

**ROWEN STRUCTURES LIMITED**

**Report and Financial Statements**

**31 December 2010**

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# **ROWEN STRUCTURES LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2010**

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# **ROWEN STRUCTURES LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2010**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

A D Dunsmore  
S P K Dobbs  
R W Evans

#### **SECRETARY**

J D Rhodes

#### **REGISTERED OFFICE**

Dalton Airfield Industrial Estate  
Dalton  
Thirsk  
North Yorkshire  
YO7 3JN

#### **BANKERS**

National Australia Bank Ltd  
(Yorkshire Bank)  
94 Albion Street  
Leeds  
LS1 6AG

#### **SOLICITORS**

Irwin Mitchell  
21 Queen Street  
Leeds  
LS1 2TW

#### **AUDITOR**

Deloitte LLP  
Chartered Accountants & Statutory Auditor  
Leeds

# **ROWEN STRUCTURES LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

### **ACTIVITIES**

The principal activity of the company is the design, fabrication and erection of structural steelwork, specialist cladding and ancillary products

### **REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

We report a profit before tax for the year of £Nil (2009 £455,000) Turnover reduced to £5,409,000 (2009 £25,187,000) reflecting a lower level of work awarded to the company from across the Severfield-Rowen Plc Group The company's balance sheet continues to strengthen with net current assets and net assets increasing to £1,241,000 (2009 £996,000) Cash at the year end reduced to £263,000 (2009 £8,503,000), primarily reflecting the settlement of certain amounts payable to other Group companies

The company continues to contract business on behalf of the Severfield-Rowen Group with its long-standing clients, providing its wholly retained project management skills and Group services to many projects

The current economic downturn has had an impact upon the UK structural steelwork industry but the directors believe the company will remain strong by capitalising on its inherent strengths and longstanding client relationships While the downturn will impact on the company, the directors are confident the company will sustain a comparatively strong performance in the short term and increase profitability over the long term

### **DIVIDENDS AND TRANSFERS TO RESERVES**

The results for the year are set out in the profit and loss account on page 7

The directors did not recommend the payment of a dividend (2009 £Nil) during the year A retained profit of £245,000 (2009 £307,000) has been transferred to reserves

### **DIRECTORS**

The present membership of the board is noted on page 1 S P K Dobbs served throughout the year and subsequently A D Dunsmore was appointed as a director on 1 March 2010, R W Evans was appointed as a director on 3 August 2011 and P J Davison resigned on 1 February 2011

### **EMPLOYEES**

The company has continued its policy regarding the employment of disabled persons Full and fair consideration is given to the applications for employment made by disabled persons, having regard to their particular aptitudes and abilities

Appropriate training is arranged for disabled persons and employees who become disabled, including retraining for alternative work, with the objective of promoting their career development within the organisation

Employees are encouraged to discuss with management any matters about which they are concerned and factors affecting the company In addition, the Board takes account of employees' interests when making decisions, and the employees are informed of the company's performance on a regular basis Suggestions from employees aimed at improving the company's performance are encouraged

Full and fair consideration is given to all applicants for employment, irrespective of colour or creed

# **ROWEN STRUCTURES LIMITED**

## **DIRECTORS' REPORT (continued)**

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The company is subject to competitor risk, operating in a competitive market with a focus on ongoing innovation and price pressure. To reduce this risk we focus resources on ensuring we lead the sector in innovation, and continue to invest in appropriate developments in technology and other areas. We also actively challenge margins when reviewing potential orders, and work hard to ensure the sourcing of quality labour and materials at the best price available.

The company benefits from close commercial relationships with a number of key customers and suppliers. Damage to or loss of any of these relationships could have a direct and detrimental effect on the company's results. To manage this risk company management continues to invest significant time and effort working with these customers and suppliers to ensure the company meets their respective needs, and continues to develop strong working relationships.

### **TREASURY**

The company's treasury operates procedures designed to reduce or eliminate financial risk. The policies are approved by the Board and the use of financial instruments is strictly controlled.

The company's principal financial instruments comprise cash and various items, such as trade debtors and trade creditors that arise directly from its operations.

