

Robertson Construction Group Limited

**Directors' report and consolidated
financial statements**

Registered number SC347921

04 April 2011

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Company information

Directors	WG Robertson AD Cowan D Shewan
Secretary	K Jarvie
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 5 th 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 4 April 2011.

Corporate restructuring

16 month period ended 26 March 2010

During the 16 month period ended 26 March 2010 the group was involved in a corporate restructuring whereby it became a related group outwith the previous group structure. The objective of the restructuring was to enable the Construction and Property businesses to be developed independently of the other trading activities of Robertson Group Limited.

Year ended 4 April 2011

Following discussions between the directors and shareholders a decision was taken to re-merge Robertson Construction Group Limited, together with its subsidiary companies, into the holding group for Robertson companies. This transaction was completed with effect from 6 May 2010 and the company's ultimate parent company is now Robertson Group (Holdings) Limited. There is no change to the ultimate shareholders who remain as Mr & Mrs WG Robertson.

On 4 April 2011 the interests in South Shore Developments Limited and South Shore Developments (Monkton) Limited, held by Robertson Property Limited, were disposed of to the ultimate parent company, Robertson Group (Holdings) Limited. The results of South Shore Developments Limited and South Shore Developments (Monkton) Limited are shown as discontinued in these financial statements.

Principal activities

The principal activities of the group are construction and property development and investment.

Business review

The group has had a reasonable trading performance against a backdrop of ongoing challenging economic conditions. The group's turnover in the year to 4 April 2011 increased on a pro rata basis by £31.1 million to £140.3 million when compared with the 16 month period ended 26 March 2010. Gross margin fell from 8.6% (before exceptional items) to 5.8%, principally reflecting a more competitive market place. Operating profit of £1.0 million fell from the £2.8 million before exceptional items recorded in the 16 months to 26 March 2010 and profit before tax (before exceptional items) of £0.7 million increased from the £1.4 million before exceptional items recorded in the 16 months to 26 March 2010.

The results for the year were impacted by a £9.9m profit on the disposal by the Group of its investments in South Shore Developments Limited and South Shore Developments (Monkton) Limited.

At 4 April 2011, the Group had net cash of £12.3 million compared to net debt of £24.4 million at 26 March 2010. The change in debt is primarily due to debt sold with the investments referred to above.

Shareholders' funds now amount to £14.0 million (2010: £9.1 million).

Our bankers have remained supportive of the Group and subsequent to the period end we renegotiated and extended our bank facilities through to 30 September 2013.

Principal risks and uncertainties affecting the business

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

- **Funding risk.** In renegotiating our banking facilities we prepared forecasts for the group for the next three years based on both our base case expectations and taking account of reasonable sensitivities in the key assumptions. Based on these forecasts the directors have a reasonable expectation that the facilities available will be sufficient for the group for the foreseeable future.

Directors' report (*continued*)

- Economic risk. The group's future profitability could be negatively affected by continued deterioration of the general economic conditions in the United Kingdom including, in particular, the cost and availability of credit.
- Interest rate risk. The group continues to finance its operations through a combination of bank loans, overdrafts, cash in hand and long term loans and recognises that interest costs will be subject to interest rate fluctuation. The group minimises interest rate movements by entering into interest rate hedges where appropriate.
- Credit risk: The group is exposed to the credit risk that some of its customers may be unable to pay when the debt falls due. This may be due to cash flow problems, difficult trading or financial issues of the customers. Failure to receive all monies due would have an adverse effect on Group cash flow and profitability.
- 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.
- Market and asset values. The group has re-valued the carrying values of our property portfolio based on current rents and yields and recorded an impairment in value where appropriate
- Construction risk – the group places considerable emphasis on front-end controls and ongoing project diligence in an attempt to minimise construction risk.

Key performance indicators

Key financial performance indicators include the monitoring of gearing and working capital, monitoring margin and sales and margin by employee.

