

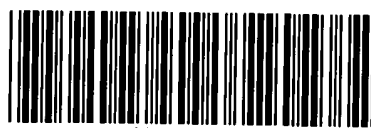
Registered number: 02596893

Rowlinson Constructions Limited

Annual report and financial statements

For the year ended 31 December 2016

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Rowlinson Constructions Limited

Company Information

Directors	D J Roberts A C Simpson S J Weir D S Chilton
Registered number	02596893
Registered office	London House London Road South Poynton Stockport Cheshire SK12 1YP
Independent 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

Strategic Report For the year ended 31 December 2016

Introduction

The Directors present the Strategic Report for the year ended 31 December 2016.

Business review

The principal activity of the company during the year was that of building contractor.

The Directors are pleased to report a satisfactory year with operating profit of £407,898 (2015: £699,852). The company experienced delayed starts to a number of contracts which resulted in a level of activity lower than anticipated. Each of those contracts had begun by the end of the year and will provide a solid foundation for 2017.

Turnover in 2016 comprised traditionally funded contract work from registered providers of social housing, construction of private rented homes for institutional investors, contract work for private developers, and mixed use commercial projects.

Historically, a significant proportion of turnover has been generated from registered providers of social housing. As changes in government policy have impacted adversely on funds available to registered providers, the company has expanded its core customer base by developing strategic relationships with private and public sector clients.

The Directors are satisfied that the balance sheet provides a solid platform to support the forecasted needs of the business.

Principal risks and uncertainties

The company undertakes some contracts on a fixed price basis. There is an element of risk that unforeseen events occur resulting in costs being incurred which cannot be recovered from the client. This risk is mitigated internally by employing suitably qualified and experienced staff to manage the process.

A significant proportion of turnover is generated from contracts entered into with publicly funded organisations, and consequently, the company's results are exposed to variations in Government spending policy.

The Directors have continued to undertake speculative projects and are aware that there is an element of risk associated with adverse movements in market values.

Financial key performance indicators

The financial key performance indicators of the company are detailed for the last 5 years below:

	2016	2015	2014	2013	2012
Turnover £'000	18,618	17,860	25,317	15,007	12,426
Gross profit £'000	2,191	2,433	2,132	1,770	1,665
Gross profit %	12%	14%	8%	12%	13%
Operating profit £'000	408	700	91	373	365
Operating profit/turnover %	2%	4%	0%	2%	3%
Number of employees	59	72	78	60	63
Operating profit per employee £'000	7	10	1	6	6

Rowlinson Constructions Limited

**Strategic Report
For the year ended 31 December 2016**

Future developments

There is a healthy demand for new homes and the business strategy is to maintain close links with existing clients combined with exploring new relationships and opportunities in both the social and private housing sectors.

The company has secured a strong forward order book which will underpin the business over the next year.

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



.....
A C Simpson
Director

Date: 25 April 2017

Rowlinson Constructions Limited

Directors' Report For the year ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements and then apply them consistently;
- make judgements 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.

Results and dividends

The profit for the year, after taxation, amounted to £403,407 (2015: £558,720).

Dividends of £222,114 (2015: £nil) were paid during the year.

Directors

The directors who served during the year were:

D J Roberts
A C Simpson
S J Weir
D S Chilton

Future developments

An indication of the likely future developments in the Company's business is provided in the Strategic report.

Rowlinson Constructions Limited

Directors' Report (continued) For the year ended 31 December 2016

Financial instruments

The company's principle 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.

Disclosure 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 the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the company since the year end.

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
Director

Date: 25 April 2017

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 2016, set out on pages 7 to 26. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 on page 3, 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 Financial Reporting Council'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 strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 and of its profit or loss 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, based on the work undertaken in the course of the audit, the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

Rowlinson Constructions Limited

Independent auditors' report to the shareholders of Rowlinson Constructions Limited (continued)

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 Ltd

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

25 April 2017

Rowlinson Constructions Limited

**Statement of Comprehensive Income
For the year ended 31 December 2016**

	Note	2016 £	2015 £
Turnover	4	18,618,022	17,859,528
Cost of sales		(16,427,147)	(15,426,577)
Gross profit		2,190,875	2,432,951
Administrative expenses		(1,809,096)	(1,758,071)
Other operating income	5	26,119	24,972
Operating profit	6	407,898	699,852
Interest receivable and similar income	10	94,095	14,868
Interest payable and expenses	11	(1,534)	(2,400)
Profit before tax		500,459	712,320
Tax on profit	12	(97,052)	(153,600)
Profit and total comprehensive income for the year		403,407	558,720

There was no other comprehensive income for 2016 (2015:£NIL).

