

SEVROW LIMITED

Report and Financial Statements

Year ended 31 December 2010

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SEVROW LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

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SEVROW LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

T G Haughey
A D Dunsmore

SECRETARY

J D Rhodes

REGISTERED OFFICE

Dalton Airfield Industrial Estate
Dalton
Thirsk
North Yorkshire
YO7 3JN

AUDITOR

Deloitte LLP
Chartered Accountants & Statutory Auditor
Leeds

SEVROW LIMITED

DIRECTORS' REPORT

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

ACTIVITIES

The company was established to carry out research and development into the production of a pedestal mounted powered work platform for use on sites in the erection of steel, initially for the use of the companies in the Severfield-Rowen Group

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

A number of the platforms are now being used successfully on sites by members of the Severfield-Rowen group. Changing market conditions in 2009 led the directors to conclude that the future economic value of these machines can no longer be guaranteed and that consequently the carrying value of this intangible asset was written-off in that year.

The directors believe that once the market conditions improve then the platforms could once again be useful in providing a much safer environment for steel erectors to work and consequently the external market for the technology will improve. Unfortunately the directors are currently unable to ascertain the time scale for this to occur.

DIVIDENDS AND TRANSFERS TO RESERVES

The results for the year are set out in the profit and loss account on page 5. The directors do not recommend the payment of a dividend (2009 £Nil). Retained losses of £Nil (2009 £1,786,334) have been withdrawn from reserves.

DIRECTORS

The present membership of the board is noted on page 1. A D Dunsmore was appointed as a director on 1 March 2010. P J Davison resigned as a director on 1 February 2011.

All of the remaining directors served throughout the year and subsequently.

GOING CONCERN

The directors are in receipt of a letter of support from Severfield-Rowen Plc. After making full enquiries, the directors have a reasonable expectation that the company has adequate financial resources to continue in 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

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 SEVROW LIMITED

We have audited the financial statements of Sevrow Limited for the year ended 31 December 2010 which comprise the Profit and Loss account, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Deficit, the Balance Sheet and the related notes 1 to 12. 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 result 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.

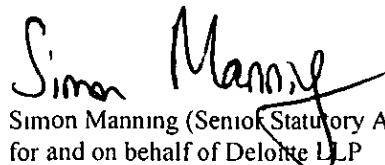
Opinion on other matter prescribed by the Companies Act 2006

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, United Kingdom
14 September 2011

SEVROW LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2010

	Note	2010 £	2009 £
Administrative expenses		-	(2,481,019)
OPERATING LOSS AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION – continuing operations	4	-	(2,481,019)
Tax on loss on ordinary activities	5	-	694,685
RETAINED LOSS FOR THE FINANCIAL YEAR TRANSFERRED FROM RESERVES	10	-	(1,786,334)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses for the current and preceding financial year other than as stated in the Profit and Loss account

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

There have been no other movements in Shareholders' Deficit during the current and preceding financial year other than as stated in the Profit and Loss account

SEVROW LIMITED

BALANCE SHEET 31 December 2010

	Note	£	2010 £	£	2009 £
CURRENT ASSETS					
Debtors	6	694,686		694,686	
CREDITORS: amounts falling due within one year	7	<u>(2,695,247)</u>		<u>(2,695,247)</u>	
NET CURRENT LIABILITIES			<u>(2,000,561)</u>		<u>(2,000,561)</u>
NET LIABILITIES			<u>(2,000,561)</u>		<u>(2,000,561)</u>
CAPITAL AND RESERVES					
Called up share capital	8		1		1
Profit and loss account	9		<u>(2,000,562)</u>		<u>(2,000,562)</u>
TOTAL EQUITY SHAREHOLDERS' DEFICIT			<u>(2,000,561)</u>		<u>(2,000,561)</u>

The financial statements of Sevrow Limited, registered number 5660442 were approved by the Board of Directors on 14 September 2011

Signed on behalf of the Board of Directors



A D Dunsmore
Director

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.

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 are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Intangible assets – research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the company is expected to benefit. Provision is made for any impairment. Full impairment was made during 2009.

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. AUDIT FEES

Audit fees of £1,000 (2009: £1,000) were borne by another group company in the current and preceding financial year.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors' remuneration was borne by another group company in the current and prior year. It is not practicable to ascertain what proportion of this remuneration related to the company. The company has no employees (2009: none).

SEVROW LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

4. OPERATING LOSS

	2010 £	2009 £
Operating loss is stated after charging		
Amortisation of intangible fixed assets		
- owned assets	-	2,481,019

5. TAX ON LOSS ON ORDINARY ACTIVITIES

	2010 £	2009 £
(a) The tax charge comprises:		
Current tax		
UK Corporation tax charge at 28 0% (2009 28 0%) based on profit for the year	-	-
Group relief receivable	-	(694,685)
Total tax on loss on ordinary activities	-	(694,685)

(b) Tax reconciliation

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

	2010 £	2009 £
Loss on ordinary activities before tax	-	(2,481,019)
Tax on loss on ordinary activities at standard UK Corporation tax rate at 28 0% (2009 28 0%)	-	(694,685)
Total current tax	-	(694,685)

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.

SEVROW LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2010

6. DEBTORS

	2010 £	2009 £
Amounts due within one year		
Amounts owed by parent company	1	1
Amounts owed by fellow subsidiary undertakings	694,685	694,685
	<u>694,686</u>	<u>694,686</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Amounts owed to fellow subsidiary undertakings	2,671,026	2,671,026
Corporation tax	24,221	24,221
	<u>2,695,247</u>	<u>2,695,247</u>

8. CALLED UP SHARE CAPITAL

	2010 £	2009 £
Authorised		
100 ordinary shares of £1 each	100	100
Issued and fully paid		
1 ordinary share of £1 each	1	1

9. PROFIT AND LOSS ACCOUNT

	2010 £	2009 £
At 1 January	(2,000,562)	(214,228)
Loss for the financial year	-	(1,786,334)
At 31 December	<u>(2,000,562)</u>	<u>(2,000,562)</u>

10. 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).

11. 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. The cost of the Annual Return and the audit fee has been borne by a fellow subsidiary undertaking.

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

SEVROW LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

12. ULTIMATE PARENT COMPANY

The immediate and ultimate parent company is Severfield-Rowen 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 Dalton Airfield Industrial Estate, Dalton, Thirsk, North Yorkshire, YO7 3JN.