Financial Statements
Kent Blaxill & Co. Limited

For the year ended 31 December 2012

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Registered number: 00083667

Company Information

Directors	P W George K R Sturdy A J Blaxill H R Blaxill S C Blaxill E A Cash J D Ford B R Kent
Company secretary	K R Sturdy
Registered number	00083667
Registered office	129-139 Layer Road Colchester Essex CO2 9JY
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Crown House Crown Street Ipswich Suffolk IP1 3HS
Bankers	Barclays Bank PLC 9 High Street Colchester Essex CO1 1DD
Solicitors	Birkett Long LLP Essex House 42 Crouch Street Colchester Essex CO3 3HH

Contents

Directors' Report
For the year ended 31 December 2012

The directors present their report and the financial statements for the year ended 31 December 2012

Principal activities

The principal activities of the Group are

I) The supply of building and landscape materials to the construction and maintenance industries

II) The supply of decorative materials to professional painters and decorators

III) The supply of glass and glazing services and the fabrication of glass into secondary double glazing products

IV) The supply of plumbing and heating materials to professional plumbers and heating engineers

V) The supply and installation of kitchens and bathrooms to trade and retail customers

Business review

The results for the year and financial position of the Group at the year end are set out in the following financial statements In summary, turnover for 2012 was £27m, a decrease on the prior year of 2% The loss before tax was £119k (2011 - profit of £37k)

The extremely challenging market conditions, which began with the financial crisis of 2008, continued into the year under review The recessionary conditions being experienced in the construction sector have inhibited the demand for products in nearly all of the Group's divisions but especially for building materials As a result of continuing weak demand and greater competitor activity, there has been increased pressure on gross margins Overhead costs (including payroll costs) have been subject to strict scrutiny and control, while the business has continued to invest to improve efficiency and in readiness for the upturn in the business activity when it occurs

Results

The loss for the year, after taxation, amounted to £128,150 (2011 - profit £17,937)

Principal risks and uncertainties

The Group has identified the principal risks and uncertainties facing it and has adopted policies and procedures to manage and minimise these risks

Management information reports and accounts, alongside bank and economic briefing papers, are produced each month for directors and managers to review

Suppliers are constantly monitored for the price and quality of products and the Group periodically considers alternative sources for products

Cash requirements are managed on a day-to-day basis and the Group ensures that it has no exposure to exchange rate fluctuations

Credit control procedures within the business require stringent assessment of prospective customers and careful monitoring of larger and high risk customers

Directors' Report
For the year ended 31 December 2012

Directors

The directors who served during the year and their interests in the Group's issued share capital were

	Ordinary shares of £10 each	
	31 December 2012	1 January 2012
P W George	**10**	10
K R Sturdy	**10**	10
A J Blaxill	**646**	646
H R Blaxill	**68**	68
S C Blaxill	**1,768**	1,768
E A Cash	**196**	127
J D Ford	**10**	10
B R Kent	**503**	503
J S Kent (resigned 21 April 2012)	**-**	1,340

The directors are sad to report the death of Mr John Sutcliffe Kent on 21 April 2012 John joined the company in 1950 and, following a break for National Service, he worked in every department of the business and as a sales representative John was appointed a director in 1957 and, with his expertise in sales, he was appointed the company's first sales director in 1960 John worked in the business until 1988 but continued as a non-executive director until his death John was involved with the business during a period of considerable expansion, acquiring branches and moving its Colchester operation from the town centre to its present location

Directors' responsibilities statement

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 the group and of the profit or loss of the group for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Directors' Report
For the year ended 31 December 2012

Corporate social responsibility

The Group operates a quality management system (ISO9000) for its timber, glass and glazing operations In addition, the Group has certification with FSC and PEFC for its timber depots to ensure that, wherever possible, timber products are purchased from sustainable sources

The Group has pursued its objective of recycling more of its waste To support this objective, the Group is working towards the implentation of an environmental management system (ISO14001)

The Group recognises the importance of its employees and has policies and procedures designed to ensure equal opportunities regardless of colour, ethnic or national origin, nationality, religion, sex or marital status Depending on their skills and abilities, disabled personnel within the Group have the same career opportunities as other personnel

