

**ROWEN STRUCTURES LIMITED**

**Report and Financial Statements**

**Year ended 31 March 2014**

**TUESDAY**



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**COMPANIES HOUSE**

# **ROWEN STRUCTURES LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2014**

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# **ROWEN STRUCTURES LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2014**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

A D Dunsmore  
R W Evans  
J D Rhodes

#### **SECRETARY**

J D Rhodes (resigned 18/10/13)

#### **REGISTERED OFFICE**

Severs House  
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 report and the audited financial statements for Rowen Structures Limited ('the Company') for the year ended 31 March 2014. The Company is a wholly owned subsidiary of Severfield plc (formerly Severfield-Rowen Plc) (together with its subsidiaries, 'the Group'). This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

The comparative figures within this report and financial statements cover a 15 month period ended 31 March 2013 and financial and related information linked to the period may not, therefore, be directly comparable with the figures for the current year ended 31 March 2014.

## **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**

A profit before tax of £8,000 is reported for the year ended 31 March 2014 (15 months ended 31 March 2013: £nil) on a turnover of £126,246 (2013: £8,246,000). The lower level of turnover reflects declining workload as activities have been transferred elsewhere in the Group. Due to the loss after tax reported for the year the Company's balance sheet has weakened to a net assets position of £1,707,000 (2013: £1,714,000).

From 1 April 2013 the operations of the Company were transferred into another Group company, Severfield (UK) Limited (formerly Severfield-Watson Structures Limited). At the balance sheet date, there remains two ongoing contracts that will continue to be executed by the Company but no further contract awards are expected. The Company will continue to trade until all past contract obligations have been satisfied. The Company will continue with the support of Severfield plc until all contractual obligations are fulfilled.

## **DIVIDENDS AND TRANSFERS TO RESERVES**

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

The directors did not recommend the payment of a dividend (31 March 2013: £nil) during the year. A retained loss of £6,000 (2013: loss of £2,000) has been transferred to reserves.

## **DIRECTORS**

The present membership of the board is noted on page 1. All directors served throughout the year and subsequently.

## **TREASURY**

The Company 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.

# ROWEN STRUCTURES LIMITED

## DIRECTORS' REPORT (continued)

### GOING CONCERN

As described in the business review above, the Company is not undertaking any new contracts and the only future activity will be the completion of three remaining contracts and the fulfilment of other past contractual obligations. The parent company has indicated its support to enable the Company to fully complete its existing contracts.

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 factor considered by the directors was the committed finance facilities to the Group, including both the level of the facilities and the banking covenants attached to them.

The directors are in receipt of a letter of support from Severfield 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.

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

Approved by the board of directors  
and signed on behalf of the board



A D Dunsmore  
Director  
19 December 2014

# **ROWEN STRUCTURES LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing their 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included in the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **INDEPENDENT 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 March 2014 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 14. 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. In addition, we read all the financial and non-financial information in the annual 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 March 2014 and of its 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 the information given in the Directors' Report for the financial period 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; or
- the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report or in preparing the director's report.



Paul Feechan (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Leeds, UK  
19 December 2014

# **ROWEN STRUCTURES LIMITED**

## **PROFIT AND LOSS ACCOUNT** **Year ended 31 March 2014**

		Year ended 31 March 2014	15 month period ended 31 March 2013
	Note	£'000	£'000
<b>TURNOVER</b>	2	126	8,246
Cost of sales		(118)	(8,267)
<b>GROSS PROFIT/(LOSS)</b>		8	(21)
Other operating income		-	21
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	8	-
Tax on profit on ordinary activities	5	(14)	(2)
<b>RETAINED LOSS FOR THE FINANCIAL YEAR TRANSFERRED FROM RESERVES</b>	10	(6)	(2)

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 period 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 period other than as stated in the profit and loss account.