Key financial performance indicators

		2011	2010	Measure
Gross margin before exceptional items	%	5.8	8.6	Gross margin/Turnover
Operating margin	%	0.7	(3.0)	Operating profit/(loss) /Turnover

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

Directors

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

W G Robertson	
AD Cowan	(appointed 27 July 2011)
D Shewan	
R G Mutch	(resigned 30 June 2011)
AR Irvine	(resigned 28 February 2011)
JC Ballantyne	(appointed 2 August 2010, resigned 22 April 2011)

Employees

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

The group 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

Directors' report (*continued*)

Employees (*continued*)

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 group involves employees in matters affecting terms and conditions of employment. Induction courses are run for new employees.

Political and charitable donations

The group made no political contributions during the year. Donations to UK charities amounted to £1,255 (2010 : £2,944).

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

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

By order of the board

K Jarvie
Secretary



31 OCTOBER 2011

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 group and parent company and of the profit or loss for that period. In preparing each of the group and parent company 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 group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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 group and to prevent and detect fraud and other irregularities.



KPMG LLP

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
United Kingdom

Independent auditor's report to the members of Robertson Construction Group Limited

We have audited the financial statements of Robertson Construction Group Limited for the year ended 4 April 2011 set out on pages 7 to 26. 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 group's and the parent company's affairs as at 4 April 2011 and of the group's 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

L Bennett (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

31 October 2011

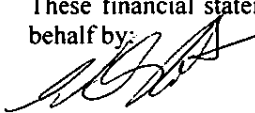
Consolidated profit and loss account
for the year ended 04 April 2011

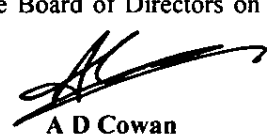
		Year ended 04 April 2011			16 months ended 26 March 2010		
	Note	Continuing activities £000	Discontinued activities £000	Total £000	Continuing activities £000	Discontinued activities £000	Total £000
Turnover: group and share of joint ventures		154,972	783	155,755	151,878	362	152,240
Less: share of joint ventures' turnover		(15,403)	(33)	(15,436)	(6,544)	(140)	(6,684)
Group turnover	2	139,569	750	140,319	145,334	222	145,556
Cost of sales		(131,516)	(704)	(132,220)	(132,667)	(7,501)	(140,168)
Gross profit/(loss)		8,053	46	8,099	12,667	(7,279)	5,388
Administrative expenses		(6,794)	(330)	(7,124)	(9,585)	(179)	(9,764)
Other operating income		3	-	3	35	-	35
Group operating profit / (loss)		1,262	(284)	978	3,117	(7,458)	(4,341)
Share of operating profit / (loss) in joint ventures		(5)	21	16	(19)	(221)	(240)
Total operating profit / (loss)		1,257	(263)	994	3,098	(7,679)	(4,581)
Property impairment	10	(202)	-	(202)	(158)	-	(158)
Profit on sale of subsidiary / joint ventures	27	9,873	-	9,873	-	-	-
Interest receivable and similar income	6	291	-	291	275	-	275
Interest payable and similar charges	7	(672)	(1,072)	(1,744)	(741)	(849)	(1,590)
Profit / (loss) on ordinary activities before taxation	3	10,547	(1,335)	9,212	2,474	(8,528)	(6,054)
Tax on profit / (loss) on ordinary activities	8	655	3	658	(788)	2	(786)
Profit / (loss) on ordinary activities after taxation		11,202	(1,332)	9,870	1,686	(8,526)	(6,840)
Minority interest - equity	19	(4,038)	-	(4,038)	-	4,038	4,038
Profit/(loss) for the financial period	18	7,164	(1,332)	5,832	1,686	(4,488)	(2,802)

Consolidated balance sheet
at 04 April 2011

	<i>Note</i>	2011 £000	04 April 2011 £000	2010 £000	26 March 2010 £000
Fixed assets					
Tangible assets	9		7,127		7,455
Investment properties	10		7,118		8,212
Investments					
Investments in joint ventures					
Share of gross assets		1,110		2,919	
Share of gross liabilities		(1,135)		(3,238)	
Loans to joint ventures		30		670	
	11		5		351
			14,250		16,018
Current assets					
Stock and work in progress	12	713		26,401	
Debtors	13	40,385		27,773	
Cash at bank and in hand		28,080		20,261	
		69,178		74,435	
Creditors: amounts falling due within one year	14	(69,396)		(82,363)	
Net current liabilities			(218)		(7,928)
Total assets less current liabilities			14,032		8,090
Creditors: amounts falling due after more than one year	15		-		(3,022)
Net assets			14,032		5,068
Capital and reserves					
Called up share capital	17		1		1
Merger reserve	18		9,679		9,679
Revaluation reserve	18		1,338		2,244
Profit and loss account	18		3,014		(2,818)
Shareholders' funds	20		14,032		9,106
Minority interest	19		-		(4,038)
			14,032		5,068

