Robertson Construction NEE Limited

Directors' report and financial statements

Registered number SC249935

30 November 2007

Contents

Directors' report	1
Statement of directors' responsibilities in respect of the directors' report and the financial statements	3
Independent auditors' report to the members of Robertson Construction NEE Limited	4
Profit and loss account	5
Balance sheet	6
Notes	7

Company information

Directors	W G Robertson R G Mutch S Lyon
Secretary	S Rennie
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 2007

Principal activities and review of the business

The principal activity of the company was that of construction

Business Review

Turnover has increased by 40% from £6 7 million in 2006 to £9 4 million The company incurred a profit before tax of £1 3 million (*2006 £1 9 million loss*)

Net liabilities were £1 9 million (*2006 £2 8 million*)

Principal risks and uncertainties affecting the business

The principal risks and uncertainties affecting the business are varied and include the following

- Base cost price inflation Overall the company is experiencing a general increase in pricing over and above current inflation rates The company monitors pricing and through good supplier relationships ensures competitive rates are achieved as much as possible
- Effect of legislation or other regulatory activities The group continually monitors all forthcoming and current legislation and guidelines to ensure it fully complies with all necessary requirements
- Construction risk The group places considerable emphasis on front end controls and ongoing project diligence in an attempt to minimise construction risk

Key areas of strategic development

Key areas of strategic development and performance of the group include

- Health and safety
- Environment
- Investment in and development of our people

Key performance indicators

Key financial performance indicators include the monitoring of gearing and working capital and achieving continued turnover growth whilst maintaining and seeking to improve margin at both the gross and net level These are monitored monthly against budgets

Key non financial performance indicators include the monitoring of health and safety and quality throughout the group

Directors' report *(continued)*

Key financial performance indicators

		2007	2006	Measure
Return on capital	%	**81 8**	185 9	PBIT/Ave Capital employed (exc PFI companies)
Gross margin	%	**20 3**	17 8	Gross profit/Turnover
Net margin	%	**14 2**	27 6	Profit before tax/Turnover
Sales per employee	£000	**630.6**	448 7	Turnover/Ave no employees
Operating profit per employee	£000	**90 4**	120 8	Operating Profit/Ave no employees

Directors

The directors who held office during the year are as follows

W G Robertson
S Lyon
R G Mutch

Political and charitable donations

The company made no political contributions or charitable donations during the year

Employees

During the year the policy of providing employees with general information continued Relevant information is supplied at the discretion of management, when considered appropriate

The company gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately covered by a handicapped or disabled person

With regard to existing employees and those who have become disabled during the year, the group has continued to examine ways and means of providing continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate

Equal opportunities are given to all employees for training, career development and promotion The company involves employees in matters affecting terms and conditions of employment Induction courses are run for new employees

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director 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 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

Shona Rennie

S Rennie
Secretary

23 September 2008

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to 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 judgements 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 directors are responsible for keeping proper accounting records that 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 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

Independent auditors' report to the members of Robertson Construction NEE Limited

We have audited the financial statements of Robertson Construction NEE Limited for the year ended 30 November 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes These financial statements have been prepared under the accounting policies set out therein

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' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements In addition we report to you if, in our opinion, 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 other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 November 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

23 September 2008

Profit and loss account
for the year ended 30 November 2007

	Note	2007 £000	2006 £000
Turnover	2	**9,459**	6,730
Cost of sales		**(7,541)**	(7,928)
Gross profit/(loss)		**1,918**	(1,198)
Administrative expenses		**(562)**	(614)
Operating profit/(loss)		**1,356**	(1,812)
Interest payable and similar charges	5	**(13)**	(47)
Profit/(loss) on ordinary activities before taxation	3	**1,343**	(1,859)
Tax on profit/(loss) on ordinary activities	6	**(490)**	558
Profit/(loss) for the financial year	11	**853**	(1,301)

There are no recognised gains and losses other than the above profit for the current year and the loss for the preceding year

The profit for the financial year has been derived from continuing activities

Balance sheet
at 30 November 2007

	Note	2007 £000	2007 £000	2006 £000	2006 £000
Fixed assets					
Tangible assets	*7*		**3**		2
Current assets					
Debtors	*8*	**1,110**		3,565	
Cash at bank and in hand		**1,884**			
		2,994		3,565	
Creditors amounts falling due within one year	*9*	**(4,931)**		(6,354)	
Net current liabilities			**(1,937)**		(2,789)
Net liabilities			**(1,934)**		(2,787)
Capital and reserves					
Called up share capital	*10*				
Profit and loss account	*11*		**(1,934)**		(2,787)
Deficit on shareholders' funds	*12*		**(1,934)**		(2,787)