The notes on pages 10 to 26 form part of these financial statements.

Rowlinson Constructions Limited
Registered number: 02596893

Balance Sheet
As at 31 December 2016

	Note	2016 £	As restated 2015 £
Fixed assets			
Tangible assets	14	302,454	345,453
Investments	15	365,654	428,795
		<u>668,108</u>	<u>774,248</u>
Current assets			
Stocks	16	630,126	478,785
Debtors: amounts falling due within one year	17	12,309,872	9,448,641
Cash at bank and in hand	18	2,060,865	2,788,883
		<u>15,000,863</u>	<u>12,716,309</u>
Creditors: amounts falling due within one year	19	(6,536,045)	(4,221,592)
Net current assets		<u>8,464,818</u>	<u>8,494,717</u>
Total assets less current liabilities		<u>9,132,926</u>	<u>9,268,965</u>
Creditors: amounts falling due after more than one year	20	(1,852)	(12,309)
Provisions for liabilities			
Deferred tax	23	(2,334)	(5,840)
Other provisions	24	(891,500)	(1,194,869)
		<u>(893,834)</u>	<u>(1,200,709)</u>
Net assets		<u>8,237,240</u>	<u>8,055,947</u>
Capital and reserves			
Called up share capital	25	1,000	1,000
Profit and loss account	26	8,236,240	8,054,947
Shareholders' funds		<u>8,237,240</u>	<u>8,055,947</u>

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



.....
A C Simpson
Director

Date: 25 April 2017

The notes on pages 10 to 26 form part of these financial statements.

Rowlinson Constructions Limited

**Statement of Changes in Equity
For the year ended 31 December 2016**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2016	1,000	8,054,947	8,055,947
Comprehensive income for the year			
Profit for the year	-	403,407	403,407
Total comprehensive income for the year	-	403,407	403,407
Dividends: Equity capital	-	(222,114)	(222,114)
At 31 December 2016	1,000	8,236,240	8,237,240

**Statement of Changes in Equity
For the year ended 31 December 2015**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2015	1,000	7,496,227	7,497,227
Comprehensive income for the year			
Profit for the year	-	558,720	558,720
Total comprehensive income for the year	-	558,720	558,720
At 31 December 2015	1,000	8,054,947	8,055,947

The notes on pages 10 to 26 form part of these financial statements.

Rowlinson Constructions Limited

Notes to the Financial Statements For the year ended 31 December 2016

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

In the prior year financial statements, the amounts owed by, and owed to, customers on construction contracts were calculated on a net basis and presented on a separate line within the Debtors and Creditors notes respectively. In these financial statements, the gross amount due from customers for contract work has been presented as an asset within Debtors and the gross amount due to customers for contract work has been presented as a liability within Creditors, as required by section 23 of FRS 102. Reclassifications have been made such that prior year amounts are presented on the same basis as current year amounts.

The following principal accounting policies have been applied:

1.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Construction contracts

When the outcome of construction contracts can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion at the end of the reporting period.

Reliable estimation of the outcome of construction contracts requires reliable estimates of the stage of completion, future costs and collectability of billings.

The stage of completion is measured by surveys of work performed.

When the outcome of a construction contract cannot be estimated reliably, revenue is only recognised to the extent of contract costs incurred that it is probable will be recoverable.

When it is probable that the total contract costs will exceed total contract revenue on a construction contract, the expected loss shall be recognised as an expense immediately, with a corresponding provision for an onerous contract.

Revenue in respect of variations to contracts and incentive payments is recognised when it is probable it will be agreed by the customer.

Own developments

Revenue derived from the sale of speculative developments is recognised upon the transfer of risks and rewards of ownership to the buyer, when there is an exchange of unconditional contracts.

Rowlinson Constructions Limited

Notes to the Financial Statements For the year ended 31 December 2016

1. Accounting policies (continued)

1.3 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Rowcon Limited as at 31 December 2016 and these financial statements may be obtained from Registrar of Companies, Companies House, Crown Way, Cardiff, C14 3UZ.