These financial statements were approved by the Board of Directors on 31 October 2011 and were signed on its behalf by:

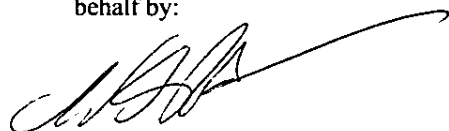

W G Robertson
Director


A D Cowan
Director

Company balance sheet
at 04 April 2011

	<i>Note</i>	2011 £000	04 April 2011 £000	2010 £000	26 March 2010 £000
Fixed assets					
Tangible assets	9		5		1
Investments	11		30		30
			<u>35</u>		<u>31</u>
Current assets					
Debtors	13	808		2,393	
Cash at bank and in hand		8,378		802	
		<u>9,186</u>		<u>3,195</u>	
Creditors: amounts falling due within one year	14	<u>(7,462)</u>		<u>(2,624)</u>	
Net current assets			<u>1,724</u>		<u>571</u>
Net assets			<u>1,759</u>		<u>602</u>
Capital and reserves					
Called up share capital	17		1		1
Profit and loss account	18		1,758		601
Shareholders' funds	20		<u>1,759</u>		<u>602</u>

These financial statements were approved by the Board of Directors on 31 October 2011 and were signed on its behalf by:



W G Robertson
Director



A D Cowan
Director

Consolidated cash flow statement
for the year ended 04 April 2011

	<i>Note</i>	Year ended 04 April 2011 £000	16 months ended 26 March 2010 £000
Cash inflow / (outflow) from operating activities	24	14,281	(2,913)
Returns on investments and servicing of finance	25	(1,422)	(1,251)
Taxation		(888)	351
Capital expenditure and financial investment	25	(34)	(730)
Cash inflow / (outflow) before financing		11,937	(4,543)
Financing	25	(2,385)	3,089
Increase / (decrease) in cash in the year		9,552	(1,454)

Reconciliation of net cash flow to movement in net funds / (debt)

	Year ended 04 April 2011 £000	16 months ended 26 March 2010 £000
Increase / (decrease) in cash in the year	9,552	(1,454)
Cash outflow / (inflow) from decrease / (increase) in debt	2,385	(3,088)
Change in net debt resulting from cash flows	11,937	(4,542)
Net debt eliminated on disposal	24,728	-
Loans and loan notes acquired with subsidiary	-	(28,753)
Movement in net debt in the year	36,665	(33,295)
Net (debt) / funds at the start of the year	(24,365)	8,930
Net funds / (debt) at the end of the year	26	12,300
		(24,365)

Consolidated statement of total recognised gains and losses
for the year ended 04 April 2011

	Year ended 04 April 2011 £000	16 months ended 26 March 2010 £000
Profit / (loss) for the financial period		
Group	5,844	(2,562)
Share of joint ventures	(12)	(240)
Unrealised (loss)/surplus on revaluation of properties	5,832 (906)	(2,802) 360
Total recognised gains and losses relating to the financial period	4,926	(2,442)

Note of consolidated historical cost profits and losses
for the year ended 04 April 2011

	Year ended 04 April 2011 £000	16 months ended 26 March 2010 £000
Reported profit / (loss) on ordinary activities before taxation	9,212	(6,054)
Historical cost profit / (loss) on ordinary activities before taxation	9,212	(6,054)
Historical cost profit / (loss) for the period retained after taxation, minority interests and dividends	5,832	(2,802)

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 financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of investment properties.

Going concern

The factors likely to affect the group's future performance and financial position are set out in the directors' report on pages 2 to 4.

