Robertson Construction NEE Limited

Directors' report and financial statements

Registered number SC249935

30 March 2012

Contents

Company information

Directors	W G Robertson D W Shewan A Cowan S Roberts
Secretary	K Jarvie
Company number	SC249935
Registered office	10 Perimeter Road Elgin IV30 6AE
Auditor	KPMG LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2EG
Bankers	The Royal Bank of Scotland plc Glasgow Corporate Office 5th Floor, Kirkstane House, 139 St Vincent Street Glasgow G2 5JF
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 March 2012.

Principal activity

The principal activity of the company was that of construction.

Business review

The company has had a successful year. Turnover continues to advance, increasing from £20,175,000 for the 12 months ended 4 April 2011 to £31,805,000 for the year ended 30 March 2012 and operating profit increasing from £407,000 to £1,196,000 over the same period.

An interim dividend of £154,000 was paid during the year *(2011 : £NIL)*. The directors do not recommend the payment of a final dividend.

Net assets at the year end were £395,000 (*2011: Net liabilities £651,000*). The company no longer has to rely on the support of its parent company to provide the funding required to meet its working capital requirements.

Principal risks and uncertainties affecting the business

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

- Macro-economic factors affecting the whole of the construction industry and the wider economy at this time. The effects of the recession have been particularly marked in the construction sector, with delays to or cancellation of some expected projects as well as greater price competition for the work that is available.
- Effect of legislation or other regulatory activities. The company continually monitors all forthcoming and current legislation and guidelines to ensure it fully complies with all necessary requirements.
- Construction risk. The company 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 company include:

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

Key performance indicators

Key financial performance indicators include the monitoring of working capital, turnover and margin at both the gross and net level. These are monitored monthly against budgets.

Directors' report *(continued)*

Key financial performance indicators

		2012	2011	Measure
Gross margin	%	**6.3**	6.7	Gross profit/Turnover
Net margin	%	**3.9**	2.2	Profit before tax/Turnover

Key non-financial performance indicators include the monitoring of health and safety and quality.

Directors

The directors who held office during the year and to the date of this report are as follows:

W G Robertson	
R G Mutch	(Resigned 30 June 2011)
J C Ballantyne	(Resigned 22 April 2011)
D W Shewan	(Appointed 15 April 2011)
A Cowan	(Appointed 27 July 2011)
S Roberts	(Appointed 20 February 2012)

Political and charitable donations

The company made no political contributions or charitable donations during the year *(2011: £Nil)*.

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 company 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 auditor

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 auditor is 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 auditor is aware of that information

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

K Jarvie
Secretary

27 September 2012

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).

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 year. In preparing these financial statements, the directors are 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 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 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

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

Independent auditor's 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 March 2012 set out on pages 6 to 14. 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 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 set out on page 4, 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 (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/private.cfm.

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 30 March 2012 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 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.

Hugh Harvie

Hugh Harvie (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

27 September 2012

Profit and loss account
for the year ended 30 March 2012

	Note	**Year ended 30 March 2012 £000**	Year ended 4 April 2011 £000
Turnover	2	**31,805**	20,175
Cost of sales		**(29,810)**	(18,825)
Gross profit		**1,995**	1,350
Administrative expenses		**(799)**	(945)
Other operating income		**-**	2
Operating profit		**1,196**	407
Interest receivable and similar income	5	**54**	33
Profit on ordinary activities before taxation	3	**1,250**	440
Tax on profit on ordinary activities	6	**(50)**	(21)
Profit for the financial year	11	**1,200**	419

There are no recognised gains and losses other than as reported above.

