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**Company Registration No. 5714726**

**ENGINEERING CONSTRUCTION  
TRAINING LIMITED**

**Report and Financial Statements**

**Year ended 31 December 2011**



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# **ENGINEERING CONSTRUCTION TRAINING LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2011**

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# **ENGINEERING CONSTRUCTION TRAINING LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

P A Emerson  
A D Dunsmore  
D Larter

### **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

# **ENGINEERING CONSTRUCTION TRAINING LIMITED**

## **DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the year ended 31 December 2011

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

### **ACTIVITIES**

The company was established to undertake training within the construction industry, primarily for operatives employed by the Severfield-Rowen Group and has traded since 2009

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

Turnover is derived from the training of construction personnel, both internally and externally. Consequently, despite the current economic difficulties the directors are confident regarding the company's future prospects

### **DIRECTORS**

The present membership of the board is noted on page 1. D Larter was appointed on 18 January 2011 and A D Dunsmore was appointed on 1 February 2011

### **TREASURY**

The company's treasury function 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

### **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 £50 million revolving credit facility to meet day-to-day working capital requirements as at 31 December 2011. This facility expires in November 2016

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

### **CHANGE OF YEAR END**

On 21 March 2012 Severfield-Rowen Plc (the ultimate parent undertaking of the company) announced a change of accounting reference date to 31 March annually. Accordingly, the company will also change its year end to align with the rest of the Severfield-Rowen Group and there will be a 15 month accounting period ending on 31 March 2013

# ENGINEERING CONSTRUCTION TRAINING LIMITED

## DIRECTORS' REPORT

### AUDITOR

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself 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  
19 September 2012

# **ENGINEERING CONSTRUCTION TRAINING 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 ENGINEERING CONSTRUCTION TRAINING LIMITED**

We have audited the financial statements of Engineering Construction Training Limited for the year ended 31 December 2011 which comprise the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movement in Shareholders' Deficit and the related notes 1 to 15. 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. If we became 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 2011 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.

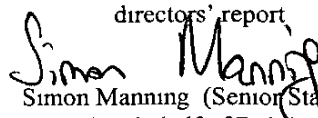
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial 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, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report.

  
Simon Manning (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Leeds, UK  
28 September 2012

## ENGINEERING CONSTRUCTION TRAINING LIMITED

### PROFIT AND LOSS ACCOUNT Year Ended 31 December 2011

	Note	2011 £	2010 £
<b>TURNOVER</b>	2	242,967	249,549
Cost of sales		<u>(205,315)</u>	<u>(290,057)</u>
<b>GROSS PROFIT</b>		37,652	(40,508)
Administrative expenses		<u>(42,543)</u>	<u>(42,229)</u>
<b>OPERATING (LOSS)</b>	3	(4,891)	(82,737)
Interest receivable	5	<u>-</u>	<u>-</u>
<b>(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(4,891)	(82,737)
Tax on loss on ordinary activities	6	<u>(516)</u>	<u>23,127</u>
<b>(LOSS) AFTER TAXATION FOR THE FINANCIAL YEAR TRANSFERRED TO RESERVES</b>	12	<u><u>(5,407)</u></u>	<u><u>(59,610)</u></u>

All activities relate to continuing operations

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

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



# ENGINEERING CONSTRUCTION TRAINING LIMITED

## BALANCE SHEET

31 December 2011

	Note	£	2011 £	2010 £
<b>FIXED ASSETS</b>				
Tangible fixed assets	7		5,593	7,458
<b>CURRENT ASSETS</b>				
Debtors	8	2,478,673	280,296	
Cash at bank and in hand		-	24,856	
		<u>2,478,673</u>	<u>305,152</u>	
<b>CREDITORS: amounts falling due within one year</b>	9	<u>(2,688,565)</u>	<u>(511,502)</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(209,892)</u>	<u>(206,350)</u>
<b>NET ASSETS LESS CURRENT LIABILITIES</b>			<u>(204,299)</u>	<u>(198,892)</u>
<b>PROVISIONS FOR LIABILITIES</b>	10	-	-	-
<b>NET LIABILITIES</b>			<u>(204,299)</u>	<u>(198,892)</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	11		100	100
Profit and loss account	12		<u>(204,399)</u>	<u>(198,992)</u>
<b>TOTAL SHAREHOLDERS' DEFICIT</b>			<u>(204,299)</u>	<u>(198,892)</u>

The financial statements of Engineering Construction Training Limited, registered number 5714726 were approved by the Board of Directors on 19 September 2012

Signed on behalf of the Board of Directors



A D Dunsmore  
Director

# ENGINEERING CONSTRUCTION TRAINING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable UK 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, which excludes Value Added Tax, represents income received from providing training on various aspects of the construction industry. Turnover is recognised upon provision of service.

