

Rok 018 Limited

**Director's report and financial
statements**

Registered number 05781529

31 December 2009

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Director's report

The director presents his annual report and the audited financial statements for the year ended 31 December 2009

Principal activity

The principal activity of the company is that of property development. The director intends that the present activity should be continued

Results and dividends

The results for the year are shown in the profit and loss account on page 5

The director does not recommend the payment of a dividend (2008 £nil)

The current economic conditions have reduced the level of demand for some of the ultimate parent company's (Rok plc or the Group) to which Rok plc has responded with appropriate restructuring and cost saving initiatives. The director considers that these initiatives and the strategic focus on the construction, maintenance & improvement and social housing markets, a large proportion of which is characterised by long term revenue visibility, together with Rok plc's distinctive approach to service and delivery, leave the Company well placed to ride out the current uncertainty

The funding required by Rok plc is provided through the Group's centralised banking facilities. At 31 December 2009 the Group had £87.2m of facilities comprising a £17.2m secured term loan and a £70m secured revolving credit facility (RCF). The former is subject to repayment in line with Development asset disposals. The RCF is subject to amortisation of £2.5m every six months starting in June 2010. The facilities are subject to covenants, all of which have been met during the year and to date. Rok plc's forecasts and projections for the next twelve months show that the Group will continue to operate within the level of these facilities, including meeting quarterly covenant tests. The next testing date is 31 December 2010 and, notwithstanding the forecast position, it is possible that a material unforeseen adverse variance against forecast could erode the available headroom, which might require the Group to seek a waiver from the terms of the banking facility agreement. Formal discussions to renew the Group's existing bank facilities have commenced and to assist in the renewal discussions, the bank and the Group have jointly appointed an independent firm of accountants. Based on discussions to date with the lead bank and the director's assessment of the ability of the Group to manage its business risks successfully and to continue to service the debt at the required level, the director expects these negotiations to be finalised in the first quarter of 2011.

Accordingly, after making enquiries, the director has a reasonable expectation that the Company has access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

Directors and directors' interests

The directors who held office during the period were as follows

S C D Longbottom (appointed 31 January 2010)

R A Christie (resigned 31 January 2010)

The director who held office at the year end had no disclosable interest in the shares of the company

Director's and officers' liability

The Company maintains insurance to cover the director and other officers indemnifying them against certain liabilities incurred by them while acting as officers of the company

Director's report *(continued)*

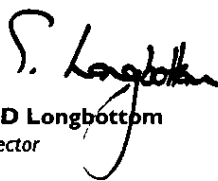
Disclosure of information to auditors

The director who held office at the date of approval of this director's report confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

In accordance with section 489 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit plc will therefore continue in office

On behalf of the board


SCD Longbottom
Director

Rok Centre
Guardian Road
Exeter Business Park
Exeter
EX1 3PD

18 October 2010

Statement of director's responsibilities in respect of the director's report and the financial statements

The director is responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law he has elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the director must not approve the financial statements unless he is 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 director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit plc

Independent auditors' report to the members of Rok 018 Limited

We have audited the financial statements of Rok 018 Limited for the year ended 31 December 2009 set out on pages 5 to 9. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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 set out 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

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 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters 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.

S J Wardell (Senior Statutory Auditor)

for and on behalf of KPMG Audit plc, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

18 October 2010

Profit and loss account
for the year ended 31 December 2009

	Note	2009 £000	2008 £000
Turnover	1	-	-
Cost of sales		-	(1,026)
Loss on ordinary activities before taxation	2	-	(1,026)
Tax on loss on ordinary activities	4	(292)	292
Loss for the financial year		(292)	(734)

The company has no recognised gains or losses other than those included above

The notes on pages 7-9 form part of financial statements

All of the company's operation during the year shown above represents continuing activities

Reconciliation of movements in shareholder's deficit
for the year ended 31 December 2009

	2009 £000	2008 £000
Loss for the financial year	(292)	(734)
Opening shareholder's deficit	(734)	-
Closing shareholder's deficit	(1,026)	(734)

Balance sheet
as at 31 December 2009

	Note	2009 £000	Represented 2008 £000
Current assets			
Stock	5	879	1,120
Debtors	6	-	292
Creditors amounts falling due within one year	7	(1,905)	(2,146)
Net liabilities		<u>(1,026)</u>	<u>(734)</u>
Capital and reserves			
Called up share capital	8	-	-
Profit and loss account		<u>(1,026)</u>	<u>(734)</u>
Equity shareholder's deficit		<u>(1,026)</u>	<u>(734)</u>

These financial statements were approved by the director on 18 October 2010 and were signed by


SCD Longbottom
Director

18 October 2010.

Notes

(forming part of the financial statements)

I Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements, except as noted below