### **CREDITOR PAYMENT POLICY**

The company's current policy concerning the payment of its trade creditors is to agree terms and conditions for its transactions with suppliers and to abide by those terms, subject to those terms and conditions being met by the supplier. At 31 December 2010 trade creditors of the company represented 4 days of purchases (2009: 70 days).

# ROWEN STRUCTURES LIMITED

## DIRECTORS' REPORT (continued)

### GOING CONCERN

In determining whether the company's financial statements can be prepared on a going concern basis, the directors have considered all factors likely to affect its future development, performance and its financial position, including cash flows, liquidity position and group borrowing facilities and the risks and uncertainties relating to the company's business activities. The key factors considered by the Directors were as follows:

- The implications of the challenging economic environment on the company's revenues and profits,
- The impact of the increasingly competitive environments within which the company operates, including pressures on margins and counterparty risks,
- The impact on our business of key suppliers being unable to meet their obligations to the company
- The potential mitigating actions that could be taken in the event that revenues are worse than expected, to ensure that operating profit and cash flows are protected, and
- The group headed by Severfield-Rowen Plc had access to a £40 million revolving credit facility to meet day-to-day working capital requirements as at 31 December 2010. This facility expires in March 2013.

The directors are in receipt of a letter of support from Severfield-Rowen Plc. Having considered all the factors impacting the company's business, including downside sensitivities, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### AUDITOR

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

- so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



J D Rhodes  
Secretary  
14 September 2011

# **ROWEN STRUCTURES LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROWEN STRUCTURES LIMITED**

We have audited the financial statements of Rowen Structures Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 17. 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 auditor's 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 auditor**

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.

### **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 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

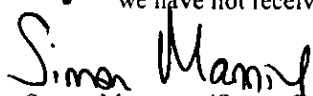
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Simon Manning (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Leeds, UK  
14 September 2011



# ROWEN STRUCTURES LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31 December 2010

	Note	2010 £'000	2009 £'000
<b>TURNOVER</b>	2	5,409	25,187
Cost of sales		<u>(5,308)</u>	<u>(24,495)</u>
<b>GROSS PROFIT</b>		101	692
Distribution costs		-	(80)
Administrative expenses		(132)	(157)
Other operating income		<u>31</u>	<u>-</u>
<b>OPERATING PROFIT</b>	4	-	455
Net interest payable	5	<u>-</u>	<u>-</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	-	455
Tax on profit on ordinary activities	6	<u>245</u>	<u>(148)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		245	307
Dividends	7	<u>-</u>	<u>-</u>
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR TRANSFERRED TO RESERVES</b>	13	<u>245</u>	<u>307</u>

All activities relate to continuing operations

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses for the current financial year and preceding financial years other than as stated in the profit and loss account

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

There have been no other movements in shareholders' funds during the year and preceding years other than as stated in the profit and loss account

# **ROWEN STRUCTURES LIMITED**

## **BALANCE SHEET** **31 December 2010**

	Note	2010 £'000	2009 £'000
<b>FIXED ASSETS</b>			
Tangible assets	8	-	-
<b>CURRENT ASSETS</b>			
Stocks	8	-	30
Debtors	9	30,373	29,152
Cash at bank and in hand		263	8,503
		<u>30,636</u>	<u>37,685</u>
<b>CREDITORS: amounts falling due within one year</b>	10	<u>(29,395)</u>	<u>(36,689)</u>
<b>NET CURRENT ASSETS</b>		<u>1,241</u>	<u>996</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,241</u>	<u>996</u>
<b>NET ASSETS</b>		<u>1,241</u>	<u>996</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	-	-
Profit and loss account	13	1,241	996
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u>1,241</u>	<u>996</u>

The financial statements of Rowen Structures Limited, registered number 3152085 were approved by the Board of Directors on 14 September 2011

Signed on behalf of the Board of Directors



A D Dunsmore  
Director

# **ROWEN STRUCTURES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2010**

### **1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. They have all been applied consistently throughout the year and the preceding year.

#### **Accounting convention**

The financial statements are prepared under the historical cost convention. The financial statements have been prepared on a going concern basis. Further details regarding the adoption of the going concern basis can be found in the Directors' report.