The Group is committed to providing a safe and healthy working environment for all employees and policies and procedures are reviewed and updated regularly Safety committees meet regularly, giving employees an opportunity to provide feedback and to assist managers in ensuring procedures are followed at all times

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on 25th September 2013 and signed on its behalf

K R Sturdy
Director

Grant Thornton

Independent Auditor's Report to the Members of Kent Blaxill & Co. Limited

We have audited the financial statements of Kent Blaxill & Co Limited for the year ended 31 December 2012, which comprise the group profit and loss account, the group and parent company balance sheets, the group cash flow statement, the group statement of total recognised gains and losses and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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, 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 Auditing Practices Board's website 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 of the parent company's affairs as at 31 December 2012 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom 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

Independent Auditor's Report to the Members of Kent Blaxill & Co. Limited

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

Grant Thornton UK LLP

James Brown (senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Ipswich
Date 27 September 2013

Consolidated Profit and Loss Account
For the year ended 31 December 2012

	Note	2012 £	2011 £
Turnover	1,2	**26,981,181**	27,489,504
Cost of sales		**(18,105,535)**	(18,832,513)
Gross profit		**8,875,646**	8,656,991
Distribution costs		**(228,622)**	(222,780)
Administrative expenses		**(8,731,650)**	(8,347,806)
Other operating income	3	**21,036**	16,427
Operating (loss)/profit	4	**(63,590)**	102,832
Interest payable and similar charges	7	**(55,631)**	(65,984)
(Loss)/profit on ordinary activities before taxation		**(119,221)**	36,848
Tax on (loss)/profit on ordinary activities	8	**(8,929)**	(18,911)
(Loss)/profit for the financial year	17	**(128,150)**	17,937

All amounts relate to continuing operations

The notes on pages 11 to 26 form part of these financial statements

Consolidated Statement of Total Recognised Gains and Losses
For the year ended 31 December 2012

	2012 £	2011 £
(Loss)/profit for the financial year	**(128,150)**	17,937
Unrealised deficit on revaluation of tangible fixed assets	**(490,658)**	-
Total recognised gains and losses relating to the year	**(618,808)**	17,937

The notes on pages 11 to 26 form part of these financial statements

Consolidated Balance Sheet
As at 31 December 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Tangible assets	9		**5,533,983**		6,154,317
Investments	10		**200**		200
			5,534,183		6,154,517
Current assets					
Stocks	11	**4,523,669**		4,120,586	
Debtors	12	**3,330,220**		3,347,315	
Cash at bank		**107,521**		7,554	
		7,961,410		7,475,455	
Creditors amounts falling due within one year	13	**(4,678,408)**		(4,152,417)	
Net current assets			**3,283,002**		3,323,038
Total assets less current liabilities			**8,817,185**		9,477,555
Creditors amounts falling due after more than one year	14		**(37,787)**		(79,222)
Provisions for liabilities					
Deferred tax	15		**(2,661)**		(2,788)
Net assets			**8,776,737**		9,395,545
Capital and reserves					
Called up share capital	16		**65,390**		65,390
Share premium account	17		**2,810**		2,810
Revaluation reserve	17		**2,205,808**		2,696,466
Profit and loss account	17		**6,502,729**		6,630,879
Shareholders' funds	18		**8,776,737**		9,395,545

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25th September 2013

S C Blaxill
Director

K R Sturdy
Director

The notes on pages 11 to 26 form part of these financial statements

Company Balance Sheet
As at 31 December 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Tangible assets	9		**5,414,766**		6,079,263
Investments	10		**5,702**		6,002
			5,420,468		6,085,265
Current assets					
Stocks	11	**2,752,029**		2,951,146	
Debtors	12	**3,340,144**		3,636,283	
Cash at bank		**107,415**		7,466	
		6,199,588		6,594,895	
Creditors amounts falling due within one year	13	**(3,575,801)**		(3,756,532)	
Net current assets			**2,623,787**		2,838,363
Total assets less current liabilities			**8,044,255**		8,923,628
Creditors amounts falling due after more than one year	14		**(46,804)**		(107,087)
Provisions for liabilities					
Deferred tax	15		**(871)**		(9,095)
Net assets			**7,996,580**		8,807,446
Capital and Reserves					
Called up share capital	16		**65,390**		65,390
Share premium account	17		**2,810**		2,810
Revaluation reserve	17		**2,205,808**		2,696,466
Profit and loss account	17		**5,722,572**		6,042,780
Shareholders' funds	18		**7,996,580**		8,807,446