Notwithstanding the net current liabilities at the year end, the financial statements are prepared on the going concern basis for the following reasons.

The group's day to day working capital requirements are provided by its parent undertaking, Robertson Group (Holdings) Limited. The directors of this group have indicated that they will continue to provide such funds as are necessary to enable Robertson Construction Group Limited and its subsidiaries to continue to trade and to meet their liabilities as they fall due. As with any company placing reliance on other group companies for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The company and its subsidiaries are party to a group banking facility with the parent company, Robertson Group (Holdings) Limited and fellow subsidiaries.

The Robertson Group (Holdings) Limited directors have prepared detailed cash flow forecasts for the group including the company and its subsidiaries for the period through to 30 September 2013. The group's banking facilities are subject to compliance with certain covenants relating to profit and interest, asset values, net assets and certain other conditions. These covenants are sensitive to changes in key assumptions including housing volumes and margins, asset valuations and interest charges. In preparing their forecasts the directors have taken account of the unusual circumstances continuing to prevail in the economy at the current time and recognise that the current difficult economic climate creates uncertainty over the timing and amount of realisation of cash flows.

While the directors cannot envisage all possible circumstances that may impact the group in the future, the directors believe that, taking account of reasonably possible adverse movements in, inter alia, housing volumes and margins, interest rates and asset values, the group has sufficient committed resources available to it to ensure compliance with the relevant bank covenants and conditions.

At the balance sheet date the group's banking facilities were due for renewal on 31 December 2011. Subsequent to the year end the facilities were renegotiated through to 30 September 2013.

Based on their forecasts and renewal of the banking facilities the directors consider that the Group and Company will be able to continue to meet its obligations as they fall due for at least twelve months from the balance sheet date.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 4 April 2011 using merger accounting.

A joint venture is an undertaking in which the group has a long-term interest and over which it exercises joint control. The group's share of the profits less losses of joint ventures is included in the profit and loss account and its interests in their net assets are included in investments in the consolidated balance sheet.

Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

Notes (continued)

1 Accounting policies (continued)

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:

Freehold buildings	-	50 years
Plant and machinery	-	3 to 10 years
Fixtures, fittings and equipment	-	4 to 5 years
Motor vehicles	-	5 to 10 years

No depreciation is provided on freehold land.

Investment properties

In accordance with Statement of Standard Accounting Practice No 19 investment properties are revalued annually at open market value. All surpluses and deficits arising on valuation are taken directly to revaluation reserve except that any permanent diminution in the value of the investment property is taken to the profit and loss account for the period. No depreciation or amortisation is provided in respect of the investment properties.

This treatment may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, the properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Stock and work in progress

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials and consumables the first in first out method is used. For work in progress and finished goods cost is taken as production cost which comprises materials, direct labour and attributable production overheads according to the stage of completion.

Property developments in the course of construction are carried at cost as part of work in progress until such time as the property is complete. Interest incurred on project specific borrowings is capitalised within the cost of the appropriate project.

Development land stock is stated at the lower of cost and net realisable value. Cost comprises the purchase price of the land together with all attributable expenditure incurred in making ready the site for development and ultimate resale.

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.

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 group contributes to a group personal pension plan 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 period.

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 period 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 and segmental reporting

An analysis of turnover, gross profit/(loss) and profit before tax by class of business is shown below.

	Turnover		Gross profit		Profit / (loss) before tax and Minority Interest	
	Year ended 04 April 2011	16 months ended 26 March 2010	Year ended 04 April 2011	16 months ended 26 March 2010	Year ended 04 April 2011	16 months ended 26 March 2010
Construction	138,589	141,749	7,906	10,792	2,172	2,041
Property development	2,351	5,291	814	(5,153)	7,661	(7,791)
Less intercompany trade	(621)	(1,484)	(621)	(251)	(621)	(304)
Total	<u>140,319</u>	<u>145,556</u>	<u>8,099</u>	<u>5,388</u>	<u>9,212</u>	<u>(6,054)</u>

Notes (continued)

