

**DEVON CONTRACTORS
LIMITED**

**DIRECTORS' REPORT
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 MAY 2010**

**REGISTRATION NUMBER
0533232**

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DEVON CONTRACTORS LIMITED
REGISTRATION NUMBER 0533232

COMPANY INFORMATION

Directors	Mr S O Bennington Mr P T Alderson Mr N M England Mr D J Hunt
Secretary	Mr S O Bennington
Company number	0533232
Registered office	Clyst Court Hill Barton Business Park Clyst St Mary Exeter EX5 1SA
Auditors	Thomas Westcott 26 - 28 Southernhay East Exeter Devon EX1 1NS

DEVON CONTRACTORS LIMITED
REGISTRATION NUMBER 0533232

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DEVON CONTRACTORS LIMITED
REGISTRATION NUMBER 0533232

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2010

The directors present their report and the financial statements for the year ended 31 May 2010

Principal activity and review of the business

The principal activity of the company continues to be that of building contracting and civil engineering contracting

Business review

Notwithstanding another challenging year within the construction sector the board is pleased to confirm post tax profits of £279,492 sustaining gross and net profit margins in addition to turnover

The company continues to its strong emphasis on cost control measures and positive cash flow management

The company is active in pursuing new areas of business to extend its already diverse service

Although business remains demanding the Directors are confident of maintaining market share and margins for the forthcoming year

Results and dividends

The results for the year are set out on page 6

Financial risk management objectives and policies

The directors are responsible for monitoring financial risk. Appropriate policies have been developed and implemented to identify, evaluate and manage the keys risks

a) Price risk - The company is exposed to price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposures to equity securities price risk as it holds no listed or other equity investments

b) Credit risk - The company has implemented policies that require appropriate credit checks on potential customers before contracts are entered. The credit given to customers is subject to limits which are determined and reassessed by the directors

c) Liquidity risk - The company actively maintains a mixture of finance and is able to benefit from a group overdraft facility with its parent company Clyst Holdings Limited, designed to ensure the company has sufficient available funds for operations

d) Interest rate cash flow risk - The company is not exposed to interest bearing liabilities

Future developments

The directors consider the company to be in a strong position and are keen to consider future development opportunities in the construction service industry.

DEVON CONTRACTORS LIMITED
REGISTRATION NUMBER 0533232

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2010

..... continued

Directors

The directors who served during the year are as stated below

Mr S O Bennington

Mr P T Alderson

Mr N M England

Mr D J Hunt

Directors' responsibilities

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 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 apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors of a company must, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles and practice.

In so far as the directors are aware

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

Thomas Westcott are deemed to be reappointed in accordance with Section 487(2) of the Companies Act 2006

DEVON CONTRACTORS LIMITED
REGISTRATION NUMBER 0533232

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2010

continued

This report was approved by the Board on ~~1st FEBRUARY 2011~~ and signed on its behalf by


.....
Mr S O Bennington
Secretary

**Independent auditors' report to the members of
Devon Contractors Limited**

We have audited the financial statements of Devon Contractors Limited for the year ended 31 May 2010 which comprise the profit and loss account, the Balance Sheet, the cash flow statement 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 auditors' 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 1 - 3, 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 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 May 2010 and of its profit 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.

DEVON CONTRACTORS LIMITED
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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


Thomas Westcott

Shona Godefroy FCCA (Senior Statutory Auditor)
For and on behalf of Thomas Westcott - Statutory Auditor
Chartered Accountants and Registered Auditors
26 - 28 Southernhay East
Exeter
Devon
EX1 1NS

21 February 2011

DEVON CONTRACTORS LIMITED
REGISTRATION NUMBER 0533232

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 2010

		Continuing operations	
		2010	2009
	Notes	£	£
Turnover	2	11,180,351	11,367,796
Cost of sales		(10,396,842)	(10,604,194)
Gross profit		<u>783,509</u>	<u>763,602</u>
Administrative expenses		(394,274)	(378,332)
Operating profit	3	<u>389,235</u>	<u>385,270</u>
Other interest receivable and similar income	5	691	2,102
Interest payable and similar charges	6	(5,772)	(10,199)
Profit on ordinary activities before taxation		<u>384,154</u>	<u>377,173</u>
Tax on profit on ordinary activities	9	(104,662)	(98,161)
Profit for the year	16	<u><u>279,492</u></u>	<u><u>279,012</u></u>

There are no recognised gains or losses other than the profit or loss for the above two financial years

The notes on pages 9 to 17 form an integral part of these financial statements.

DEVON CONTRACTORS LIMITED
REGISTRATION NUMBER 0533232

BALANCE SHEET

AS AT 31 MAY 2010

		2010		2009	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	11		53,295		62,590
Current assets					
Stocks	12	500		500	
Debtors	13	3,769,404		5,294,610	
		<u>3,769,904</u>		<u>5,295,110</u>	
Creditors: amounts falling due within one year	14	<u>(2,911,589)</u>		<u>(4,625,582)</u>	
Net current assets			<u>858,315</u>		<u>669,528</u>
Total assets less current liabilities			<u>911,610</u>		<u>732,118</u>
Net assets			<u><u>911,610</u></u>		<u><u>732,118</u></u>
Capital and reserves					
Called up share capital	15		300,000		300,000
Profit and loss account	16		611,610		432,118
Shareholders' funds	17		<u><u>911,610</u></u>		<u><u>732,118</u></u>

The financial statements were approved by the Board on 1st FEBRUARY 2011 and signed on its behalf by

.....
Mr S O Bennington
Director


Mr D J Hunt
Director

The notes on pages 9 to 17 form an integral part of these financial statements.

