b>CREDITORS: amounts falling due within one year</b>	10	(15,499)	(11,715)
<b>NET CURRENT ASSETS</b>		628	374
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,805	3,274
<b>CREDITORS: amounts falling due after more than one year</b>	11	(659)	(732)
<b>PROVISIONS FOR LIABILITIES</b>	12	-	(24)
<b>NET ASSETS</b>		3,146	2,518
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	5	5
Other reserves	15	5	5
Profit and loss account	16	3,136	2,508
<b>SHAREHOLDERS' FUNDS</b>	17	3,146	2,518

The accompanying notes form an integral part of this balance sheet.

The financial statements of Land Engineering (Scotland) Limited, registered number SC70682, were approved by the Board of Directors on 25 MAY 2010.

Signed on behalf of the Board of Directors



John N Macdonald  
Director

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 August 2009**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The principal accounting policies are summarised below and have been applied consistently in the current and preceding year.

**Basis of preparation**

The company's principal risks and uncertainties, including liquidity risk, are described in the directors' report. Having considered forecast results including reasonably possible sensitivities, the directors expect the company to remain profitable in the foreseeable future.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

**Tangible fixed assets**

Tangible fixed assets are stated at cost net of depreciation and any provisions for impairment. Depreciation is provided on all fixed assets at rates calculated to write off their cost less any residual value over their estimated useful lives at the following annual rates:

Motor vehicles	25% straight line
Plant and machinery	15% straight line
Fixtures and fittings	20% straight line

**Leases and hire purchase contracts**

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

**Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

**Long term contracts**

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

**Cash flow statement**

No cash flow statement has been prepared in accordance with the exemption conferred by Financial Reporting Standard No 1 'Cash Flow Statements' (Revised 1996), as the company is included in the consolidated financial statements of Land Engineering Group Holdings Limited, the ultimate parent company.

**Taxation**

Current taxation is provided at amounts expected to be paid (or recovered) using the taxation rates and laws that have been enacted or substantively enacted by the balance sheet date.

# LAND ENGINEERING (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 August 2009

### 1. ACCOUNTING POLICIES (CONTINUED)

#### Taxation (continued)

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more taxation in the future or a right to pay less taxation in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxation assessments in periods different from those in which they are recognised in the financial statements.

A net deferred taxation asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as 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 taxation is not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to taxation only if and when the replacement assets are sold.

Deferred taxation is measured at the average taxation rates that are expected to apply in the periods in which the timing differences are expected to reverse based on taxation rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred taxation is measured on a non-discounted basis.

#### Pension costs

The company operates a defined contribution scheme. The charge for pension costs in the year is the contributions payable to the pension scheme in respect of the accounting period.

#### Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business net of value added tax.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of the total contract value which costs incurred to date bear to total expected costs for that contract.

The turnover for the year was derived from the company's principal activity. The whole of the turnover is attributable to the United Kingdom market.

### 2. OPERATING PROFIT

	2009	2008
	£'000	£'000
<b>Operating profit is stated after charging /(crediting):</b>		
Staff costs (note 3)	10,156	8,662
Depreciation of tangible fixed assets:		
Owned assets	587	592
Assets under finance leases and hire purchase contracts	668	302
Auditors' remuneration:		
Company audit fees	10	10
Other services relating to taxation	8	8
Gain on sale of fixed assets	(119)	(55)

# LAND ENGINEERING (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 August 2009

### 3. DIRECTORS AND EMPLOYEES

	2009 £'000	2008 £'000
<b>Staff costs</b>		
Wages and salaries	9,408	7,996
Social security costs	726	647
Pension costs (note 18)	22	19
	<u>10,156</u>	<u>8,662</u>

	2009 No.	2008 No.
<b>Average monthly number employed including executive directors:</b>		
Labourers	<u>443</u>	<u>402</u>

#### Directors

The directors received remuneration for their services through the company's immediate parent undertaking, Land Engineering Limited, and the ultimate parent undertaking and their remuneration is disclosed in the financial statements of those companies. It is not practical to make an apportionment of amounts paid in respect of services to individual companies within the group.

### 4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2009 £'000	2008 £'000
Bank interest receivable	41	70
Other interest receivable	5	7
	<u>46</u>	<u>77</u>

### 5. INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £'000	2008 £'000
Hire purchase interest	<u>94</u>	<u>76</u>

# LAND ENGINEERING (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 August 2009

### 6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2009 £'000	2008 £'000
UK corporation taxation on profit on ordinary activities at 28% (2008 – 29.16%)	341	241
Under provision in earlier years	22	-
	<u>363</u>	<u>241</u>
Total current taxation		
Deferred taxation for the year	(58)	-
Adjustments to the estimated recoverable amounts of deferred taxation assets arising in previous years	-	2
	<u>(58)</u>	<u>2</u>
Total deferred taxation (note 12)		
Total tax charge	<u>305</u>	<u>243</u>

The taxation assessed for the year differs to that resulting from applying the average standard rate of corporation taxation in the United Kingdom. The differences are explained below:

	2009 £'000	2008 £'000
Profit on ordinary activities before taxation	<u>933</u>	<u>743</u>
Taxation charge thereon at 28% (2008 - 29.16%)	261	217
Factors affecting charge for the year:		
Expenses not deductible for taxation purposes	22	26
Depreciation in excess of / (less than) capital allowances	55	(2)
Prior year adjustment	22	-
Movement in short term timing differences	3	-
	<u>363</u>	<u>241</u>

# LAND ENGINEERING (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 August 2009

### 7. TANGIBLE FIXED ASSETS

	Motor vehicles £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
<b>Cost</b>				
At 1 September 2008	3,068	2,278	722	6,068
Additions	1,107	436	49	1,592
Disposals	(584)	-	(1)	(585)
	<u>3,591</u>	<u>2,714</u>	<u>770</u>	<u>7,075</u>
<b>Accumulated depreciation</b>				
At 1 September 2008	1,716	1,020	432	3,168
Charge for the year	860	299	96	1,255
Disposals	(524)	-	(1)	(525)
	<u>2,052</u>	<u>1,319</u>	<u>527</u>	<u>3,898</u>
<b>Net book value</b>				
At 31 August 2009	<u>1,539</u>	<u>1,395</u>	<u>243</u>	<u>3,177</u>
At 31 August 2008	<u>1,352</u>	<u>1,258</u>	<u>290</u>	<u>2,900</u>

The net book value of fixed assets includes £2,369,000 (2008 - £1,686,000) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 2.