1.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	-	2% straight line
Plant and machinery	-	25% straight line
Motor vehicles	-	25% straight line
Fixtures, fittings and equipment	-	25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

1.5 Operating leases: Lessee

Leases are classified as operating leases whenever the terms of the lease do not transfer substantially all the risks and rewards of ownership to the company. Rentals payable under operating leases are charged to the profit or loss on a straight line basis over the lease term. The aggregate benefit of lease incentives are recognised as a reduction to the expense over the lease term on a straight line basis.

Rowlinson Constructions Limited

**Notes to the Financial Statements
For the year ended 31 December 2016**

1. Accounting policies (continued)

1.6 Valuation of investments

Investments held as fixed assets are shown at cost, which is considered to be the fair value.

Other fixed asset investments, as detailed in note 15, represent sold properties in which the company retains an interest comprising a proportion of the costs of units being sold under a shared ownership scheme.

1.7 Stocks

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

The company recognises costs that relate to future activity on a construction contract as an asset if it is probable that the costs will be recovered.

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 follows:- 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.

1.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Rowlinson Constructions Limited

**Notes to the Financial Statements
For the year ended 31 December 2016**

1. Accounting policies (continued)

1.10 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, and loans to and from related parties.

Debt instruments that are payable or receivable within one year, typically trade payable or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.11 Creditors

Short term creditors are measured at the transaction price.

1.12 Finance costs

Finance costs are charged to the Profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Rowlinson Constructions Limited

**Notes to the Financial Statements
For the year ended 31 December 2016**

1. Accounting policies (continued)

1.13 Leased assets: Lessee

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised as tangible fixed assets at commencement of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the company's incremental borrowing rate is used. Incremental direct cost, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method to produce a constant rate of charge on the balance of the capital repayments outstanding.

1.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

1.15 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

1.16 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

1.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

Rowlinson Constructions Limited

**Notes to the Financial Statements
For the year ended 31 December 2016**

1. Accounting policies (continued)

1.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. General information

Rowlinson Constructions Limited is a private company limited by shares and incorporated in England. The address of the registered office and principal place of business is London House, London Road South, Poynton, Stockport, Cheshire, SK12 1YP. The company's registered number is 02596893.

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

Rowlinson Constructions Limited

**Notes to the Financial Statements
For the year ended 31 December 2016**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates that affect amounts recognised for assets and liabilities at the reporting date and the amounts of revenue and expenses incurred during the reporting period. Actual outcomes may differ from these judgements, estimates and assumptions. The judgements, estimates and assumptions that have the most significant effect on the carrying value of assets and liabilities of the company as at 31 December 2016 are discussed below.

a) Revenue and margin recognition

The company's revenue recognition and margin recognition policies, which are set out in note 1.2, are central to how the company values the work it has carried out in each financial year. These policies require forecasts to be made of the outcomes of construction contracts, which require assessments and judgements to be made. The company reviews and, when necessary, revises the estimates of revenue and costs as the contract progresses.

b) Provisions

Provisions are liabilities of uncertain timing or amount and therefore making a reliable estimate of the quantum and timing of liabilities judgement is applied and re-evaluated at each reporting date. The company recognised provisions at 31 December 2016 of £891,500 (2015: £1,194,869).

4. Turnover

An analysis of turnover by class of business is as follows:

	2016 £	2015 £
Contract revenue	18,535,522	17,648,553
Sale of shared equity properties/land	82,500	210,975
	<u>18,618,022</u>	<u>17,859,528</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2016 £	2015 £
Other operating income	26,119	24,972
	<u>26,119</u>	<u>24,972</u>

Rowlinson Constructions Limited

**Notes to the Financial Statements
For the year ended 31 December 2016**

6. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets owned by the company	29,508	27,951
Depreciation of tangible fixed assets held under finance leases	16,006	23,234
Profit on sale of tangible assets	-	(7,984)
Profit on disposal of investments	(18,387)	(29,233)
Operating lease rentals - Plant and machinery	1,111	2,555
Operating lease - other operating leases	32,727	32,727
Defined contribution pension cost	103,984	106,008
	<u> </u>	<u> </u>

7. Auditors' remuneration

	2016 £	2015 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	11,250	11,250
	<u> </u>	<u> </u>
Fees payable to the Company's auditor in respect of:		
Other services relating to taxation	2,750	2,000
	<u> </u>	<u> </u>

Rowlinson Constructions Limited

**Notes to the Financial Statements
For the year ended 31 December 2016**

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	2,417,340	2,659,306
Social security costs	227,756	280,817
Cost of defined contribution scheme	103,984	106,008
	<u>2,749,080</u>	<u>3,046,131</u>

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

	2016 No.	2015 No.
Administration	20	20
Construction and development work	39	52
	<u>59</u>	<u>72</u>

9. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	284,890	298,208
Company contributions to defined contribution pension schemes	66,262	66,062
	<u>351,152</u>	<u>364,270</u>

During the year retirement benefits were accruing to 4 directors (2015: 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £95,747 (2015: £94,302).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £8,888 (2015: £8,738).

