
Rowlinson Constructions Limited

Director's report and financial statements
for the year ended 31 December 2009

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Rowlinson Constructions Limited

Company Information

Director	D J Roberts
Company secretary	A C Simpson
Company number	2596893
Registered office	London House London Road South Poynton Stockport SK12 1YP
Auditors	Hurst & Company Accountants LLP Chartered Accountants & Registered 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

Contents

	Page
Director's report	1 - 3
Independent auditors' report	4 - 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 16

Rowlinson Constructions Limited

Director's report for the year ended 31 December 2009

The director presents his report and the financial statements for the year ended 31 December 2009

Statement of director's responsibilities

The director is responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 turnover for 2009 slightly exceeded 2008 and the board is optimistic that turnover in 2010 will be at a similar level.

The profitability of the company in 2009, before exceptional administrative credits (see note 9), was considered satisfactory. The increase in profitability was underpinned by the successful completion of development projects.

The board considers that profitability in 2010 will be more modest given the current competitiveness of the construction sector, but that the company is well placed to pursue opportunities when market conditions improve.

Relationships with existing clients continue to remain strong.

The company seeks to develop properties in line with best environmental practice.

Rowlinson Constructions Limited

Director's report for the year ended 31 December 2009

The key financial highlights are as follows -

	2009	2008	2007	2006	2005
Turnover £'000	28,074	27,406	16,345	23,776	24,878
Gross profit £'000	5,107	4,536	2,873	3,461	3,627
Gross profit %	18%	17%	17%	15%	15%
Operating profit £'000	3,736	137	913	1,497	1,698
Operating profit/turnover %	13%	1%	6%	6%	7%
Number of employees	140	148	110	131	130
Operating profit per employee £'000	27	1	8	11	13

Results and dividends

The profit for the year, after taxation, amounted to £2,702,327 (2008 - £249,214)

Interim dividends paid amounted to £1,600,000 (2008 - £2,499,730)

The director does not recommend payment of a final dividend

Directors

The directors who served during the year were

D J Roberts

J N Eckhard (resigned 30 April 2009)

Political and charitable contributions

During the year the company contributed £13,445 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

**Director's report
for the year ended 31 December 2009**

Provision of information to auditors

The director at the time when this Director's 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 1 April 2010

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 2009, set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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 Statement of director's responsibilities, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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 director, 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 December 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 Director's 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 director's 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 &

Registered Auditors

Lancashire Gate

21 Tiviot Dale

Stockport

Cheshire

SK1 1TD

1 April 2010

Rowlinson Constructions Limited

**Profit and loss account
for the year ended 31 December 2009**

	Note	2009 £	2008 £
Turnover	2	28,073,803	27,406,092
Cost of sales		<u>(22,967,111)</u>	<u>(22,869,851)</u>
Gross profit		5,106,692	4,536,241
Administrative expenses		(1,996,687)	(2,350,299)
Exceptional administrative expenses	9	617,689	(2,056,794)
Other operating income		<u>8,435</u>	<u>7,556</u>
Operating profit	3	3,736,129	136,704
Interest receivable	5	60,351	240,178
Interest payable	6	<u>(4,106)</u>	<u>(10,846)</u>
Profit on ordinary activities before taxation		3,792,374	366,036
Tax on profit on ordinary activities	10	<u>(1,090,047)</u>	<u>(116,822)</u>
Profit for the financial year	18	<u><u>2,702,327</u></u>	<u><u>249,214</u></u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2009 or 2008 other than those included in the Profit and loss account

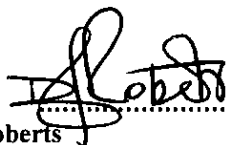
The notes on pages 8 to 16 form part of these financial statements

Rowlinson Constructions Limited
Registered number. 2596893

Balance sheet
as at 31 December 2009

	Note	£	2009 £	£	2008 £
Fixed assets					
Tangible fixed assets	11		213,319		239,376
Current assets					
Stocks	12	475,553		579,999	
Debtors	13	2,961,290		3,084,489	
Cash at bank		8,433,721		4,739,748	
			<u>11,870,564</u>	<u>8,404,236</u>	
Creditors: amounts falling due within one year	14	<u>(8,256,792)</u>		<u>(5,896,080)</u>	
Net current assets			<u>3,613,772</u>		<u>2,508,156</u>
Total assets less current liabilities			<u>3,827,091</u>		<u>2,747,532</u>
Creditors: amounts falling due after more than one year	15		<u>(6,974)</u>		<u>(29,742)</u>
Net assets			<u><u>3,820,117</u></u>		<u><u>2,717,790</u></u>
Capital and reserves					
Called up share capital	17		1,000		1,000
Profit and loss account	18		3,819,117		2,716,790
Shareholders' funds	19		<u><u>3,820,117</u></u>		<u><u>2,717,790</u></u>