### 8. STOCKS

	2009 £'000	2008 £'000
Raw materials	<u>30</u>	<u>30</u>

### 9. DEBTORS

	2009 £'000	2008 £'000
Amounts falling due within one year:		
Trade debtors	5,379	3,955
Amounts owed by fellow group undertakings	4,590	3,003
Amounts recoverable on contracts	2,048	3,163
Other debtors	257	296
Prepayments and accrued income	1	5
Deferred tax asset (notes 12 and 13)	34	-
	<u>12,309</u>	<u>10,422</u>
Amounts falling due after more than one year:		
Loan to BDMR Property (note 19)	<u>200</u>	<u>185</u>
Total debtors	<u>12,509</u>	<u>10,607</u>

# LAND ENGINEERING (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 August 2009

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

	2009 £'000	2008 £'000
Trade creditors	5,173	5,925
Amounts owed to group undertakings	3,649	1,451
Corporation taxation	105	219
Other taxes and social security	1,245	1,002
Payments received on account	2,822	1,541
Accruals and deferred income	1,554	851
Obligations under finance leases and hire purchase contracts (note 11)	951	726
	<u>15,499</u>	<u>11,715</u>

The company's bankers hold performance bonds of £1,054,000 (2008 - £945,000) in favour of certain third parties, in the normal course of business.

### 11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2009 £'000	2008 £'000
Obligations under finance leases and hire purchase contracts	<u>659</u>	<u>732</u>

**Total obligations under finance leases and hire purchase contracts are repayable over varying periods by monthly instalments as follows:**

	2009 £'000	2008 £'000
On demand or within one year (note 10)	951	726
Between one and five years	659	732
	<u>1,610</u>	<u>1,458</u>

Amounts owed under finance leases and hire purchase agreements are secured by the related assets and are fully repayable within five years.

### 12. PROVISIONS FOR LIABILITIES

	2008 £'000	Profit and loss account £'000	Transferred to debtors £'000	2009 £'000
Deferred taxation (notes 6 and 13)	<u>24</u>	<u>(58)</u>	<u>34</u>	<u>-</u>

**LAND ENGINEERING (SCOTLAND) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**Year ended 31 August 2009**

**13. DEFERRED TAXATION**

	2009 £'000	2008 £'000
Corporation taxation deferred by:		
Capital allowances (less than)/in excess of depreciation	(31)	24
Other short term timing differences	(3)	-
	<u>(34)</u>	<u>24</u>
(Asset)/liability		
	<u>(34)</u>	<u>24</u>
The provision is based on a corporation taxation rate of 28% (2008 – 28%).		

**14. CALLED UP SHARE CAPITAL**

	2009 £'000	2008 £'000
<b>Authorised</b>		
10,000 ordinary shares of £1 each	<u>10</u>	<u>10</u>
<b>Allotted, called up and fully paid</b>		
5,220 ordinary shares of £1 each	<u>5</u>	<u>5</u>

**15. OTHER RESERVES**

	2009 £'000	2008 £'000
Capital redemption reserve	<u>5</u>	<u>5</u>

**16. PROFIT AND LOSS ACCOUNT**

	£'000
At 1 September 2008	2,508
Profit for the year	<u>628</u>
At 31 August 2009	<u>3,136</u>

**17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2009 £'000	2008 £'000
Profit for the year and net addition to shareholders' funds	628	500
Opening shareholders' funds	<u>2,518</u>	<u>2,018</u>
Closing shareholders' funds	<u>3,146</u>	<u>2,518</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Year ended 31 August 2009**

**18. PENSION COSTS**

The company operates a defined contribution retirement benefit scheme on behalf of its employees for which the pension cost charge for the year amounted to £22,000 (2008 - £19,000). The assets of the scheme are held separately from those of the company in funds under the control of the trustees.

As at 31 August 2009 no contributions (2008 - £nil) due in respect of the current year had not been paid over to the scheme.

**19. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemptions conferred by Financial Reporting Standard No 8, Related Party Disclosures, in relation to intra-group transactions and balances.

During the year, the company granted loans of £15,000 (2008 - £50,000) to BD MR Property, which is an entity under common control. As at the year end the total loan outstanding was £200,000 (2008 - £185,000). Interest is due on the loans at 2.5% per annum and the loans are repayable within 10 years of the granting of the loans by the company. Interest of £4,625 (2008 - £7,000) was received during the year on these loans.

**20. ULTIMATE PARENT UNDERTAKING**

At 31 August 2009, the immediate parent company was Land Engineering Limited, a company registered in Scotland. The ultimate parent company was Land Engineering Group Holdings Limited, a company registered in Scotland. The largest and smallest group in which the results of Land Engineering (Scotland) Limited are consolidated is that headed by Land Engineering Group Holdings Limited. Copies of the consolidated financial statements are available from the company's registered office at 2 Blythswood Square, Glasgow, G2 4AD.