#### **Turnover**

Turnover from construction contracts is recognised in accordance with the company's accounting policy on construction contracts.

Turnover in respect of other activities represents the invoiced value of sales and is recognised upon provision of the goods or services.

Value added tax is excluded from turnover.

#### **Construction contracts**

Profit is recognised on contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account, turnover and related cost as contract activity progresses. Where the outcome of a construction contract cannot be estimated reliably, turnover is recognised to the extent of contract costs incurred that are likely to be recoverable. Where it is foreseeable that total contract costs will exceed contract turnover, the expected loss is recognised as an expense immediately.

Turnover is calculated as that proportion of the total contract value which costs incurred to date bear to total expected cost for that contract. Variations in contract work, claims and incentive payments are included in turnover to the extent that there is appropriate certainty that they will be accepted by the customer and can be measured reliably.

Contract costs are recognised as expenses in the period in which they are incurred.

#### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets and liabilities are not discounted.

#### **Pensions**

The company contributes to a defined contribution pension scheme operated by the parent company. The costs of this scheme are charged to the profit and loss account in the period in which they are incurred.

#### **Leases**

Rental costs under operating leases are charged to the profit and loss account in equal amounts over the period of the lease.

# ROWEN STRUCTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2010

### 1. ACCOUNTING POLICIES (CONTINUED)

#### Stocks

Raw materials and consumables are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Work in progress represents costs incurred on specific contracts, net of amounts transferred to cost of sales in respect of work recorded as turnover less foreseeable losses and payments on account not matched with turnover. Attributable profit is taken on the same basis as turnover, as noted above

Provision is made for the full amount of foreseeable losses on contracts. Income arising from the settlement of contract claims is recorded when final negotiations have been completed and the amount of the settlement is considered to be collectible

Amounts recoverable on contracts represents the excess of recorded turnover over amounts invoiced, and is disclosed separately within debtors. Payments received on account in excess of the value of work done on the related contract are included in creditors

#### Cash flow statement

The cash flows of the company are included in the consolidated group cash flow statement of Severfield-Rowen Plc. Accordingly the company has taken advantage of the exemption under the terms of Financial Reporting Standard No. 1 not to publish a cash flow statement

### 2. TURNOVER AND PROFIT BEFORE TAXATION

The turnover and profit before taxation, all of which arise in the United Kingdom, are attributable to the main activity of the company

### 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The remuneration, including pension contributions, of the directors was as follows

	2010 £'000	2009 £'000
Directors' emoluments	118	140

The directors' emoluments shown above (excluding pension contributions) include

	2010 £'000	2009 £'000
Remuneration of highest paid director	112	133

The company contributes to directors' money purchase pension funds. During 2010 payments made into the pension funds of one director amounted in total to £6,002 (2009 £7,350), which related to the highest paid director

	No.	No.
Average number of persons employed		
Production	9	12
Sales and administration	1	1
	10	13
	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	442	660
Social security costs	60	86
Pension costs	20	31
	522	777

# **ROWEN STRUCTURES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2010**

### **4. OPERATING PROFIT**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Operating profit is stated after charging:</b>		
Rentals under operating leases		
Land and buildings	132	132
Vehicle operating lease costs	16	48
Fees payable to the Company's auditor for the audit of the Company's annual accounts	10	10
	<u>          </u>	<u>          </u>

### **5 NET INTEREST PAYABLE**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable	-	-
Interest payable	-	-
	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>

### **6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>(a) The tax charge comprises:</b>		
<b>Current tax</b>		
UK Corporation tax charge at 28 0% (2009 28 0%) based on profit for the Year	(5)	137
Adjustment to prior years' provision	(249)	-
Total current tax	<u>(254)</u>	<u>137</u>
<b>Deferred tax</b>		
Current year (credit)/charge	<u>9</u>	<u>11</u>
Total tax on profit on ordinary activities	<u>(245)</u>	<u>148</u>

#### **(b) Tax reconciliation**

The difference between the total tax shown above and the amount calculated by applying the average rate of UK corporation tax to the profit is as follows