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25th September 2013

S C Blaxill
Director

K R Sturdy
Director

The notes on pages 11 to 26 form part of these financial statements

Consolidated Cash Flow Statement

For the year ended 31 December 2012

	Note	2012 £	2011 £
Net cash flow from operating activities	20	**240,714**	773,506
Returns on investments and servicing of finance	21	**(55,631)**	(65,984)
Taxation		**(10,074)**	(49,297)
Capital expenditure and financial investment	21	**(118,267)**	(176,516)
Equity dividends paid		**-**	(49,043)
Cash inflow before financing		**56,742**	432,666
Financing	21	**(127,331)**	(130,056)
(Decrease)/Increase in cash in the year		**(70,589)**	302,610

Reconciliation of Net Cash Flow to Movement in Net Funds/Debt

For the year ended 31 December 2012

	2012 £	2011 £
(Decrease)/Increase in cash in the year	**(70,589)**	302,610
Cash outflow from decrease in debt and lease financing	**127,331**	130,056
Movement in net debt in the year	**56,742**	432,666
Net debt at 1 January 2012	**(2,010,945)**	(2,443,611)
Net debt at 31 December 2012	**(1,954,203)**	(2,010,945)

The notes on pages 11 to 26 form part of these financial statements

Notes to the Financial Statements

For the year ended 31 December 2012

1. Accounting Policies

1 1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold property and in accordance with applicable accounting standards

The Group primarily meets its funding requirements through a comprehensive bank facility The recent economic downturn, which has had a significant effect on the construction sector, has clearly had an impact on the Group's trading performance and the Directors are reviewing the Group's strategy in order to accelerate the return to improved profitability

The Directors have prepared detailed forecasts through to 31st December 2014, which indicate that the Group will exceed the current facility limits in early 2014 The forecasts have been shared with the Group's bankers who have expressed on-going support for the Group, given the strength of the balance sheet Subject to information being prepared as part of the performance improvement strategy, the bankers expect to renew the facility ahead of the scheduled review in March 2014

Based on the above facts, the Directors consider it appropriate to continue to prepare the Group's financial statements on the going concern basis

1 2 Basis of consolidation

The financial statements consolidate the accounts of Kent Blaxill & Co Limited and all of its subsidiary undertakings ('subsidiaries')

1 3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

The company acts as an agent for ICI Paints and Crown Paints Under the contract terms the customer retains the risks associated with the contract Revenue is accounted for on an agency basis in respect of these sales

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Leasehold Property	-	straight line over the period of the lease
Plant & machinery	-	10% to 20% straight line
Motor vehicles	-	16 66% to 25% straight line
Office equipment	-	25% to 33 33% straight line

No depreciation has been provided on freehold property as the group maintains its freehold premises to such a high standard that both accumulated depreciation and the annual depreciation charge would be immaterial to the financial statements The departure from Financial Reporting Standard 15 is required in order for the financial statements to show a true and fair view

Notes to the Financial Statements
For the year ended 31 December 2012

1. Accounting Policies (continued)

1 5 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at the balance sheet date A full valuation is obtained from a qualified valuer for each property every five years, with an interim valuation three years after the previous full valuation, and in any year where it is likely that there has been a material change in value

Revaluation gains and losses are recognised in the statement of total recognised gains and losses unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the losses are recognised in the profit and loss account

1 6 Investment properties

Investment properties are included in the balance sheet at their open market value in accordance with Statement of Standard Accounting Practice No 19 and are not depreciated This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company and the group

1 7 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives Assets acquired by hire purchase are depreciated over their useful lives Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company Obligations under such agreements are included in creditors net of the finance charge allocated to future periods The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

1.8 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term

1 9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

Notes to the Financial Statements
For the year ended 31 December 2012

1. Accounting Policies (continued)

1 10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.11 Pensions

The group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the year

2. Turnover

The turnover and operating profit for the year was derived from the group's principal activities

All turnover arose within the United Kingdom

3. Other operating income

	2012	2011
	£	£
Other operating income	**11,496**	6,887
Rent receivable	**9,540**	9,540
	21,036	16,427