Rowlinson Constructions Limited

**Notes to the Financial Statements
For the year ended 31 December 2016**

10. Interest receivable

	2016 £	2015 £
Bank interest	6,474	14,868
Other interest receivable	87,621	-
	<u>94,095</u>	<u>14,868</u>

11. Interest payable and similar charges

	2016 £	2015 £
Finance leases and hire purchase contracts	<u>1,534</u>	<u>2,400</u>

12. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	100,558	153,220
Total current tax	<u>100,558</u>	<u>153,220</u>
Deferred tax		
Origination and reversal of timing differences	(3,506)	380
Taxation on profit on ordinary activities	<u>97,052</u>	<u>153,600</u>

Rowlinson Constructions Limited

Notes to the Financial Statements
For the year ended 31 December 2016

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 20%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	500,459	712,320
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20%)	100,092	142,464
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,152	2,761
Capital allowances for year in excess of depreciation	1,108	1,109
Changes in provisions leading to an increase (decrease) in the tax charge	(8,300)	5,400
Changes in tax rates	-	1,866
Total tax charge for the year	97,052	153,600

13. Dividends

	2016 £	2015 £
Dividends paid on equity capital	222,114	-
	222,114	-

Rowlinson Constructions Limited

**Notes to the Financial Statements
For the year ended 31 December 2016**

14. Tangible fixed assets

	L/Term Leasehold Property £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
Cost or valuation					
At 1 January 2016	277,000	53,267	153,879	213,594	697,740
Additions	-	-	-	2,515	2,515
Disposals	-	(15,944)	-	(36,421)	(52,365)
At 31 December 2016	<u>277,000</u>	<u>37,323</u>	<u>153,879</u>	<u>179,688</u>	<u>647,890</u>
Depreciation					
At 1 January 2016	27,700	53,267	102,268	169,052	352,287
Charge for the period on owned assets	5,540	-	4,297	19,671	29,508
Charge for the period on financed assets	-	-	16,006	-	16,006
Disposals	-	(15,944)	-	(36,421)	(52,365)
At 31 December 2016	<u>33,240</u>	<u>37,323</u>	<u>122,571</u>	<u>152,302</u>	<u>345,436</u>
Net book value					
At 31 December 2016	<u>243,760</u>	<u>-</u>	<u>31,308</u>	<u>27,386</u>	<u>302,454</u>
At 31 December 2015	<u>249,300</u>	<u>-</u>	<u>51,611</u>	<u>44,542</u>	<u>345,453</u>

The property has a historical cost of £104,000 and was valued at £277,000 on 31 December 2010 by Jacobs (Manchester) UK Limited, who are independent qualified surveyors. The basis of the valuation is open market value for existing use. The directors are not aware of any material change in value and therefore the valuation has not been updated.

If the land and buildings had not been included at valuation, they would have been included under the historical cost convention at a net book value of £70,720 (2015: £72,800).

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

	2016 £	2015 £
Motor vehicles	<u>29,157</u>	<u>45,160</u>

Rowlinson Constructions Limited

**Notes to the Financial Statements
For the year ended 31 December 2016**

15. Fixed asset investments

	Other fixed asset investments £
Cost or valuation	
At 1 January 2016	428,795
Disposals	(63,141)
At 31 December 2016	<u>365,654</u>
Net book value	
At 31 December 2016	<u><u>365,654</u></u>
<i>At 31 December 2015</i>	<u><u>428,795</u></u>

16. Stocks

	2016 £	2015 £
Work in progress	<u>630,126</u>	<u>478,785</u>

17. Debtors

	2016 £	<i>As restated</i> 2015 £
Trade debtors	2,924,230	1,819,185
Amounts owed by group undertakings	7,381,138	7,247,360
Other debtors	1,886,382	250,247
Prepayments and accrued income	118,122	108,533
Tax recoverable	-	23,316
	<u>12,309,872</u>	<u>9,448,641</u>

An impairment loss of £nil (2015: £601) was recognised against trade debtors.

