Robertson Construction NEE Limited

Directors' report and financial statements

Registered number SC249935

30 November 2004

Contents

Company Information

Directors	W G Robertson R G Mutch S Lyon
Secretary	I Clark
Company number	SC249935
Registered office	10 Perimeter Road Elgin IV30 6AE
Auditors	KPMG LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2EG
Bankers	The Royal Bank of Scotland plc 1 Albyn Place Aberdeen AB10 1BR
Solicitors	The Commercial Law Practice Commercial House 2 Rubislaw Terrace Aberdeen AB10 1XE

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 November 2004.

The company commenced trading on 1 December 2003 when certain of the trade assets and liabilities Robertson Construction Limited were transferred to the company.

Principal activities and review of the business

The principal activity of the company during the year was that of construction.

A review of the business during the year is included in the accounts of Robertson Group Limited, the company's ultimate parent undertaking.

Results and dividends

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

The directors do not recommend payment of a final dividend.

Directors and directors' interests

The directors who held office during the year are as follows:

W G Robertson	
S Lyon	(Appointed 29 April 2004)
R Mutch	(Appointed 4 December 2003)

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

Political and charitable donations

The company made no political contributions during the year. Donations to UK charities amounted to £Nil *(2003: £Nil)*.

Auditors

During the year KPMG LLP were appointed as auditors of the company. In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

Ian Clark

I Clark
Secretary

27 June 2005

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
United Kingdom

Report of the independent auditors to the members of Robertson Construction NEE Limited

We have audited the financial statements on pages 4 to 13.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 November 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

27 June 2005

Profit and loss account
for the year ended 30 November 2004

	Note	2004 £000	2003 £000
Turnover	2	**13,448**	
Cost of sales		**(12,486)**	-
Gross profit		**962**	-
Administrative expenses		**(935)**	-
Other operating income		**4**	-
Operating profit		**31**	-
Interest payable and similar charges	5	**(2)**	-
Profit on ordinary activities before taxation	3	**29**	-
Tax on profit on ordinary activities	6	**(7)**	-
Profit for the financial year	12	**22**	-

There are no recognised gains and losses other than the above result for the current and preceding years.

Balance sheet
at 30 November 2004

	Note	2004 £000	2004 £000	2003 £000	2003 £000
Fixed assets					
Tangible assets	*7*		11		-
Current assets					
Debtors	*8*	3,367		-	
Cash at bank and in hand		5,139		-	
		8,506			
Creditors: amounts falling due within one year	10	(8,495)		-	
Net current assets			11		-
Total assets less current liabilities			11		-
Net assets			22		-
Capital and reserves					
Called up share capital	*11*		-		-
Profit and loss account	*12*		22		-
Shareholders' funds	*13*		22		-

These financial statements were approved by the Board of directors on 27 June 2005 and signed on their behalf by:

W G Robertson
Director

Steven Lyon
Director

Notes
(forming part of the financial statements)

1 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.

Basis of preparation

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

As the company is a wholly owned subsidiary of Robertson Group Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Robertson Group Limited, within which this company is included, can be obtained from the address given in note 17.

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.

Turnover

Turnover represents the value of work performed and goods and services supplied by the company during the year and exclude VAT.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery	-	3 to 11 years
Motor vehicles	-	5 to 11 years

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate.

Leases

Assets acquired under finance leases and similar hire purchase contracts are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The company also contributes to company personal pension policies for certain employees, the costs of which are charged to the profit and loss account as they become payable.

Notes *(continued)*

1 Accounting policies *(continued)*

Development expenditure

Pre-contract costs are expensed as incurred until the company is appointed as sole preferred bidder. Provided the contract is expected to generate sufficient net cash inflows to enable recovery and the award of the contract is virtually certain, pre-contract costs incurred post the appointment as preferred bidder are included in debtors.

Where pre-contract bid costs that have been recognised as an asset are reimbursed at financial close both the income and the asset are released to the profit and loss account.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

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 FRS 19.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Profit on ordinary activities before taxation

	2004	2003
	£000	£000
Profit on ordinary activities before taxation is stated after charging:		
Owned	9	-
Hire of other assets – rentals payable under operating leases	24	-

All audit fees are paid by the ultimate parent company, Robertson Group Limited.