#### 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.

#### Tangible fixed assets

Tangible fixed assets are held at cost, less accumulated depreciation and any provision for impairment. Depreciation is provided on fixed assets to write the cost of each asset over its estimated useful life at the following rates:

Motor vehicles	25% written down value
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#### 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.

# ENGINEERING CONSTRUCTION TRAINING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

### 2. TURNOVER

The turnover, all of which arises in the United Kingdom, is attributable to the main activity of the company

### 3. OPERATING LOSS

Operating loss is stated after charging:	2011 £	2010 £
Depreciation of owned assets	1,865	2,218

Audit fees of £1,000 (2010 £1,000) were borne by another group company

### 4. 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 (2010 None)

### 5. INTEREST RECEIVABLE

	2011 £	2010 £
Interest receivable	-	-

### 6. TAX ON LOSS ON ORDINARY ACTIVITIES

(a) The tax credit comprises:	2011 £	2010 £
<b>Current tax</b>		
UK corporation tax charge at 26.5% (2010 28.0%) based on loss for the year	(464)	-
Group relief reclaimable	-	(22,051)
Prior year adjustment	916	-
Total current tax charge / (credit)	452	(22,051)
<b>Deferred tax</b>		
Current year charge / (credit)	64	(1,076)
Total tax on loss on ordinary activities	516	(23,127)

# ENGINEERING CONSTRUCTION TRAINING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

### (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 loss is as follows

	2011 £	2010 £
Loss on ordinary activities before tax	(4,891)	(82,737)
Tax at average UK corporation tax rate of 26.5% (2010: 28.0%)	(1,296)	(23,166)
Expenses not deductible for tax purposes	816	-
Capital allowances in excess of depreciation	(29)	1,088
Movement in other short term timing differences	(35)	12
Other timing differences	80	15
Prior period adjustment	916	-
	452	(22,051)

Rates differences arise through the enacted reduction (as at 31 December 2011) in corporation tax rates from 26.0% to 25.0% effective April 2012 reducing the company's deferred tax liabilities. The government has announced in March 2012 a further reduction in the rate of corporation tax to 24.0%, with effect from April 2012, and then by a further 1.0% each year to 22.0% by April 2014. As this legislation was not substantively enacted by 31 December 2011 the impact of the rate change is not reflected in the tax provision reported in these accounts.

### 7 TANGIBLE FIXED ASSETS

	Motor vehicles £
<b>Cost</b>	
At 1 January 2011	19,430
Disposals	-
Transfer from other Group Companies	-
At 31 December 2011	19,430
<b>Depreciation</b>	
At 1 January 2011	11,972
Provided in year	1,865
Disposals	-
Transfer from other Group Companies	-
At 31 December 2011	13,837
<b>Net book value</b>	
At 31 December 2011	5,593
At 31 December 2010	7,458

# ENGINEERING CONSTRUCTION TRAINING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2011

### 8. DEBTORS

	2011 £	2010 £
Amounts due within one year		
Other debtors	77,777	-
Trade debtors	25,753	20,218
Amount owed by parent company	-	100
Amounts owed by fellow subsidiary undertakings	2,373,669	236,853
Corporation tax	464	22,051
Deferred tax (note 10)	1,010	1,074
	<u>2,478,673</u>	<u>280,296</u>

### 9. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Trade creditors	9,645	13,906
Amounts owed to parent company	25,985	-
Amounts owed to fellow subsidiary undertakings	2,566,269	482,684
Other taxation and social security	7,395	13,211
Other creditors and accruals	78,010	1,701
Bank overdraft	1,261	-
	<u>2,688,565</u>	<u>511,502</u>

### 10. DEFERRED TAXATION

	2011 £	2010 £
<b>Deferred taxation (asset)/liability</b>		
Deferred taxation movement for the year		
Balance at 1 January	(1,074)	2
Current year charge	64	(1,076)
Balance at 31 December (note 8)	<u>(1,010)</u>	<u>(1,074)</u>

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

	2011 £	2010 £
Capital allowances in excess of depreciation	(724)	(754)
Short term timing differences	(286)	(320)
Balance at 31 December	<u>(1,010)</u>	<u>(1,074)</u>

### 11. CALLED UP SHARE CAPITAL

	2011 £	2010 £
<b>Authorised, allotted and fully paid</b>		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

# ENGINEERING CONSTRUCTION TRAINING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

### 12. PROFIT AND LOSS ACCOUNT

	2011 £	2010 £
At 1 January	(198,992)	(139,382)
Retained loss for the year	(5,407)	(59,610)
At 31 December	<u>(204,399)</u>	<u>(198,992)</u>

### 13. 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 2011 the total borrowings of the other group companies amounted to £40,000,000 (2010 £29,704,000)

### 14. 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 (2010 none)

### 15. ULTIMATE PARENT COMPANY

The immediate and ultimate parent company and ultimate controlling party 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