Notes to the Financial Statements
For the year ended 31 December 2012

4. Operating (loss)/profit

The operating (loss)/profit is stated after charging

	2012	2011
	£	£
Depreciation of tangible fixed assets		
- owned by the group	**224,058**	205,980
- held under finance leases	**40,179**	51,058
Auditor's remuneration	**21,500**	21,500
Operating lease rentals		
- plant and machinery	**32,097**	32,388
- other operating leases	**260,261**	193,827

Auditor's fees for the company were £15,000 (2011 - £15,000)

5. Staff costs

Staff costs, including directors' remuneration, were as follows

	2012	2011
	£	£
Wages and salaries	**4,939,692**	4,776,849
Social security costs	**468,152**	466,028
Other pension costs	**207,200**	194,486
	5,615,044	5,437,363

The average monthly number of employees, including the directors, during the year was as follows

	2012	2011
	No	No
Manufacturing	**39**	32
Warehousing	**41**	63
Transport	**31**	24
Sales	**68**	63
Administration	**42**	41
Directors	**9**	9
	230	232

Notes to the Financial Statements

For the year ended 31 December 2012

6. Directors' remuneration

	2012	2011
	£	£
Remuneration	**385,241**	383,328
Company pension contributions to defined contribution pension schemes	**44,180**	44,793

During the year retirement benefits were accruing to 3 directors (2011 - 3) in respect of defined contribution pension schemes

The highest paid director received remuneration of £124,764 (2011 - £114,511)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £16,870 (2011 - £16,802)

7. Interest payable

	2012	2011
	£	£
On bank loans and overdrafts	**44,225**	53,414
On finance leases and hire purchase contracts	**11,406**	12,570
	55,631	65,984

8. Taxation

	2012	2011
	£	£
Analysis of tax charge/(credit) in the year		
Current tax (see note below)		
UK corporation tax charge on (loss)/profit for the year	**-**	7,727
Adjustments in respect of prior periods	**9,056**	(21,256)
Total current tax	**9,056**	(13,529)
Deferred tax (see note 15)		
Origination and reversal of timing differences	**(127)**	32,440
Tax on (loss)/profit on ordinary activities	**8,929**	18,911

Notes to the Financial Statements

For the year ended 31 December 2012

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2011 - lower than) the standard rate of corporation tax in the UK of 20% (2011 - 20 25%) The differences are explained below

	2012 £	2011 £
(Loss)/profit on ordinary activities before tax	**(119,221)**	36,848
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2011 - 20 25%)	**(23,844)**	7,462
Effects of		
Expenses not deductible for tax purposes	**5,375**	7,530
Difference between capital allowances and depreciation	**5,439**	(15,258)
Adjustments to tax charge in respect of prior periods	**9,056**	(21,256)
Unrelieved tax losses carried forward	**18,054**	-
Other differences leading to an increase (decrease) in the tax charge	**(5,024)**	7,993
Current tax charge/(credit) for the year (see note above)	**9,056**	(13,529)

9. Tangible fixed assets

Group	Freehold property £	Investment property £	Short term leasehold property £	Plant & machinery £
Cost or valuation				
At 1 January 2012	5,012,451	245,000	109,336	1,467,255
Additions	8,207	-	500	42,045
Disposals	-	-	-	(19,173)
Revaluation surplus/(deficit)	(510,658)	20,000	-	-
At 31 December 2012	4,510,000	265,000	109,836	1,490,127
Depreciation				
At 1 January 2012	-	-	57,996	1,241,984
Charge for the year	-	-	4,184	78,922
On disposals	-	-	-	(17,749)
At 31 December 2012	-	-	62,180	1,303,157
Net book value				
At 31 December 2012	4,510,000	265,000	47,656	186,970
At 31 December 2011	5,012,451	245,000	51,340	225,271

Notes to the Financial Statements
For the year ended 31 December 2012

9. Tangible fixed assets (continued)

Group	Other fixed assets £	Total £
Cost or valuation		
At 1 January 2012	2,168,379	9,002,421
Additions	100,908	151,660
Disposals	(214,610)	(233,783)
Revaluation surplus/(deficit)	-	(490,658)
At 31 December 2012	2,054,677	8,429,640
Depreciation		
At 1 January 2012	1,548,124	2,848,104
Charge for the year	181,131	264,237
On disposals	(198,935)	(216,684)
At 31 December 2012	1,530,320	2,895,657
Net book value		
At 31 December 2012	524,357	5,533,983
At 31 December 2011	620,255	6,154,317