2 Turnover and segmental reporting (continued)

The shareholders' funds by class of business are:	04 April 2011 £000	26 March 2010 £000
Construction	10,175	8,105
Property development	3,857	1,001
	14,032	9,106

3 Profit / (loss) on ordinary activities before taxation

	Year ended 04 April 2011 £000	16 months ended 26 March 2010 £000
<i>Profit / (loss) on ordinary activities before taxation is stated after charging:</i>		
Depreciation of tangible assets	333	445
Operating lease rentals		
- land and buildings	63	114
- other assets	181	382
Exceptional charges – rationalisation costs	99	247
Exceptional write down of development work in progress in the Property business	-	7,158
<i>Auditor's remuneration</i>		
Audit of these financial statements	5	12
Amounts receivable by auditors and their associates in respect of:		
- <i>Audit of financial statements of subsidiaries pursuant to legislation</i>	45	60
- <i>Other services relating to taxation</i>	16	17

Amounts paid to the Company's auditors in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

4 Remuneration of directors

	Year ended 04 April 2011 £000	16 months ended 26 March 2010 £000
Directors' emoluments	529	372
Company contributions to money purchase schemes	39	32
	568	404

Retirement benefits are accruing to 2 directors under money purchase pension scheme. The total emoluments of the highest paid director were £207,000 (2010: £215,000) and company pension contributions of £12,000 (2010: £20,000) were made to a money purchase pension schemes on his behalf.

Notes (continued)

5 Staff numbers and costs

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

	Year ended 04 April 2011	16 months ended 26 March 2010
	Number	Number
Construction	305	288
Property	6	4
Administration	54	56
	<u>365</u>	<u>348</u>

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	14,235	18,083
Social security costs	1,509	1,911
Other pension costs	496	656
	<u>16,240</u>	<u>20,650</u>

6 Other interest receivable and similar income

	Year ended 04 April 2011 £000	16 months ended 26 March 2010 £000
Interest from related parties	<u>291</u>	<u>275</u>

7 Interest payable and similar charges

	Year ended 04 April 2011 £000	16 months ended 26 March 2010 £000
On bank loans and overdrafts	1,280	1,489
On balances owed to related parties	433	37
	<u>1,713</u>	<u>1,526</u>
Joint ventures – bank loans and overdraft interest	31	64
	<u>1,744</u>	<u>1,590</u>

Notes (continued)

8 Tax on profit/(loss) on ordinary activities

	Year ended 04 April 2011 £000	16 months ended 26 March 2010 £000
Analysis of tax (credit)/charge in the year		
<i>UK corporation tax</i>		
Current tax on income for the year	(78)	759
Share of joint ventures' current tax	(3)	-
Adjustment in respect of prior periods	(574)	-
Total current tax credit/(charge)	(655)	759
<i>Deferred tax (see note 16)</i>		
Origination/reversal of timing differences	47	30
Adjustment in respect of prior periods	(50)	(3)
Total tax (credit)/charge on profit/(loss) on ordinary activities	(658)	786

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

The current tax (credit)/charge for the year is lower (2010: higher) than the standard rate of corporation tax in the UK of 28% (2010: 28%). The differences are explained below.

	Year ended 04 April 2011 £000	16 months ended 26 March 2010 £000
<i>Current tax reconciliation</i>		
Profit / (loss) on ordinary activities before tax	9,212	(6,054)
Current tax at 28% (2010: 28%)	2,579	(1,695)
<i>Effects of:</i>		
Non-deductible expenses	33	40
Non-taxable income	(2,678)	-
Depreciation on ineligible assets	-	16
Tax effect of joint ventures	(85)	81
Write down of investment property	74	44
Capital allowances for period in excess of depreciation	9	(4)
Other timing differences	33	(31)
Subsidiary company losses carried forward	(46)	2,308
Adjustment in respect of prior periods	(574)	-
Total current tax (credit)/charge (see above)	(655)	759

Factors affecting future tax charges

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate would reduce from 28% to 24% over a period of 4 years from 2011. The Budget on 25 March 2011 announced that the UK corporation tax rate will reduce from 28% to 26% and was substantively enacted on 31 March 2011 and will be effective from 1 April 2011. It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charge and the company's deferred tax asset accordingly.

