
Rowlinson Constructions Limited

Directors' report and financial statements
for the year ended 31 December 2012

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Rowlinson Constructions Limited

Company Information

Directors	D J Roberts A C Simpson (appointed 9 January 2012) S J Weir (appointed 9 January 2012)
Company secretary	A C Simpson
Company number	02596893
Registered office	London House London Road South Poynton Stockport Cheshire SK12 1YP
Auditors	Hurst & Company Accountants LLP Chartered Accountants & Statutory Auditors Lancashire Gate 21 Tiviot Dale Stockport Cheshire SK1 1TD
Bankers	Royal Bank of Scotland plc 38 Mosley Street Manchester M60 2BE

Rowlinson Constructions Limited

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Rowlinson Constructions Limited

**Directors' report
for the year ended 31 December 2012**

The directors present their report and the financial statements for the year ended 31 December 2012

Directors' responsibilities statement

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 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, 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.

Principal activities

The company continues to operate predominantly in the social housing and speculative housing markets.

Business review

The directors are pleased to report a satisfactorily profitable year despite a reduction in turnover.

In 2012, the residential housing market was subdued and this, combined with the effect of the continuing public sector spending constraints on social housing expenditure, adversely affected turnover.

Although the construction sector continues to be extremely competitive the Directors anticipate that there will be an increase in activity in 2013.

The balance sheet of the company is sufficiently well funded to exploit development opportunities both independently, and in collaboration with registered social landlords.

The company continues to develop in line with, and seek alternative, best environmental practices.

Rowlinson Constructions Limited

Directors' report for the year ended 31 December 2012

The key financial highlights are as follows:

	2012	2011	2010	2009	2008
Turnover £'000	12,426	17,511	27,290	28,074	27,406
Gross Profit £'000	1,665	2,210	5,679	5,107	4,536
Gross Profit %	13%	13%	21%	18%	17%
Operating Profit £'000	365	568	4,168	3,736	137
Operating profit/turnover %	3%	3%	15%	13%	1%
Number of employees	63	94	137	140	148
Operating profit per employee £'000	6	6	30	26	1

Results and dividends

The profit for the year, after taxation, amounted to £289,363 (2011 - £444,671)

The directors do not recommend payment of a final dividend

Directors

The directors who served during the year were

D J Roberts

A C Simpson (appointed 9 January 2012)

S J Weir (appointed 9 January 2012)

Political and charitable contributions

During the year the company contributed £12,085 (2011 £5,596) to UK charities

Financial instruments

The company's principal financial instruments comprise bank deposits, and various items such as trade debtors, trade creditors, finance and operating lease agreements, which arise directly from its operations. The main purpose of these instruments is to finance the company's operations.

Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company operates wholly within the UK and foreign exchange risk is not material.

The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

The company's treasury management policies are designed to ensure continuity of funding. The company makes use of money market facilities, when funds are available, in order to maximise interest received.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning contract terms and the regular monitoring of amounts outstanding.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet both anticipated requirements and to provide a prudent level of headroom.

The company is a lessee in respect of finance and operating leased assets. The liquidity risk in respect of these is managed in the same way as trade creditors above.

Rowlinson Constructions Limited

**Directors' report
for the year ended 31 December 2012**

Provision of information to auditors

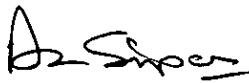
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

Auditors

The auditors, Hurst & Company Accountants LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board and signed on its behalf



.....
A C Simpson
Secretary

Date 16 April 2013

Rowlinson Constructions Limited

Independent auditors' report to the shareholders of Rowlinson Constructions Limited

We have audited the financial statements of Rowlinson Constructions Limited for the year ended 31 December 2012, set out on pages 6 to 18. 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 and express an opinion on 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.

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. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 December 2012 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.