# **ROWEN STRUCTURES LIMITED**

## **BALANCE SHEET** **31 March 2014**

	Note	31 March 2014 £'000	31 March 2013 £'000
<b>CURRENT ASSETS</b>			
Debtors	6	33,353	34,415
Cash at bank and in hand		89	-
		<u>33,442</u>	<u>34,415</u>
<b>CREDITORS: amounts falling due within one year</b>	7	<u>(31,734)</u>	<u>(32,701)</u>
<b>NET CURRENT ASSETS</b>		<u>1,708</u>	<u>1,714</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,708</u>	<u>1,714</u>
<b>NET ASSETS</b>		<u>1,708</u>	<u>1,714</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	-	-
Profit and loss account	10	<u>1,708</u>	<u>1,714</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u>1,708</u>	<u>1,714</u>

The financial statements of Rowen Structures Limited, registered number 3152085 were approved by the board of directors on 19 December 2014.

Signed on behalf of the board of directors



A D Dunsmore  
Director

# **ROWEN STRUCTURES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2014**

### **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 period.

#### **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 (see below).

Value added tax is excluded from turnover.

#### **Construction contracts**

Revenue represents the gross value of work performed (including retentions) during the reporting period and is normally determined by qualified management assessment, taking into account customer certifications to date.

The general principles for profit recognition are as follows:

- Revenues on contracts are recognised on a percentage of completion basis when the contract's outcome can be estimated reliably.
- Provision is made for total losses incurred or foreseen in bringing the contract to completion as soon as they become apparent.
- Variations are included in forecast contract revenues when it is considered probable that the customer will approve the variation and the amount of revenue arising from the variation, and the amount of revenue can be reliably measured.
- Incentive payments are included in forecast contract revenues when the contract is sufficiently advanced that it is probable that the specified performance standards will be met or exceeded and the amount of the incentive payment can be reliably measured.
- Claims receivable are recognised as income when negotiations have reached an advanced stage such that it is probable that the customer will accept the claim, and the amount that it is probable will be accepted by the customer can be measured reliably
- Rectification work which is reasonably foreseeable is provided for as a cost of the contract and taken into account when assessing its overall profitability. Claims for rectification arising after the end of a contract and which have not been provided for, are recognised as losses as they arise.

All costs relating to contracts are recognised as expenses in the period in which they are incurred, except where they relate to future activity on a contract, in which case they are recognised as an asset provided it is probable that they will be recovered. Where the outcome of a contract cannot be reliably estimated, contract revenue is recognised only to the extent that contract costs incurred are expected to be recovered.

Percentage of completion is determined by reference to the contract costs incurred to date (the proportion that estimated total contract costs are accounted for by contract costs incurred for work performed to date). Only those contract costs that reflect work performed are included in costs incurred to date.

Total expected contract costs are initially determined by the estimating function during the contract tender process. At launch, responsibility for the contract is handed over to the commercial function (consisting of qualified quantity surveyors) who, on an ongoing basis, reassesses the expected contract costs as the contract progresses, taking into account the risks identified in contract risk registers.

The assessment of the final outcome of each contract is determined by regular review of the revenues and costs to complete that contract. Regular monthly contract reviews form an integral part of the contract forecasting procedures.

# ROWEN STRUCTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

### 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.

### Cash flow statement

The cash flows of the Company are included in the consolidated Group cash flow statement of Severfield 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 ON ORDINARY ACTIVITIES 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

Directors' remuneration was borne by another Group company in the current and prior periods. It is not practicable to ascertain what proportion of this remuneration relates to the Company. The Company has no employees (2013: none)

## 4. OPERATING PROFIT

Operating profit is stated after charging:

	Year ended 31 March 2014 £'000	15 month period ended 31 March 2013 £'000
Rentals under operating leases:		
Land and buildings	-	132
Vehicle operating lease costs	-	19
	<u>          </u>	<u>          </u>

Audit fees of £10,000 (2013: £10,000) were borne by another Group company in the current and preceding financial periods.

During the year, the business exited an office property on 1 October 2013; a vacant lease provision has been recognised in the successor business Severfield (UK) Limited (formerly Severfield-Watson Structures Limited).