No provision has been made for deferred tax on the revaluation of investment properties to their open market value. The tax on the gains arising on the revaluations would only become payable if the properties were sold without rollover relief being available. The tax which would be payable in such circumstances is estimated to be £375,000 (2010: £628,000).

Notes (continued)

9 Tangible fixed assets

Group	Freehold land and buildings £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Total £000
Cost					
At beginning of year	7,857	773	468	374	9,472
Additions	-	22	-	-	22
Disposals	-	(20)	-	-	(20)
At end of year	7,857	775	468	374	9,474
Depreciation					
At beginning of year	814	641	341	221	2,017
Charge for the year	157	44	80	52	333
Disposals	-	(3)	-	-	(3)
At end of year	971	682	421	273	2,347
Net book value At 04 April 2011	6,886	93	47	101	7,127
At 26 March 2010	7,043	132	127	153	7,455

Company	Plant and machinery £000
Cost	
At beginning of year	2
Additions	5
At end of year	7
Depreciation	
At beginning of year	1
Charge for the year	1
At end of period	2
Net book value At 04 April 2011	5
At 26 March 2010	1

Notes (continued)

10 Investment properties

	Group £000
At beginning of year	8,212
Additions	14
Revaluation in the year credited to revaluation reserve	(906)
Impairment charged to profit and loss account	(202)
At end of period	7,118
Historical cost of investment properties	6,235

All of the group's investment properties were re-valued by external valuers on 31 March 2011, on the basis of open market value in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors and the valuations have been reflected above.

11 Fixed asset investments

Group	Shares in joint ventures £000	Loans to joint ventures £000	Share of reserves £000	Total £000
At beginning of year	1	670	(320)	351
Additions in the year	-	23	(12)	11
Disposals in the year	(1)	(663)	307	(357)
At end of year	-	30	(25)	5

Joint ventures

The total of the group's profit / (loss) before taxation from interests in joint ventures was £295,000 (2010: £304,000 loss).

Company	Loans to joint ventures £000
At beginning and end of year	30

Notes (continued)

11 Fixed asset investments (continued)

The principal undertakings in which the group holds more than 20% of the share capital are as follows:

	Country of registration or incorporation		Shares held		Principal activity
			Class	%	
Subsidiary undertakings					
Robertson Construction Central Limited	Scotland		Ordinary	100	Construction
Robertson Construction Eastern Limited	Scotland		Ordinary	100	Construction
Robertson Construction NEE Limited	Scotland		Ordinary	100	Construction
Robertson Construction Northern Limited	Scotland		Ordinary	100	Construction
Robertson Construction Tayside Limited	Scotland		Ordinary	100	Construction
Robertson Construction Highland Limited	Scotland		Ordinary	100	Construction
Robertson Construction Lothians Limited	Scotland		Ordinary	100	Construction
Robertson Property Limited	Scotland	A and B	Ordinary	100	Property development
Robertson Property (No 4) Limited	Scotland		Ordinary	100	Property development
Joint ventures					
Robertson-Dawn Health Limited	Scotland		Ordinary	50	Construction

Other than Robertson-Dawn Health Limited, which has a 30 November year end, all of the above subsidiary and joint venture companies' year-ends are coterminous with the company.

During the year, Robertson Construction Group Limited disposed of its 51% share in South Shore Developments Limited and the 50% joint venture in South Shore Developments (Monkton) Limited. See note 27 for details.

12 Stocks

Group	04 April 2011 £000	26 March 2010 £000
Development work in progress	-	25,850
Development land	713	551
	<u>713</u>	<u>26,401</u>

13 Debtors

	Company		Group	
	04 April 2011 £000	26 March 2010 £000	04 April 2011 £000	26 March 2010 £000
Trade debtors	15	3	15,003	9,702
Amounts recoverable on contracts	-	-	5,207	5,610
Amounts owed by group undertakings	105	191	15,183	-
Amounts owed by related parties	527	1,873	3,020	10,798
Other debtors	6	3	934	807
Prepayments and accrued income	150	8	277	446
Corporation Tax receivable	-	-	94	-
Group relief receivable	5	315	491	-
Deferred tax (note 16)	-	-	62	59
Other tax and social security	-	-	114	351
	<u>808</u>	<u>2,393</u>	<u>40,385</u>	<u>27,773</u>