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

Balance sheet
at 30 March 2012

	Note	30 March 2012		4 April 2011	
		2012	**2012**	2011	2011
		£000	**£000**	£000	£000
Fixed assets					
Tangible assets	*7*		**28**		11
Current assets					
Debtors	*8*	**5,862**		5,049	
Cash at bank and in hand		**8,169**		3,969	
		14,031		9,018	
Creditors: amounts falling due within one year	*9*	**(13,664)**		(9,680)	
Net current assets / (liabilities)			**367**		(662)
Net assets / (liabilities)			**395**		(651)
Capital and reserves					
Called up share capital	*10*		**-**		-
Profit and loss account	*11*		**395**		(651)
Surplus / (Deficit) on shareholders' funds	*12*		**395**		(651)

These financial statements were approved by the Board of directors on 27 September 2012 and signed on its 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.

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 (Holdings) 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 (Holdings) 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.

Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. Robertson Construction Group Limited and its subsidiaries (including the Company) ("RCGL") operate as the largely autonomous construction division of Robertson Group (Holdings) Limited. RCGL delivered strong financial performance for the year despite challenging market conditions. The directors have prepared trading and cash flow forecasts for RGCL for the year through to 30 September 2013. Although the current difficult economic conditions continue to create uncertainty over the timing and amount of the ultimate realisation of cash flows, these cash flow forecasts, which take account of sensitivities in relation to the key assumptions applicable to the business, including assumptions in relation to workload and margin, continue to demonstrate that RGCL is expected to remain profitable and cash generative for the foreseeable future.

The financing arrangements applicable to RCGL also form part of the wider financing arrangements of Robertson Group (Holdings) Limited. As explained in note 13, RCGL is a guarantor to Robertson Group (Holdings) Limited consolidated bank arrangements.

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 year of the lease.

Pensions

The company contributes to company personal pension plans for employees who also undertake to contribute, the costs of which are charged to the profit and loss account as they become payable. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting year.

Notes *(continued)*

1 Accounting policies *(continued)*

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.

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.

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 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

	Year ended 30 March 2012 £000	Year ended 4 April 2011 £000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation – owned assets	**4**	3
Operating lease rentals		
- land and buildings	**30**	26
- other assets	**15**	3
Auditor's remuneration – audit of these financial statements	**-**	-

The audit fee of £5,000 (*2011: £5,000*) is paid by a group 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:

	Year ended 30 March 2012 Number	Year ended 4 April 2011 Number
Construction	**52**	49
Administration	**5**	5
	57	54

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	**2,585**	2,283
Social security costs	**292**	246
Other pension costs	**71**	65
	2,948	2,594

None of the directors received any emoluments from the company. They are all directors either of the parent company, Robertson Construction Group Limited or Robertson Group (Holdings) Limited, or both, and their emoluments are disclosed in those financial statements.

5 Interest receivable and similar income

	Year ended 30 March 2012 £000	Year ended 4 April 2011 £000
Receivable from group undertakings	**54**	33

6 Taxation

	Year ended 30 March 2012 £000	Year ended 4 April 2011 £000
UK corporation tax		
Group relief payable	**46**	123
Adjustment in respect of prior years	**4**	(102)
Total tax on profit on ordinary activities	**50**	21

Notes *(continued)*

6 Taxation *(continued)*

Factors affecting the tax charge for the current year

The current tax charge for the year is lower than (*2011: lower than*) the standard rate of corporation tax in the UK of 26% *(2011: 28%)* as explained below.

Current tax reconciliation	**Year ended 30 March 2012 £000**	Year ended 4 April 2011 £000
Profit on ordinary activities before tax	**1,250**	440
Current tax at 26% (*2010: 28%*)	**325**	123
Effects of:		
Group relief received for nil consideration	**(279)**	-
Adjustment in respect of prior years	**4**	(102)
Total current tax charge	**50**	21

Factors affecting the future current and total tax charges

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the Group's future tax charge accordingly and further reduce the deferred tax asset at 30 March 2012.

It has not yet been possible to quantify the full anticipated effect of the announced further 1% rate reduction, although this will further reduce the Group's future tax charge and reduce the Group's deferred tax asset accordingly.