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



D J Roberts
Director

Date 1 April 2010

The notes on pages 8 to 16 form part of these financial statements

Rowlinson Constructions Limited

Notes to the financial statements for the year ended 31 December 2009

1. Accounting policies

1.1 Basis of preparation of financial statements

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

1.2 Financial Reporting Standard Number 1

The company has taken advantage of the exemption in FRS1 from the requirement to produce a cashflow statement because a group cashflow statement is presented in the consolidated accounts of the parent company, Rowlinson Holdings Limited

1.3 Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year

1.4 Tangible fixed assets and depreciation

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

Leasehold Properties	-	Straight line over the life of the lease
Plant & machinery	-	25% straight line
Fixtures, fittings and equipment	-	25% straight line
Motor vehicles	-	25% straight line

1.5 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.

1.6 Operating leases

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

1.7 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 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.

Rowlinson Constructions Limited

**Notes to the financial statements
for the year ended 31 December 2009**

1. Accounting policies (continued)

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.

1.8 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.

1.9 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.

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.

3. Profit

The profit is stated after charging/(crediting)

	2009 £	2008 £
Depreciation of tangible fixed assets		
- owned by the company	50,013	66,006
- held under finance leases	21,242	24,802
Auditors' remuneration	17,000	17,000
Auditors' remuneration - non-audit	1,375	1,050
Operating lease rentals		
- motor vehicles	2,706	2,427
- land and buildings	36,000	36,000
Exceptional administrative expenses (see note 9)	(617,689)	2,056,794
Profit on disposal of tangible fixed assets	(10,781)	(13,467)

Rowlinson Constructions Limited

Notes to the financial statements
for the year ended 31 December 2009

4. Director's remuneration

	2009 £	2008 £
Emoluments	<u>35,811</u>	<u>129,633</u>
Company pension contributions to money purchase pension schemes	<u>6,995</u>	<u>6,675</u>

During the year retirement benefits were accruing to 1 director (2008 - 1) in respect of money purchase pension schemes

D J Roberts was paid by the parent company, Rowlinson Holdings Limited and the costs were recharged to the company by way of a management charge. Details of his emoluments are set out in the accounts of that company.

5. Interest receivable

	2009 £	2008 £
Bank interest	57,125	240,178
Other interest	3,226	-
	<u>60,351</u>	<u>240,178</u>

6. Interest payable

	2009 £	2008 £
Other interest payable	-	6,472
On finance leases and hire purchase contracts	4,106	4,374
	<u>4,106</u>	<u>10,846</u>

Rowlinson Constructions Limited

**Notes to the financial statements
for the year ended 31 December 2009**

7. Staff costs

Staff costs, including director's remuneration, were as follows

	2009	2008
	£	£
Wages and salaries	4,246,464	4,588,643
Social security costs	384,810	438,441
Other pension costs	63,248	59,367
	4,694,522	5,086,451

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

	2009	2008
	No.	No
Administration	23	22
Construction and development work	117	126
	140	148

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 £63,248 (£2008 - £59,367).

9. Exceptional administrative expenses

	2009	2008
	Credit	Expense
	£	£
Irrecoverable bank deposit	(617,689)	2,056,794

The amounts above are as a result of a provision being made against a bank deposit with Kaupthing Singer and Friedlander Limited. This bank was placed into administration on 8 October 2008, at which time the company had £2,056,794 deposited. The recovery of the deposit was considered to be uncertain as at 31 December 2008 based on information provided by the bank's administrators. During 2009 monies recovered from the bank's administrators amounted to £617,689, therefore these amounts have been credited to the profit and loss account.