Rowlinson Constructions Limited

Independent auditors' report to the shareholders of Rowlinson Constructions Limited

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

Hurst & Company Accountants LLP

Anthony Woodings (Senior statutory auditor)

for and on behalf of

Hurst & Company Accountants LLP

Chartered Accountants &

Statutory Auditors

Lancashire Gate

21 Tiviot Dale

Stockport

Cheshire

SK1 1TD

16 April 2013

Rowlinson Constructions Limited

**Profit and Loss Account
for the year ended 31 December 2012**

	Notes	2012 £	2011 £
Turnover	2	12,426,480	17,511,361
Cost of sales		(10,761,059)	(15,301,455)
Gross profit		1,665,421	2,209,906
Administrative expenses		(1,570,999)	(1,851,083)
Exceptional administrative expenses	9	267,665	205,896
Other operating income		2,850	2,990
Operating profit	3	364,937	567,709
Interest receivable and similar income	5	34,837	51,535
Interest payable and similar charges	6	(3,443)	(162)
Profit on ordinary activities before taxation		396,331	619,082
Tax on profit on ordinary activities	10	(106,968)	(174,411)
Profit for the financial year	18	289,363	444,671

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account

The notes on pages 9 to 18 form part of these financial statements

Rowlinson Constructions Limited

**Note of historical cost profits and losses
for the year ended 31 December 2012**

	2012	2011
	£	£
Reported profit on ordinary activities before taxation	396,331	619,082
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	3,460	3,460
Historical cost profit on ordinary activities before taxation	399,791	622,542
Historical profit for the year after taxation	292,823	448,131

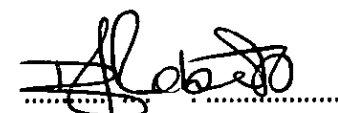
The notes on pages 9 to 18 form part of these financial statements

Rowlinson Constructions Limited
Registered number: 02596893

Balance sheet
as at 31 December 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Tangible assets	11		319,370		332,313
Current assets					
Stocks	12	4,040,955		3,808,720	
Debtors	13	4,509,940		4,786,479	
Cash at bank		2,847,715		4,602,010	
			<u>11,398,610</u>	<u>13,197,209</u>	
Creditors: amounts falling due within one year	14	(4,683,691)		(6,795,724)	
Net current assets			6,714,919		6,401,485
Total assets less current liabilities			7,034,289		6,733,798
Creditors: amounts falling due after more than one year	15		(11,128)		-
Net assets			7,023,161		6,733,798
Capital and reserves					
Called up share capital	17		1,000		1,000
Revaluation reserve	18		182,720		188,260
Profit and loss account	18		6,839,441		6,544,538
Shareholders' funds	19		7,023,161		6,733,798

The financial statements were approved and authorised for issue by the board and were signed on its behalf by


D J Roberts
Director

Date 16 April 2013

The notes on pages 9 to 18 form part of these financial statements

Rowlinson Constructions Limited

**Notes to the financial statements
for the year ended 31 December 2012**

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of leasehold property and in accordance with applicable accounting standards

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

L/Term Leasehold Property	-	2% straight line
Plant & machinery	-	25% straight line
Motor vehicles	-	25% straight line
Fixtures, fittings and equipment	-	25% straight line

1.5 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at the balance sheet date. A full valuation is obtained from a qualified valuer for each property every five years, with an interim valuation three years after the previous full valuation, and in any year where it is likely that there has been a material change in value

Revaluation gains and losses are recognised in the statement of total recognised gains and losses unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the losses are recognised in the Profit and loss account

1.6 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

1.7 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term

Rowlinson Constructions Limited

**Notes to the financial statements
for the year ended 31 December 2012**

1 Accounting policies (continued)

1.8 Stocks

Stock of land for development is included at acquisition cost or net realisable value whichever is the lower. Net realisable value for this purpose is estimated selling value less estimated selling costs.

Contract and speculative building work in progress is valued at cost or net realisable value, whichever is the lower. Cost for this purpose includes all direct costs as defined below and where appropriate, attributable finance charges. Costs include direct labour and materials, work done by subcontractors, hire of plant and equipment used on contract sites, and all overheads except those relating to administration. Net realisable value for this purpose is estimated selling value less cost to completion including selling costs.

Amounts recoverable on contracts

Profit on long term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Where the outcome can not be assessed with reasonable certainty all attributable costs are carried forward and any payments on account received are set-off against the carrying value in the balance sheet.

1.9 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if 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 tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred taxation is provided for on an undiscounted basis.

2. Turnover

All turnover arose within the United Kingdom.