7 Tangible fixed assets

	Plant and machinery £000
Cost	
At beginning of year	39
Additions	21
At end of year	**60**
Depreciation	
At beginning of year	28
Charge for year	4
At end of year	**32**
Net book value	
At 30 March 2012	**28**
At 4 April 2011	11

Notes *(continued)*

8 Debtors

	30 March 2012 £000	4 April 2011 £000
Trade debtors	**2,469**	4,514
Amounts recoverable on long term contracts	**2,228**	482
Amounts owed by group undertakings	**-**	19
Amounts owed by related parties	**814**	12
Other debtors	**244**	-
Group relief receivable	**89**	-
Prepayments and accrued income	**15**	19
Deferred tax asset (see below)	**3**	3
	5,862	5,049

Debtors include amounts recoverable on long term contracts of £388,000 *(2011: £108,000)* and amounts owed by group undertakings of £Nil *(2011: £nil)* due after more than one year.

Deferred taxation

	£000
At beginning and end of year	3

The deferred tax asset relates to short term timing differences.

9 Creditors: amounts falling due within one year

	30 March 2012 £000	4 April 2011 £000
Payments received on account	**729**	1,732
Trade creditors	**3,800**	1,897
Amounts owed to group undertakings	**172**	69
Group relief payable	**-**	35
Other taxation and social security	**1,016**	945
Accruals and deferred income	**7,947**	5,002
	13,664	9,680

10 Called up share capital

	30 March 2012 £	4 April 2011 £
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)*

11 Reserves

	Profit and loss account £000
At beginning of year	(651)
Profit for the financial year	1,200
Interim dividend paid	(154)
At end of year	**395**

12 Reconciliation of movements in shareholders' deficit

	Year ended 30 March 2012 £000	Year ended 4 April 2011 £000
Profit for the financial year	**1,200**	419
Interim dividend paid	**(154)**	-
Opening deficit on shareholders' deficit	**(651)**	(1,070)
Closing surplus / (deficit) on shareholders' funds	395	(651)

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 that 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 bank that provides borrowing facilities to Robertson Group (Holdings) Limited. At 30 March 2012, the total contingent liability in respect of these borrowings was £50,144,000 *(2011: £56,184,000).* The bank holds floating charges in respect of certain other assets of the company.

14 Commitments

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

	Land & buildings		Motor vehicles	
	30 March 2012 £000	4 April 2011 £000	**30 March 2012 £000**	4 April 2011 £000
Expiry date:				
Within one year	-	-	**3**	-
Between two and five years	**30**	30	**10**	14
	30	30	**13**	14

Notes *(continued)*

15 Pension costs

The company contributes to company personal pension plans for certain employees. The pension cost charged for the year represents contributions payable by the company to those personal pension plans and amounted to £71,000 (*2011: £65,000*).

16 Transactions with related parties and group undertakings

During the year the company made sales to group joint venture companies and at the year end balances were due from these companies as follows:

	Turnover/ (expenses) £000	Year end balance £000
PFI / PPP joint venture companies		
- contracting revenue	6,612	814

Transactions between the company and other members of the Robertson Group (Holdings) Limited and balances between members of that group are eliminated on consolidation of the group accounts.

17 Ultimate parent company

The company is a subsidiary undertaking of Robertson Construction Group Limited. The ultimate parent company is Robertson Group (Holdings) Limited, incorporated in Scotland and controlled by W G Robertson.

The smallest group in which the results of the company are consolidated is that headed by Robertson Construction Group Limited. The consolidated accounts of that company are available to the public and may be obtained from Robertson Group Limited, 10 Perimeter Road, Elgin, IV30 6AE.

The largest group in which the results of the company are consolidated is that headed by Robertson Group (Holdings) Limited. The consolidated accounts of that company are available to the public and may be obtained from Robertson Group Limited, 10 Perimeter Road, Elgin, IV30 6AE.