Notes *(continued)*

4 Staff numbers and costs

The average monthly number of employees employed by the company (including directors) during the year, analysed by category, was as follows:

	2004 Number	2003 Number
Construction	29	-
Administration	8	-
	37	-

The aggregate payroll costs of these persons were as follows:	2004 £000	2003 £000
Wages and salaries	1,047	-
Social security costs	114	-
Other pension costs	37	-
	1,198	-

5 Interest payable and similar charges

	2004 £000	2003 £000
Payable to group undertakings	2	-

Notes *(continued)*

6 Taxation

	2004	*2003*
	£000	£000
UK corporation tax		
Current tax on income for the year	**8**	-
Total current tax	**8**	-
Deferred tax	**(1)**	-
Total tax on profit on ordinary activities	**7**	-

Factors affecting the tax charge for the current period

The current tax charge for the period is higher/lower than the standard rate of corporation tax in the UK (30%).The differences are explained below.

Current tax reconciliation

Profit/(loss) on ordinary activities before tax	**29**	-
Current tax at 30%	**9**	-
Effects of:		
Capital allowances for period in excess of depreciation	1	-
Small companies relief	(2)	-
Total current tax charge	**8**	-

Notes *(continued)*

7 Tangible fixed assets

	Plant and machinery £000
Cost or valuation	
At beginning of year	-
Transfers	20
At end of year	20
Depreciation	
At beginning of year	-
Charge for the year	9
At end of year	9
Net book value	
At 30 November 2004	11
At 30 November 2003	-

8 Debtors

	2004 £000	2003 £000
Amounts owed by group undertakings	3,057	-
Other debtors	185	-
Deferred tax asset (see note 9)	1	-
Prepayments and accrued income	124	-
	3,367	-

Debtors include amounts recoverable on long term contracts of £314,000 due after more than one year.

Notes *(continued)*

9 Deferred tax asset

	Deferred taxation £000
At beginning of year	-
Profit and loss account	1
	1

The elements of deferred tax are made up as follows:

	2004 £000	2003 £000
Accelerated capital allowances	1	-

10 Creditors: amounts falling due within one year

	2004 £000	2003 £000
Payments received on account	2,228	-
Trade creditors	5,872	-
Corporation tax	8	-
Taxation and social security	387	-
	8,495	-

The company's bank overdrafts are secured by an unlimited inter-company composite guarantee with other companies within the group. The banks also hold floating charges in respect of certain other assets of the company.

11 Called up share capital

	2004 £	2003 £
Authorised		
100,000 Ordinary share of £1 each	100,000	100,000
Allotted, called up and fully paid		
1 Ordinary share of £1 each	1	1

Notes *(continued)*

12 Reserves

	Profit and loss account £000
At beginning of year	-
Retained profit for the year	22
At end of year	22

13 Reconciliation of movements in shareholders' funds

	2004 £000
Profit for the financial year	22
Opening shareholders' funds	-
Closing shareholders' funds	22

14 Contingent liabilities and contractual disputes

At the year end there were contingent liabilities in respect of guarantees and claims under contracts entered into in the normal course of business. Further, included within Debtors: amounts recoverable on long term contracts are certain amounts which are the subject of ongoing disputes with customers. The directors are of the opinion that adequate provision has been made in respect of ongoing claims and disputes at the year end.

The company has entered into cross guarantees with the group's bank in respect of the borrowings of its parent and certain fellow subsidiaries. At 30 November 2004, the total contingent liability in respect of group borrowings was £62,918,000 (*2003: £23,603,000*).

15 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	Other 2004 £000
Expiry date:	
Within one year	18
Between two and five years	24
In over five years	-
	42

Notes *(continued)*

16 Pension costs

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable to the scheme and amounted to £37,492.

17 Ultimate parent company

The company is a subsidiary undertaking of Robertson Group Limited, incorporated in Scotland and controlled by W G Robertson.
The largest and smallest group in which the results of the company are consolidated is that headed by Robertson Group Limited. The consolidated accounts of this group are available to the public and may be obtained from Robertson Group Limited, 10 Perimeter Road, Elgin, IV30 6AE.