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Profit on ordinary activities before tax	<u>-</u>	<u>455</u>
Tax on profit on ordinary activities at average UK Corporation tax rate of 28 0% (2009 28 0%)	-	127
Expenses not deductible for tax purposes	3	21
Capital allowances in excess of depreciation	(8)	(10)
Short term timing differences	-	(1)
Prior years' adjustment	(249)	-
Current tax charge	<u>(254)</u>	<u>137</u>

A reduction in the headline UK tax rate from 28% to 26%, effective 1 April 2011, was substantively enacted under the Provisional Collection of Taxes Act in March 2011. The Finance Bill 2011 proposed further reductions in the headline rate from 26% to 23% over the next three years. The reduction in the headline UK tax rate from 1 April 2012 to 25% was substantively enacted on 5 July 2011 within Finance (No 3) Bill.

# **ROWEN STRUCTURES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** **Year ended 31 December 2010**

### **7. DIVIDENDS**

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Dividend of £Nil (2009 £Nil) per ordinary share	-	-

### **8. STOCKS**

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Work in progress	-	30

### **9. DEBTORS**

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Amounts due within one year		
Trade debtors	806	1,814
Amounts owed by fellow subsidiary undertakings	29,510	27,264
Deferred taxation (note 11)	32	41
Prepayments and accrued income	25	33
	<u>30,373</u>	<u>29,152</u>

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

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Trade creditors	56	188
Amount owed to parent company	4,005	4,000
Amounts owed to fellow subsidiary undertakings	24,173	29,804
Corporation tax payable	99	357
Tax and social security	35	506
Other creditors and accruals	1,027	1,834
	<u>29,395</u>	<u>36,689</u>

# **ROWEN STRUCTURES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2010**

### **11. DEFERRED TAXATION**

	2010 £'000	2009 £'000
Deferred taxation movement for the year		
Balance at 1 January	(41)	(52)
Current year charge/(credit)	9	11
	<u>          </u>	<u>          </u>
Balance at 31 December	(32)	(41)
	<u>          </u>	<u>          </u>

The deferred tax asset of £32,000 (2009 £41,000) is included within Debtors (note 9)

The amounts of deferred taxation provided at 31 December 2010 were as follows

	2010 £'000	2009 £'000
Capital allowances in excess of depreciation	(31)	(40)
Other timing differences	(1)	(1)
	<u>          </u>	<u>          </u>
	(32)	(41)
	<u>          </u>	<u>          </u>

### **12 CALLED UP SHARE CAPITAL**

	2010 £'000	2009 £'000
Authorised, allotted and fully paid 100 Ordinary shares of £1 each	-	-
	<u>          </u>	<u>          </u>

### **13. PROFIT AND LOSS ACCOUNT**

	2010 £'000	2009 £'000
At 1 January	996	689
Profit for the financial year	245	307
Dividends	-	-
	<u>          </u>	<u>          </u>
At 31 December	1,241	996
	<u>          </u>	<u>          </u>

# ROWEN STRUCTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

### 14. FINANCIAL COMMITMENTS

#### Operating lease commitments

At 31 December 2010 the company was committed to make the following payments during the next year in respect of operating leases

	Land and buildings		Other	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Leases which expire				
Within one year	-	-	28	2
After five years	132	132	-	-
	<u>132</u>	<u>132</u>	<u>28</u>	<u>2</u>

### 15. CONTINGENT LIABILITIES

The company is party to a composite guarantee in favour of its bankers to secure the borrowings of group companies. At 31 December 2010 the total borrowings of the other group companies amounted to £29,704,000 (2009 £29,472,000)

### 16. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption granted in paragraph 3(c) of Financial Reporting Standard No 8 not to disclose related party transactions with other group companies

There were no other related party transactions in the year (2009 none)

### 17. ULTIMATE PARENT COMPANY

The immediate and ultimate parent company and ultimate controlling party is Severfield-Rowen Plc (for which consolidated accounts are prepared), which is incorporated in Great Britain and registered in England and Wales. Copies of the group financial statements can be obtained from Dalton Airfield Industrial Estate, Dalton, Thirsk, North Yorkshire, YO7 3JN