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

Group	2012 £	2011 £
Other fixed assets	72,462	119,965

Notes to the Financial Statements
For the year ended 31 December 2012

9. Tangible fixed assets (continued)

In accordance with FRS15, freehold property in both the Group and the Company is subject to a full revaluation every five years and an interim valuation in year three In December 2012, the premises were subject to a full valuation by Fenn Wright Chartered Surveyors which is incorporated in these accounts

The investment property is subject to an annual valuation based on the present market value which is carried out by the executive directors of the company This was supported by the December 2012 valuation carried out by Fenn Wright Chartered Surveyors

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows

	2012	2011
Group	**£**	£
Cost	**2,448,548**	2,440,341
Accumulated depreciation	**-**	-
Net book value	**2,448,548**	2,440,341

Company	**Freehold property £**	**Investment property £**	**Short term leasehold property £**	**Plant & machinery £**	**Other fixed assets £**	**Total £**
Cost or valuation						
At 1 January 2012	**5,012,451**	**245,000**	**46,902**	**1,443,786**	**2,091,288**	**8,839,427**
Additions	**8,207**	**-**	**-**	**42,045**	**32,760**	**83,012**
Disposals	**-**	**-**	**-**	**(4,698)**	**(195,417)**	**(200,115)**
Revaluation surplus/(deficit)	**(510,658)**	**20,000**	**-**	**-**	**-**	**(490,658)**
At 31 December 2012	**4,510,000**	**265,000**	**46,902**	**1,481,133**	**1,928,631**	**8,231,666**
Depreciation						
At 1 January 2012	**-**	**-**	**46,902**	**1,225,573**	**1,487,689**	**2,760,164**
Charge for the year	**-**	**-**	**-**	**75,915**	**167,166**	**243,081**
On disposals	**-**	**-**	**-**	**(4,698)**	**(181,647)**	**(186,345)**
At 31 December 2012	**-**	**-**	**46,902**	**1,296,790**	**1,473,208**	**2,816,900**
Net book value						
At 31 December 2012	**4,510,000**	**265,000**	**-**	**184,343**	**455,423**	**5,414,766**
At 31 December 2011	5,012,451	245,000	-	218,213	603,599	6,079,263

Notes to the Financial Statements
For the year ended 31 December 2012

9. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2012	2011
Company	**£**	£
Other fixed assets	**72,462**	119,965

In accordance with FRS15, freehold property in the Company is subject to a full revaluation every five years and an interim valuation in year three In December 2012, the premises were subject to a full valuation by Fenn Wright Chartered Surveyors which is incorporated in these accounts

The investment property is subject to an annual valuation based on the present market value which is carried out by the executive directors of the company This was supported by the December 2012 valuation carried out by Fenn Wright Chartered Surveyors

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows

	2012	2011
Company	**£**	£
Cost	**2,448,548**	2,440,341
Accumulated depreciation	**-**	-
Net book value	**2,448,548**	2,440,341

10. Fixed asset investments

	Other investments
Group	**£**
Cost or valuation	
At 1 January 2012 and 31 December 2012	**200**
Net book value	
At 31 December 2012	**200**
At 31 December 2011	200

Notes to the Financial Statements
For the year ended 31 December 2012

10. Fixed asset investments (continued)

Company	Investments in subsidiary companies £	Other investments £	Total £
Cost or valuation			
At 1 January 2012 and 31 December 2012	**5,802**	**200**	**6,002**
Impairment			
At 1 January 2012	-	-	-
Charge for the year	**300**	-	**300**
At 31 December 2012	**300**	-	**300**
Net book value			
At 31 December 2012	**5,502**	**200**	**5,702**
At 31 December 2011	5,802	200	6,002

Details of the principal subsidiaries can be found under note number 26

11. Stocks

	Group		Company	
	2012 £	2011 £	**2012** £	2011 £
Stocks	**4,523,669**	4,120,586	**2,752,029**	2,951,146