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention

The comparative period accounts have been represented to reclassify corporation tax and amounts due from group companies

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

As 100% of the company's voting rights are controlled within the group headed by Rok plc, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group or investees of the group qualifying as related parties. The consolidated financial statements of Rok plc, within which this company is included, can be obtained from the address given in note 10

Going concern

The financial statements have been prepared on a going concern basis notwithstanding the net current liabilities of £1,025,999. Through a letter of support the parent company and its subsidiaries have committed to providing ongoing financial support to the Company to enable it to discharge its liabilities as and when they fall due for a period of at least 12 months

The current economic conditions have reduced the level of demand for some of the ultimate parent company's (Rok plc or the Group) to which Rok plc has responded with appropriate restructuring and cost saving initiatives. The director considers that these initiatives and the strategic focus on the construction, maintenance & improvement and social housing markets, a large proportion of which is characterised by long term revenue visibility, together with Rok plc's distinctive approach to service and delivery, leave the Company well placed to ride out the current uncertainty

The funding required by Rok plc is provided through the Group's centralised banking facilities. At 31 December 2009 the Group had £87.2m of facilities comprising a £17.2m secured term loan and a £70m secured revolving credit facility (RCF). The former is subject to repayment in line with Development asset disposals. The RCF is subject to amortisation of £2.5m every six months starting in June 2010. The facilities are subject to covenants, all of which have been met during the year and to date. Rok plc's forecasts and projections for the next twelve months show that the Group will continue to operate within the level of these facilities, including meeting quarterly covenant tests. The next testing date is 31 December 2010 and, notwithstanding the forecast position, it is possible that a material unforeseen adverse variance against forecast could erode the available headroom, which might require the Group to seek a waiver from the terms of the banking facility agreement. Formal discussions to renew the Group's existing bank facilities have commenced and to assist in the renewal discussions, the bank and the Group have jointly appointed an independent firm of accountants. Based on discussions to date with the lead bank and the director's assessment of the ability of the Group to manage its business risks successfully and to continue to service the debt at the required level, the director expects these negotiations to be finalised in the first quarter of 2011.

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Work in progress

Development work in progress is held at the lower of cost and net realisable value

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19

Turnover

Turnover is recognised on commercial property development activities during the various stages of a development

Profit is recognised on legal completion. Where a development is pre-sold the fair value of the profit, after allowance for rental guarantees provided on any un-let space, is recognised on legal completion of the land disposal. The remaining profit is recognised as the construction phase is performed and completed.

2 Loss on ordinary activities before taxation

Auditors' remuneration for the current year was borne by Rok Development Limited, a member of the same group. Management's best estimate of the proportion relating to this company is £200 (2008 £200)

3 Remuneration of director

The director throughout the year was in the main employment of other group companies. The director received no emoluments from this Company and did not spend a significant proportion of his time performing services for this Company (2008 £nil)

4 Taxation

	2009 £000	2008 £000
UK corporation tax		
Current tax charge/(credit) on loss for the period	-	(292)
Adjustments in respect of prior years	292	-
	<u>292</u>	<u>(292)</u>

Factors affecting the tax charge/(credit) for the current period

The current tax charge/(credit) for the period represents the standard rate of corporation tax in the UK of 28% (2008 28.5%). There is no provided or unprovided deferred taxation (2008 £nil)

	2009 £000	2008 £000
Current tax reconciliation		
Profit/(loss) on ordinary activities before tax	-	(1,026)
Current tax at 28% (2008 28.5%)	-	(292)
Factors affecting charge/(credit) for the period		
Adjustments in respect of prior year	292	-
Total actual amount of current tax	<u>292</u>	<u>(292)</u>

Notes (continued)

5 Stock

	2009 £000	2008 £000
Work in progress	879	1,120

6 Debtors

	2009 £000	Represented 2008 £000
Corporation tax	-	292

7 Creditors amounts falling due within one year

	2009 £000	Represented 2008 £000
Amounts owed to group companies	1,905	2,146

8 Called up share capital

	2009 £	2008 £
Authorised		
1 000 ordinary shares of £1 each	1,000	1,000
Allotted and called up		
1 ordinary share of £1	1	1

The £1 called up share capital has not been paid

9 Contingent liabilities

The Company has granted the Group's bankers a first ranking guarantee and debenture in respect of net amounts due to the bank

10 Ultimate parent company

The immediate parent company is Rok Development Limited, which is incorporated in England

The results for the company are consolidated in the financial statements of Rok plc, the ultimate parent company, which is incorporated in England

The consolidated financial statements of Rok plc are available to the public and may be obtained from Rok Centre, Guardian Road, Exeter Business Park, Exeter, EX1 3PD

11 Subsequent events

There were no significant subsequent events