Rowlinson Constructions Limited

Notes to the financial statements
for the year ended 31 December 2012

3. Operating profit

The operating profit is stated after charging/(crediting)

	2012 £	2011 £
Depreciation of tangible fixed assets		
- owned by the company	32,009	48,423
- held under finance leases	16,308	21,500
Auditors' remuneration	17,750	17,000
Auditors' remuneration - non-audit	395	-
Operating lease rentals		
- motor vehicles	2,940	1,175
- land and buildings	36,000	36,000
Exceptional administrative expenses (see note 9)	(267,665)	(205,896)
Profit on disposal of tangible fixed assets	(17,423)	(7,220)

4. Directors' remuneration

	2012 £	2011 £
Emoluments	273,451	131,838
Company pension contributions to defined contribution pension schemes	35,500	20,000

During the year retirement benefits were accruing to 3 directors (2011 - 1) in respect of defined contribution pension schemes

The highest paid director received remuneration of £106,838 (2011 - £131,838)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £20,000 (2011 - £20,000)

5. Interest receivable

	2012 £	2011 £
Bank interest	34,837	51,535

Rowlinson Constructions Limited

**Notes to the financial statements
for the year ended 31 December 2012**

6. Interest payable

	2012	2011
	£	£
Other interest payable	48	(48)
On finance leases and hire purchase contracts	3,395	210
	<u>3,443</u>	<u>162</u>

7. Staff costs

Staff costs, including directors' remuneration, were as follows

	2012	2011
	£	£
Wages and salaries	2,164,897	3,104,873
Social security costs	222,024	305,168
Other pension costs	65,909	66,311
	<u>2,452,830</u>	<u>3,476,352</u>

The average monthly number of employees, including the directors, during the year was as follows

	2012	2011
	No	No
Administration	21	24
Construction and development work	42	70
	<u>63</u>	<u>94</u>

8. Pension costs

The company operates a defined contribution pension scheme. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £65,909 (2011 - £66,311).

9. Exceptional administrative expenses

	2012	2011
	Credit	Credit
	£	£
Irrecoverable bank deposit	(267,665)	(205,896)

The amounts above are a result of the recovery of monies from the administrators of Kaupthing Singer and Friedlander Limited. The bank was placed into administration on 8 October 2008, at which time the group had £2,056,794 on deposit.

Rowlinson Constructions Limited

**Notes to the financial statements
for the year ended 31 December 2012**

10. Taxation

	2012 £	2011 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	109,592	179,013
Deferred tax (see note 16)		
Origination and reversal of timing differences	(2,624)	(4,602)
Tax on profit on ordinary activities	<u>106,968</u>	<u>174,411</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2011 - *higher than*) the standard rate of corporation tax in the UK of 24% (2011 - 26.5%) The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	<u>396,331</u>	<u>619,082</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2011 - 26.5%)	95,119	164,015
Effects of.		
Expenses not deductible for tax purposes	10,157	11,621
Depreciation in excess of capital allowances	5,109	4,473
Non-taxable income	(1,031)	-
Changes in provisions leading to an increase/(decrease) in the tax charge	1,200	-
Changes in tax rates	2,291	-
Marginal relief	(3,253)	(1,096)
Current tax charge for the year (see note above)	<u>109,592</u>	<u>179,013</u>

Rowlinson Constructions Limited

**Notes to the financial statements
for the year ended 31 December 2012**

11. Tangible fixed assets

	L/Term Leasehold Property £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2012	277,000	132,547	254,541	228,453	892,541
Additions	-	-	940	36,213	37,153
Disposals	-	(21,000)	-	(108,928)	(129,928)
At 31 December 2012	277,000	111,547	255,481	155,738	799,766
Depreciation					
At 1 January 2012	5,540	132,547	207,354	214,787	560,228
Charge for the year	5,540	-	23,997	18,780	48,317
On disposals	-	(21,000)	-	(107,149)	(128,149)
At 31 December 2012	11,080	111,547	231,351	126,418	480,396
Net book value					
At 31 December 2012	265,920	-	24,130	29,320	319,370
At 31 December 2011	271,460	-	47,187	13,666	332,313

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2012 £	2011 £
Motor vehicles	28,081	9,958

Cost or valuation at 31 December 2012 is as follows

	Land and buildings £
At cost	104,000
At valuation.	
Revaluation surplus	173,000
	277,000

The valuation was carried out on 31 December 2010 by Jacobs (Manchester) UK Limited who are qualified surveyors. The basis of the valuation is open market value for existing use.