12. Debtors

	Group		Company	
	2012 £	2011 £	**2012** £	2011 £
Due after more than one year				
Amounts owed by group undertakings	-	-	**700,000**	900,000
Due within one year				
Trade debtors	**2,951,306**	3,066,768	**2,418,578**	2,555,226
Other debtors	**79,799**	20,703	**16,036**	20,703
Prepayments and accrued income	**299,115**	259,844	**205,530**	160,354
	3,330,220	3,347,315	**3,340,144**	3,636,283

The Group has entered into a banking arrangement that is secured upon the trade debtors above

Notes to the Financial Statements

For the year ended 31 December 2012

13. Creditors: Amounts falling due within one year

	Group		Company	
	2012	2011	**2012**	2011
	£	£	**£**	£
Bank loans and overdrafts	**1,979,777**	1,884,221	**1,776,651**	1,835,369
Net obligations under finance leases and hire purchase contracts	**44,160**	55,056	**44,160**	55,056
Trade creditors	**1,889,144**	1,455,204	**1,054,837**	1,182,069
Amounts owed to group undertakings	**-**	-	**85,714**	67,978
Corporation tax	**-**	7,727	**-**	-
Other taxation and social security	**345,574**	359,483	**335,095**	352,273
Other creditors	**160,318**	137,296	**47,796**	46,524
Accruals and deferred income	**259,435**	253,430	**231,548**	217,263
	4,678,408	4,152,417	**3,575,801**	3,756,532

The bank loan and overdraft are secured by a fixed and floating charge over the Group's premises at Colchester, Bury St Edmunds and Melton

Included within Other creditors is £25,614 (2011 - £22,426) in respect of pension contributions

14. Creditors: Amounts falling due after more than one year

	Group		Company	
	2012	2011	**2012**	2011
	£	£	**£**	£
Net obligations under finance leases and hire purchase contracts	**37,787**	79,222	**37,787**	79,222
Amounts owed to group undertakings	**-**	-	**9,017**	27,865
	37,787	79,222	**46,804**	107,087

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	Group		Company	
	2012	2011	**2012**	2011
	£	£	**£**	£
Between one and five years	**37,787**	79,222	**37,787**	79,222

Obligations under finance leases and hire purchase contracts are secured on the assets concerned

Notes to the Financial Statements
For the year ended 31 December 2012

15. Deferred taxation

	Group		Company	
	2012	2011	**2012**	2011
	£	£	**£**	£
At beginning of year	**2,788**	(29,652)	**9,095**	(23,876)
(Released during)/charge for the year (P&L)	**(127)**	32,440	**(8,224)**	32,971
At end of year	**2,661**	2,788	**871**	9,095

The provision for deferred taxation is made up as follows

	Group		Company	
	2012	2011	**2012**	2011
	£	£	**£**	£
Difference between depreciation and capital allowances	**2,661**	(2,788)	**871**	(9,095)

No provision has been made in the Group and Company for the deferred taxation liability of approximately £440k in respect of the surplus on revaluation of freehold properties as it is not anticipated that the properties will be sold in the foreseeable future

In the Group and Company there is an unrecognised deferred tax asset of £18,054 (2011 - £nil) in relation to £90,270 of trade losses

16. Share capital

	2012	2011
	£	£
Allotted, called up and fully paid		
6,539 Ordinary shares of £10 each	**65,390**	65,390

17. Reserves

	Share premium account	**Revaluation reserve**	**Profit and loss account**
Group	**£**	**£**	**£**
At 1 January 2012	**2,810**	**2,696,466**	**6,630,879**
Loss for the financial year	**-**	**-**	**(128,150)**
Deficit on revaluation of freehold property	**-**	**(490,658)**	**-**
At 31 December 2012	**2,810**	**2,205,808**	**6,502,729**

Notes to the Financial Statements

For the year ended 31 December 2012

17. Reserves (continued)

Company	Share premium account £	Revaluation reserve £	Profit and loss account £
At 1 January 2012	2,810	2,696,466	6,042,780
Loss for the financial year	-	-	(320,208)
Deficit on revaluation of freehold property	-	(490,658)	-
At 31 December 2012	2,810	2,205,808	5,722,572