Rowlinson Constructions Limited

**Notes to the financial statements
for the year ended 31 December 2009**

10. Taxation

	2009 £	2008 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	1,068,336	114,500
Deferred tax (see note 16)		
Origination and reversal of timing differences	21,711	2,322
Tax on profit on ordinary activities	<u>1,090,047</u>	<u>116,822</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2008 - *higher than*) the standard rate of corporation tax in the UK (28%) The differences are explained below

	2009 £	2008 £
Profit on ordinary activities before tax	<u>3,792,374</u>	<u>366,036</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 - 28%)	1,061,865	102,490
Effects of.		
Expenses not deductible for tax purposes	27,999	16,192
Capital allowances for year in excess of depreciation	(21,528)	23
Marginal relief	-	(6,314)
Difference in tax rates	-	2,109
Current tax charge for the year (see note above)	<u>1,068,336</u>	<u>114,500</u>

Rowlinson Constructions Limited

Notes to the financial statements
for the year ended 31 December 2009

11 Tangible fixed assets

	Long leasehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2009	104,000	157,535	206,240	444,027	911,802
Additions	-	-	27,947	24,666	52,613
Disposals	-	(2,100)	-	(120,353)	(122,453)
At 31 December 2009	104,000	155,435	234,187	348,340	841,962
Depreciation					
At 1 January 2009	16,640	156,172	176,758	322,856	672,426
Charge for the year	2,080	989	22,382	45,804	71,255
On disposals	-	(2,100)	-	(112,938)	(115,038)
At 31 December 2009	18,720	155,061	199,140	255,722	628,643
Net book value					
At 31 December 2009	85,280	374	35,047	92,618	213,319
At 31 December 2008	87,360	1,363	29,482	121,171	239,376

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

	2009 £	2008 £
Motor vehicles	52,961	59,425

12. Stocks

	2009 £	2008 £
Work in progress	475,553	579,999

13. Debtors

	2009 £	2008 £
Trade debtors	2,741,971	2,752,416
Amounts owed by group undertakings	12,215	-
Other debtors	74,282	151,342
Prepayments and accrued income	121,706	147,904
Deferred tax asset (see note 16)	11,116	32,827
	2,961,290	3,084,489

Rowlinson Constructions Limited

**Notes to the financial statements
for the year ended 31 December 2009**

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

	2009	2008
	£	£
Net obligations under finance leases and hire purchase contracts	29,079	23,398
Trade creditors	3,477,361	3,351,835
Amounts owed to group undertakings	-	14,879
Corporation tax	760,172	34,501
Social security and other taxes	195,599	173,251
Other creditors	60,397	65,420
Accruals and deferred income	3,734,184	2,232,796
	<u>8,256,792</u>	<u>5,896,080</u>

Finance lease and hire purchase contracts are secured on the assets to which they relate

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

	2009	2008
	£	£
Net obligations under finance leases and hire purchase contracts	<u>6,974</u>	<u>29,742</u>

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

	2009	2008
	£	£
Between one and five years	<u>6,974</u>	<u>29,742</u>

16 Deferred tax asset

	2009	2008
	£	£
At beginning of year	32,654	35,149
Charged for year	(21,538)	(2,322)
At end of year	<u>11,116</u>	<u>32,827</u>

The deferred tax asset is made up as follows

	2009	2008
	£	£
Accelerated capital allowances	<u>11,116</u>	<u>32,827</u>

Rowlinson Constructions Limited

**Notes to the financial statements
for the year ended 31 December 2009**

17. Share capital

	2009 £	2008 £
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	1,000	1,000

18. Reserves

	Profit and loss account £
At 1 January 2009	2,716,790
Profit for the year	2,702,327
Dividends Equity capital	(1,600,000)
At 31 December 2009	3,819,117

19. Reconciliation of movement in shareholders' funds

	2009 £	2008 £
Opening shareholders' funds	2,717,790	4,968,306
Profit for the year	2,702,327	249,214
Dividends (Note 20)	(1,600,000)	(2,499,730)
Closing shareholders' funds	3,820,117	2,717,790

20. Dividends

	2009 £	2008 £
Dividends paid on equity capital	1,600,000	2,499,730

21. Contingent liabilities

At the 31 December 2009 there existed performance bonds and similar agreements entered into in the normal course of business totalling £2,175,907 (2008 £1,238,717)

Rowlinson Constructions Limited

**Notes to the financial statements
for the year ended 31 December 2009**

22. Operating lease commitments

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2009	2008
	£	£
Expiry date:		
Between 2 and 5 years	-	73,087
After more than 5 years	73,087	-
	<u>73,087</u>	<u>-</u>

23. Related party transactions

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

During the year a speculative development property was sold to Rowlinson Investments Limited, a company related by common control, at its market value of £104,500

24. Ultimate parent undertaking

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

25. Ultimate parent undertaking and 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