Rowlinson Constructions Limited

**Notes to the financial statements
for the year ended 31 December 2012**

11. Tangible fixed assets (continued)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows

	2012 £	2011 £
Cost	104,000	104,000
Accumulated depreciation	(24,960)	(22,880)
Net book value	<u>79,040</u>	<u>81,120</u>

12. Stocks

	2012 £	2011 £
Work in progress	<u>4,040,955</u>	<u>3,808,720</u>

13. Debtors

	2012 £	2011 £
Trade debtors	4,305,521	4,205,782
Amounts owed by group undertakings	17,673	4,151
Other debtors	94,739	458,359
Prepayments and accrued income	87,753	116,557
Deferred tax asset (see note 16)	4,254	1,630
	<u>4,509,940</u>	<u>4,786,479</u>

**14. Creditors:
Amounts falling due within one year**

	2012 £	2011 £
Net obligations under finance leases and hire purchase contracts	12,268	-
Trade creditors	2,640,232	3,934,853
Corporation tax	109,592	179,013
Social security and other taxes	91,850	84,645
Other creditors	33,360	41,916
Accruals and deferred income	1,796,389	2,555,297
	<u>4,683,691</u>	<u>6,795,724</u>

Net obligations under finance leases and hire purchase contracts are secured against the assets to which they relate

Rowlinson Constructions Limited

Notes to the financial statements
for the year ended 31 December 2012

15. Creditors:
Amounts falling due after more than one year

	2012 £	2011 £
Net obligations under finance leases and hire purchase contracts	11,128	-

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	2012 £	2011 £
Between one and five years	11,128	-

Net obligations under finance leases and hire purchase contracts are secured against the assets to which they relate

16. Deferred tax asset

	2012 £	2011 £
At beginning of year	1,630	(2,972)
Released during year	2,624	4,602
At end of year	4,254	1,630

The deferred tax asset is made up as follows

	2012 £	2011 £
Accelerated depreciation	4,254	1,630

17. Share capital

	2012 £	2011 £
Allotted, called up and fully paid 1,000 Ordinary shares of £1 each	1,000	1,000

Rowlinson Constructions Limited

Notes to the financial statements
for the year ended 31 December 2012

18. Reserves

	Revaluation reserve £	Profit and loss account £
At 1 January 2012	188,260	6,544,538
Profit for the year	-	289,363
Transfer between Revaluation reserve and Profit and loss account	(5,540)	5,540
	<u>182,720</u>	<u>6,839,441</u>
At 31 December 2012		

19. Reconciliation of movement in shareholders' funds

	2012 £	2011 £
Opening shareholders' funds	6,733,798	6,289,127
Profit for the year	289,363	444,671
	<u>7,023,161</u>	<u>6,733,798</u>
Closing shareholders' funds		

20. Contingent liabilities

At the 31 December 2012 there existed performance bonds and similar agreements entered into in the normal course of business totalling £552,267 (2011 £1,493,419)

21. Operating lease commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2012 £	2011 £
Expiry date:		
After more than 5 years	<u>57,050</u>	<u>62,000</u>

Rowlinson Constructions Limited

**Notes to the financial statements
for the year ended 31 December 2012**

22. Related party transactions

In preparing these financial statements the directors have taken advantage of the exemptions available under paragraph 3c of the Financial Reporting Standard 8, "Related Party Disclosures", and have not disclosed transactions with other group undertakings

In prior years the company developed property under contracts for Rowlinson Investments Limited, a company related by common control. Turnover in the year in respect of these contracts totalled £nil (2011 £1,200,839)

As at 31 December 2012 amounts due from Rowlinson Investments Limited (included in trade debtors in note 13) totalled £1,406,160 (2011 £1,706,160). All transactions were carried out on an arms length basis

During the year the company developed property under contract for Kingsdean LLP, a partnership where one of the directors is a designated member. Turnover in the year in respect of this contract totalled £1,567,922 (2011 £nil)

As at 31 December 2012 amounts due from Kingsdean LLP (included in trade debtors in note 13) totalled £879,038 (2011 £nil). All transactions were carried out on an arms length basis

23. Ultimate parent undertaking

The ultimate parent company is Rowlinson Holdings Limited, a company registered in England

24. Ultimate controlling party

The ultimate controlling party of the company is Mr D J Roberts by virtue of his 100% shareholding in the equity share capital of the parent company, Rowlinson Holdings Limited