18. Reconciliation of movement in shareholders' funds

Group	2012 £	2011 £
Opening shareholders' funds	9,395,545	9,426,651
(Loss)/profit for the financial year	(128,150)	17,937
Dividends (Note 19)	-	(49,043)
Other recognised gains and losses during the year	(490,658)	-
Closing shareholders' funds	8,776,737	9,395,545

Company	2012 £	2011 £
Opening shareholders' funds	8,807,446	9,048,198
Loss for the financial year	(320,208)	(191,709)
Dividends (Note 19)	-	(49,043)
Other recognised gains and losses during the year	(490,658)	-
Closing shareholders' funds	7,996,580	8,807,446

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account

The loss for the year dealt with in the accounts of the company was £320,208 (2011 - £191,709)

19. Dividends

	2012 £	2011 £
Dividends paid on equity capital	-	49,043

Notes to the Financial Statements

For the year ended 31 December 2012

20. Net cash flow from operating activities

	2012	2011
	£	£
Operating (loss)/profit	**(63,590)**	102,832
Depreciation of tangible fixed assets	**264,237**	257,038
Profit on disposal of tangible fixed assets	**(16,294)**	(12,058)
(Increase)/decrease in stocks	**(403,083)**	220,766
Decrease/(increase) in debtors	**10,386**	(80,818)
Increase in creditors	**449,058**	285,746
Net cash inflow from operating activities	**240,714**	773,506

21. Analysis of cash flows for headings netted in cash flow statement

	2012	2011
	£	£
Returns on investments and servicing of finance		
Interest paid	**(44,225)**	(53,414)
Hire purchase interest	**(11,406)**	(12,570)
Net cash outflow from returns on investments and servicing of finance	**(55,631)**	(65,984)

	2012	2011
	£	£
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(151,660)**	(236,570)
Sale of tangible fixed assets	**33,393**	60,054
Net cash outflow from capital expenditure	**(118,267)**	(176,516)

	2012	2011
	£	£
Financing		
Repayment of loans	**(75,000)**	(75,000)
Repayment of finance leases	**(52,331)**	(55,056)
Net cash outflow from financing	**(127,331)**	(130,056)

Notes to the Financial Statements

For the year ended 31 December 2012

22. Analysis of changes in net debt

	1 January 2012	Cash flow	Other non-cash changes	31 December 2012
	£	£	£	£
Cash at bank and in hand	7,554	99,967	-	107,521
Bank overdraft	(1,771,721)	(170,556)	-	(1,942,277)
	(1,764,167)	(70,589)	-	(1,834,756)
Debt:				
Finance leases	(134,278)	52,331	-	(81,947)
Debts due within one year	(112,500)	75,000	-	(37,500)
Net debt	(2,010,945)	56,742	-	(1,954,203)

23. Operating lease commitments

At 31 December 2012 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2012	2011	2012	2011
Group	£	£	£	£
Expiry date.				
Within 1 year	-	20,187	36,816	39,412
Between 2 and 5 years	138,810	12,270	90,149	38,392
After more than 5 years	128,244	151,744	-	-

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2012	2011	2012	2011
Company	£	£	£	£
Expiry date				
Within 1 year	-	20,187	36,816	39,412
Between 2 and 5 years	138,810	12,270	85,417	33,660
After more than 5 years	-	23,500	-	-

24. Capital commitments

At the year end the company was committed to acquiring fixed assets for the amount of £102,334 plus VAT There were no such commitments at 31 December 2011

This represented the only such commitment for the group at 31 December 2012 or 31 December 2011

Notes to the Financial Statements

For the year ended 31 December 2012

25. Related party transactions

During the year the company made sales of £31,721 (2011 - £13,294) to directors All transactions were carried out on an arm's length basis

Under the exemption set out in Financial Reporting Standard No 8, intra group transactions and balances that are eliminated on consolidation are not disclosed

26. Principal subsidiaries

Company name	Country	Percentage Shareholding	Description
Global Stone (Colchester) Limited	UK	100	Supplier of decorative stone products and paving
Boston Factors Limited	UK	100	Dormant
William Cheshire & Son Limited	UK	100	Dormant

The impairment reflected to note 10 relates to the investment in William Cheshire & Son Limited, a company that was in liquidation at the year end