Rowlinson Constructions Limited

**Notes to the Financial Statements
For the year ended 31 December 2016**

18. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	2,060,865	2,788,883

19. Creditors: Amounts falling due within one year

	2016 £	<i>As restated</i> 2015 £
Trade creditors	3,619,215	2,973,869
Corporation tax	100,558	153,220
Other taxation and social security	90,836	104,059
Obligations under finance lease and hire purchase contracts	10,457	9,578
Other creditors	40,673	43,369
Accruals and deferred income	2,674,306	937,497
	<u>6,536,045</u>	<u>4,221,592</u>

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

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

	2016 £	2015 £
Net obligations under finance leases and hire purchase contracts	1,852	12,309

Secured loans

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

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2016 £	2015 £
Within one year	11,112	11,112
Between 1-2 years	1,852	11,112
Between 2-5 years	-	1,852
	<u>12,964</u>	<u>24,076</u>

Rowlinson Constructions Limited

**Notes to the Financial Statements
For the year ended 31 December 2016**

22. Financial instruments

	2016 £	<i>As restated</i> 2015 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>12,191,749</u>	<u>9,316,792</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>3,954,627</u>	<u>3,530,957</u>

Financial assets measured at amortised cost comprise of group, trade and other receivables.

Financial liabilities measured at amortised cost comprise of trade and other payables.

23. Deferred taxation

	2016 £	2015 £
At beginning of year	5,840	5,460
Charged to profit or loss	(3,506)	380
At end of year	<u>2,334</u>	<u>5,840</u>

The provision for deferred taxation is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	<u>2,334</u>	<u>5,840</u>

Rowlinson Constructions Limited

Notes to the Financial Statements
For the year ended 31 December 2016

24. Provisions

	Contract provisions £
At 1 January 2016	1,194,869
Charged to profit or loss	360,000
Utilised in year	(663,369)
At 31 December 2016	891,500

Contract provisions include defect, warranty and other provisions on construction contracts that are ongoing or have reached practical completion.

25. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	1,000	1,000

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends or the repayment of capital.

26. Reserves

Profit and loss account

Profit and loss account - includes all current and prior period retained profits and losses. Included within retained earnings is an amount of £164,720 (2015: £168,180) in respect of revaluations of land and buildings, net of depreciation recognised in the profit and loss account in excess of depreciation applicable under the historical cost convention.

27. Contingent liabilities

At the 31 December 2016 there existed performance bonds and similar agreements entered into in the normal course of business totalling £3,123,271 (2015: £2,377,748).

A guarantee and debenture incorporating a fixed and floating charge over the company's assets dated 30 September 2014 exists in favour of a company controlled by a director, as the security trustee in respect of loan notes due from the ultimate parent company to the director. The amount due from the ultimate parent company to the director in respect of the loan notes as at 31 December 2016 was £1,390,000 (2015: £1,750,000).

Rowlinson Constructions Limited

**Notes to the Financial Statements
For the year ended 31 December 2016**

28. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £103,984 (2015: £106,008). Contributions totalling £8,747 (2015: £9,152) were payable to the fund at the balance sheet date.

29. Commitments under operating leases

At 31 December 2016 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	51,120	45,120
Later than 1 year and not later than 5 years	119,280	170,400
	<u>170,400</u>	<u>215,520</u>

30. Related party transactions

The following transactions occurred during the year, and balances existed at the year end date, with companies related by common control and/or common directorship.

	2016 £	2015 £
Sales	11,630,686	376,754
Debtors	1,859,268	201,230
Creditors	134,326	-
	<u>11,630,686</u>	<u>577,984</u>

Key management personnel remuneration is detailed in note 9.

In preparing these financial statements, the directors have taken advantage of the exemption available under section 33 paragraph 1A of the Financial Reporting Standard 102, and have not disclosed transactions entered into between wholly owned group undertakings.

31. Controlling party

The immediate parent undertaking is Rowlinson Holdings Limited, a company registered in England.

The ultimate parent undertaking is Rowcon Limited, a company registered in England. Rowcon Limited is the parent company for the largest group for which accounts are prepared.

The consolidated financial statements of this group are available to the public and may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, C14 3UZ.

The ultimate parent company is jointly controlled by its directors.