Debtors include the following falling due after more than one year:

Amounts recoverable on contracts	-	-	456	1,634
Amounts owed by joint ventures	-	-	-	4,062

Notes (continued)

14 Creditors: amounts falling due within one year

	Company		Group	
	04 April	26 March	04 April	26 March
	2011	2010	2011	2010
	£000	£000	£000	£000
Bank loans and overdrafts (note 15)	-	-	15,780	41,604
Payments received on account	1,462	212	6,437	5,926
Trade creditors	3,249	427	15,881	7,660
Amounts owed to group undertakings	-	2	6,010	-
Amounts owed to related parties	-	284	-	3,706
Corporation tax	7	-	-	539
Group relief payable to related parties	-	-	-	419
Other taxes and social security	451	337	2,112	1,796
Other creditors	-	-	206	99
Accruals and deferred income	2,293	1,362	22,970	20,614
	7,462	2,624	69,396	82,363

15 Creditors: amounts falling due after more than one year

	Group	
	04 April	26 March
	2011	2010
	£000	£000
Loan notes	-	3,022
	15,780	44,626

	Group	
	04 April	26 March
	2011	2010
	£000	£000
Debt can be analysed as falling due:		
In one year or less, or on demand	15,780	41,604
In five years or more	-	3,022
	15,780	44,626

All borrowings are secured by way of a floating charge over the group's property, undertaking, assets and rights owned now or in the future and an unlimited inter-company composite guarantee between companies within the group and companies within the group headed by Robertson Group (Holdings) Limited, a company under common shareholder control.

Subsequent to the period end, the Group's bank facilities were extended to 30 September 2013.

Notes (continued)

16 Deferred taxation

Group	Accelerated capital allowances £000	Other timing differences £000	Total £000
At beginning of year – asset	26	33	59
Charge to the profit and loss account for the year	2	1	3
At end of year – asset (note 13)	28	34	62

17 Called up share capital

	04 April 2011 £	26 March 2010 £
<i>Authorised</i>		
10,000 Ordinary shares of £1 each	10,000	10,000
<i>Allotted, called up and fully paid</i>		
1,024 Ordinary shares of £1 each	1,024	1,024

18 Reserves

Group	Merger reserve £000	Revaluation reserve £000	Profit and loss Account £000
At beginning of year as stated using merger accounting	9,679	2,244	(2,818)
Profit for the financial year	-	-	5,832
Revaluation in the year	-	(906)	-
At end of year	9,679	1,338	3,014

Notes (continued)

18 Reserves (continued)

Company	Profit and loss Account £000
At beginning of year	601
Profit for the financial year	1,157
At end of year	1,758

19 Equity minority interests

	£000
At beginning of year	4,038
Share of loss on ordinary activities after taxation	(649)
On disposing of a majority shareholding during the year	(3,389)
At end of year	-

20 Reconciliation of movements in shareholders' funds

	Year ended 04 April 2011 £000	16 months ended 26 March 2010 £000
Group		
Profit / (loss) for the financial year	5,832	(2,802)
Other recognised gains and losses for the year	(906)	360
Issue of new share capital	-	1
Net addition to /(reduction in) shareholders' funds	4,926	(2,441)
Opening shareholders' funds	9,106	11,547
Closing shareholders' funds	14,032	9,106
Company		
Profit for the financial year	1,157	601
Issue of new share capital	-	1
Net addition to shareholders' funds	1,157	602
Opening shareholders' funds	602	-
Closing shareholders' funds	1,759	602

Notes (continued)

21 Contingent liabilities, contractual disputes and guarantees

At the period end there were contingent liabilities in respect of guarantees and claims under contracts entered into in the normal course of business. Further, included within trade debtors and 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 period end.