# **ROWEN STRUCTURES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** **Year ended 31 March 2014**

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

(a) The tax charge comprises:

	Year ended 31 March 2014 £'000	15 month period ended 31 March 2013 £'000
<b>Current tax</b>		
UK corporation tax charge at 23.0% (2013: 24.4%) based on profit for the year	(1)	(5)
Adjustment to prior periods provision	-	(1)
Total current tax credit	<u>(1)</u>	<u>(6)</u>
<b>Deferred tax</b>		
Current year charge	<u>15</u>	<u>8</u>
Total tax on profit on ordinary activities	<u>14</u>	<u>2</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:

	Year ended 31 March 2014 £'000	15 month period ended 31 March 2013 £'000
Profit on ordinary activities before tax	<u>8</u>	<u>-</u>
Tax on profit on ordinary activities at average UK corporation tax rate of 23.0% (2013: 24.4%)	2	-
Expenses not deductible for tax purposes	-	1
Capital allowances in excess of depreciation	(3)	(5)
Prior years' adjustment	-	(1)
Rate differences	-	(1)
Current tax charge	<u>(1)</u>	<u>(6)</u>

The Finance Act 2013, which provides for a reduction in the main rate of UK corporation tax to 21% effective from 1 April 2014 and 20% from 1 April 2015, was enacted on 17 July 2013. As this legislation was substantively enacted prior to the balance sheet date, the closing deferred tax liability has been revalued at 20% at 31 March 2014.

# **ROWEN STRUCTURES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** **Year ended 31 March 2014**

### **6. DEBTORS**

	31 March 2014 £'000	31 March 2013 £'000
<b>Amounts due within one year:</b>		
Trade debtors	177	1,951
Other debtors	2	-
Amounts owed by fellow subsidiary undertakings	33,172	32,444
Deferred taxation (note 8)	-	16
Tax and social security	1	-
Corporation tax	1	4
	<u>33,353</u>	<u>34,415</u>

### **7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31 March 2014 £'000	31 March 2013 £'000
Trade creditors	167	885
Amount owed to parent company	3,770	3,604
Amounts owed to fellow subsidiary undertakings	27,797	27,890
Tax and social security	-	230
Other creditors and accruals	-	12
Bank overdraft	-	80
	<u>31,734</u>	<u>32,701</u>

### **8. DEFERRED TAXATION**

	31 March 2014 £'000	31 March 2013 £'000
Deferred taxation movement for the year:		
Balance at start of period	(16)	(24)
Current year charge	16	8
	<u>-</u>	<u>(16)</u>
Balance at end of period	<u>-</u>	<u>(16)</u>

The amounts of deferred taxation provided at 31 March 2014 were as follows:

	31 March 2014 £'000	31 March 2013 £'000
Capital allowances in excess of depreciation	-	(15)
Other timing differences	-	(1)
	<u>-</u>	<u>(16)</u>

# **ROWEN STRUCTURES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2014**

### **9. CALLED UP SHARE CAPITAL**

	31 March 2014 £'000	31 March 2013 £'000
Authorised, allotted and fully paid 100 ordinary shares of £1 each	-	-

### **10. PROFIT AND LOSS ACCOUNT**

	31 March 2014 £'000	31 March 2013 £'000
At start of period	1,714	1,716
Loss for the financial year	(6)	(2)
At end of period	1,708	1,714

### **11. FINANCIAL COMMITMENTS**

#### **Operating lease commitments**

At 31 March 2014 the Company was committed to make the following payments during the next year in respect of operating leases:

	Land and buildings 31 March 2014 £'000	31 March 2013 £'000
Leases which expire:		
Within one year	-	-
After five years	-	132
	-	132

Leases for land and buildings relate to an office property now vacated; an onerous lease provision has been established in the successor company, Severfield (UK) Limited (formerly Severfield-Watson Structures Limited), in respect of the future lease obligations.

### **12. CONTINGENT LIABILITIES**

The Company is party to a composite guarantee in favour of its bankers to secure the borrowings of Group companies. At 31 March 2014 the Group's revolving credit facility amounted to £25,000,000 (2013: £40,000,000). At 31 March 2014, £5,000,000 had been drawn down on the facility (2013: £40,000,000).

### **13. 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 (2013: none).

## **ROWEN STRUCTURES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2014**

#### **14. ULTIMATE PARENT COMPANY**

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