These financial statements were approved by the Board of directors on 23 September 2008 and signed on their behalf by

W G Robertson
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, except as noted below

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 16

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

Going concern

The financial statements have been prepared on the going concern basis, which is dependent on the continuing support of the parent company This continuing support has been confirmed

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 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 5 years

Leases

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

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 Payments on account received in excess of turnover recognised are included in creditors

Taxation

The charge for taxation is based on the loss 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/(loss) on ordinary activities before taxation

	2007	2006
	£000	£000
Profit/(loss) on ordinary activities before taxation is stated after charging		
Depreciation – owned assets	**2**	4
Hire of other assets – rentals payable under operating leases	**13**	16

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

Notes *(continued)*

4 Staff numbers and costs

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

	2007 Number	2006 Number
Construction	10	14
Administration	5	1
	15	15

The aggregate payroll costs of these persons were as follows	2007 £000	2006 £000
Wages and salaries	810	1,107
Social security costs	84	121
Other pension costs	20	43
	914	1,271

None of the directors received any emoluments from the company They are all directors of the parent company, Robertson Group Limited and their emoluments are disclosed in its financial statements

5 Interest

	2007 £000	2006 £000
Payable to group undertakings	(13)	(47)

Notes *(continued)*

6 Taxation

	2007 £000	2006 £000
UK corporation tax		
Corporation tax payable	**410**	
Group relief receivable		(560)
Adjustment in respect of prior years	**93**	
Total current tax	**503**	(560)
Deferred tax – origination/reversal of timing differences	**(14)**	2
Effect of change in tax rate	**1**	
Total tax on profit on ordinary activities	**490**	(558)

Factors affecting the tax charge for the current period

The current tax credit for the period is the same as (*2006 higher*) than the standard rate of corporation tax in the UK of 30% as explained below

Current tax reconciliation

	2007 £000	2006 £000
(Loss)/profit on ordinary activities before tax	**1,343**	(1,859)
Current tax at 30% (*2006 30%*)	**403**	(558)
Effects of		
Capital allowances for period in excess of depreciation	**1**	(2)
Expenses not allowed	**6**	
Other items	**(14)**	
Short term timing differences	**14**	
Adjustment in respect of prior periods	**93**	
Total current tax credit	**503**	(560)

Notes *(continued)*

7 Tangible fixed assets

	Plant and machinery £000
Cost	
At beginning of year	22
Additions	3
At end of year	25
Depreciation	
At beginning of year	20
Charge for the year	2
At end of year	22
Net book value	
At 30 November 2007	**3**
At 30 November 2006	2

8 Debtors

	2007 £000	2006 £000
Trade debtors	**10**	88
Amounts recoverable on long term contracts	**67**	218
Amounts owed by group undertakings	**961**	2,571
Amounts owed by related parties	**51**	
Other debtors	**2**	29
Group relief receivable		649
Prepayments and accrued income	**6**	10
Deferred tax (see below)	**13**	
	1,110	3,565

Debtors include amounts recoverable on long term contracts, owed by group undertakings of £173,543 *(2006 £36,075)* due after more than one year

Deferred taxation

	£000
At beginning of year	
Credit to profit and loss account	13
At end of year	**13**

The deferred tax asset relates to short term timing differences

Notes *(continued)*

9 Creditors: amounts falling due within one year

	2007 £000	2006 £000
Bank overdraft		2,324
Trade creditors	996	1,409
Payments received on account	315	287
Amounts owed to group undertakings	35	145
Group relief payable	410	
Other taxation and social security	157	4
Other creditors		14
Accruals and deferred income	3,018	2,171
	4,931	6,354

The company's bank overdraft was 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

10 Called up share capital

	2007 £	2006 £
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

11 Reserves

	Profit and loss account £000
At beginning of year	(2,787)
Profit for the financial year	853
At end of year	(1,934)

12 Reconciliation of movements in shareholders' deficit

	2007 £000	2006 £000
Profit/(loss) for the financial year	853	(1,301)
Opening deficit on shareholders' funds	(2,787)	(1,486)
Closing deficit on shareholders' funds	(1,934)	(2,787)

Notes *(continued)*

13 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, certain fellow subsidiaries and other companies owned by the same shareholders At 30 November 2007, the total contingent liability in respect of group borrowings was £68,639,000 (*2006 £81,340,000*)

14 Commitments

Annual commitments under non cancellable operating leases are as follows

	Motor vehicles	
	2007	2006
	£000	£000
Expiry date		
Within one year		4
Between two and five years	**9**	8
	9	12

15 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 £20,000 (*2006 £43,000*)

16 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