The group has given a cross guarantee to its bankers in respect of the borrowings of Robertson Group Limited and its subsidiaries, companies owned by the same shareholders as Robertson Construction Group Limited. The total contingent liability in respect of these borrowings at 04 April 2011 was £56,184,000 (2010: £83,539,000).

22 Commitments

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

Group	Land and buildings		Other	
	04 April 2011 £000	26 March 2010 £000	04 April 2011 £000	26 March 2010 £000
Operating leases which expire:				
Within one year	-	5	47	46
Between two and five years	67	-	129	207
	<u>67</u>	<u>5</u>	<u>176</u>	<u>253</u>

Company	Other	
	04 April 2011 £000	26 March 2010 £000
Expiry date:		
Within one year	8	30
Between two and five years	11	19
	<u>19</u>	<u>49</u>

23 Pension costs

The group contributes to a group personal pension plans for certain employees. The pension cost charged for the period represents contributions payable by the group to those personal pension plans.

	2011 £000	2010 £000
Contributions payable by the group for the period	<u>496</u>	<u>656</u>

24 Reconciliation of operating profit / (loss) to net cash flow from operating activities

	2011 £000	2010 £000
Operating profit / (loss)	978	(4,341)
Depreciation of tangible assets	333	445
(Increase) / decrease in stocks	(162)	7,707
(Increase) / decrease in debtors	(12,134)	51
Increase / (decrease) in creditors	25,266	(6,775)
Net cash outflow from operating activities	<u>14,281</u>	<u>(2,913)</u>

Notes (continued)

25 Analysis of cash flows

	2011 £000	2010 £000
Returns on investments and servicing of finance		
Interest received	291	275
Interest paid	(1,713)	(1,526)
	<u>(1,422)</u>	<u>(1,251)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(36)	(683)
Sale of tangible fixed assets	-	81
Loans advanced to joint ventures	-	(103)
Purchase of investment properties	-	(25)
Sale of subsidiary undertaking	2	-
	<u>(34)</u>	<u>(730)</u>
Financing		
Repayment of bank loans	(2,385)	-
New bank loans	-	3,088
Issue of new share capital	-	1
	<u>(2,385)</u>	<u>3,089</u>

26 Analysis of net debt

	At beginning of year £000	Cash flows £000	Disposal of subsidiary £000	At end of year £000
Cash at bank and in hand	20,261	7,918	(99)	28,080
Bank overdrafts	(1,634)	1,634	-	-
	<u>18,627</u>	<u>9,552</u>	<u>(99)</u>	<u>28,080</u>
Debt due within one year	(39,970)	2,385	21,805	(15,780)
Loan notes due after one year	(3,022)	-	3,022	-
	<u>(24,365)</u>	<u>11,937</u>	<u>24,728</u>	<u>12,300</u>

Notes (continued)

27 Sale of investments

During the year the group sold its shareholdings in South Shore Developments Limited and South Shore Developments (Monkton) Limited to Robertson Group (Holdings) Limited.

The net assets sold at the date of disposal are set out below:

	£000
Tangible Assets	16
Investment in joint venture	(307)
Work in progress	25,850
Trade debtors	1
Other debtors	61
Cash at bank and in hand	99
Creditors due in less than one year	(3,658)
Creditors due in more than one year	(10,128)
Bank loans	(21,805)
Net Assets	(9,871)
Gain on disposal	9,873
Consideration received	2
Satisfied by:	
Cash	2

28 Related party transactions

During the year the group made sales of £520,000 (2010: £30,356,000) to companies under the ownership of Robertson Group (Holdings) Limited. At the period end, £4,675,000 (2010: £8,214,000) was due from and £6,217,000 (2010: £3,754,000) was due to these companies.

In addition, during the year the group made sales of £25,270,000 (2010: £8,444,000) to Robertson-Dawn Health Limited, a company owned 50% by the group. At the year end, £2,544,000 (2010: £2,603,000) was due from this company.

During the previous period, the group undertook a contract for construction works for WG Robertson, the majority shareholder. At the period end the value of these works stood at £373,000, of which £225,000 had been paid. The remaining outstanding balance of £148,000, included within Debtors : amounts recoverable on long term contracts, is subject to re-measurement.

29 Ultimate controlling party

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 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.

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