DEVON CONTRACTORS LIMITED
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CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MAY 2010

	Notes	2010 £	2009 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		389,235	385,270
Depreciation and (loss)/profit on disposal of assets		39,437	25,872
(Increase)/decrease in debtors		1,525,206	(310,022)
(Decrease) in creditors		(1,703,116)	(343,688)
Net cash inflow/(outflow) from operating activities		<u>250,762</u>	<u>(242,568)</u>
Cash flow statement			
Net cash inflow/(outflow) from operating activities		250,762	(242,568)
Returns on investments and servicing of finance	22	(5,081)	(8,097)
Taxation	22	(98,161)	(89,154)
Capital expenditure	22	(30,142)	2,933
		<u>117,378</u>	<u>(336,886)</u>
Equity dividends paid		(100,000)	(75,000)
Increase/(decrease) in cash in the year		<u>17,378</u>	<u>(411,886)</u>
Reconciliation of net cash flow to movement in net funds (Note 23)			
Increase/(decrease) in cash in the year		17,378	(411,886)
Net debt at 1 June 2009		<u>(748,871)</u>	<u>(336,985)</u>
Net debt at 31 May 2010		<u>(731,493)</u>	<u>(748,871)</u>

DEVON CONTRACTORS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2010

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board

1.2. Turnover

Turnover represents the total value of goods, excluding value added tax, provided to customers during the year, plus the total value of work, excluding value added tax, performed during the year with respect to services

1.3. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Plant and machinery	-	Straight line basis over 2 to 5 years or 50%/40% first year and straight line for the next 3 years depending on the type of asset
Fixtures, fittings and equipment	-	Straight line basis up to 5 years
Motor vehicles	-	Straight line basis over 5 years

1.4. Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.5. Stock

Stock is valued at the lower of cost and net realisable value

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal

1.6. Long term contracts

Amounts recoverable on long term contracts, which are included in debtors are stated at the net sales value of the work done after provisions for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments received on account

1.7. Pensions

The company operates a defined contribution pension scheme. The pension costs charged in the financial statements represent the contribution payable by the company during the year

DEVON CONTRACTORS LIMITED
REGISTRATION NUMBER 0533232

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2010

continued

2. Turnover

Turnover represents the amounts derived from goods and services which fall within the company's ordinary activities net of value added tax

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

3. Operating profit

Operating profit is stated after charging

Depreciation and other amounts written off tangible assets

Loss on disposal of tangible fixed assets

Operating lease rentals

- Land and buildings

Auditors' remuneration (Note 4)

and after crediting

Profit on disposal of tangible fixed assets

2010	2009
£	£
37,865	45,057
1,572	-
32,180	32,000
11,248	16,709
-	19,185

4. Auditors' remuneration

Auditors' remuneration - audit of the financial statements

Auditors' remuneration - other fees

- taxation services

- other services

2010	2009
£	£
10,000	11,000
1,248	4,080
-	1,629
1,248	5,709

5. Interest receivable and similar income

Bank interest

2010	2009
£	£
691	2,102

DEVON CONTRACTORS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2010

continued

6. Interest payable and similar charges	2010	2009
	£	£
On bank overdrafts	191	10,199
On disallowed input VAT	5,581	-
	<u>5,772</u>	<u>10,199</u>
7. Employees		
Number of employees	2010	2009
The average monthly numbers of employees (including the directors) during the year were		
Directors	4	4
Administration	20	13
Labourers	17	25
	<u>41</u>	<u>42</u>
Employment costs	2010	2009
	£	£
Wages and salaries	1,155,990	1,091,049
Social security costs	112,284	110,317
Pension costs-other operating charge	28,756	20,518
	<u>1,297,030</u>	<u>1,221,884</u>
7.1. Directors' remuneration	2010	2009
	£	£
Remuneration and other emoluments	<u>206,763</u>	<u>177,664</u>
Highest paid director in respect of the year ended 31 May 2010:	£	
Amounts included above		
Emoluments and other benefits	53,490	
Pension contributions	1,868	
	<u>55,358</u>	

DEVON CONTRACTORS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2010

continued

8. Pension costs

The company operates a defined contribution pension scheme in respect of the directors. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £28,756 (2009 - £20,518).

9. Tax on profit on ordinary activities

Analysis of charge in period	2010	2009
	£	£
Current tax		
UK corporation tax	<u>104,662</u>	<u>98,161</u>

Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (28 per cent). The differences are explained below.

	2010	2009
	£	£
Profit on ordinary activities before taxation	<u>384,154</u>	<u>377,173</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (31 May 2009 28%)	107,563	105,608
Effects of:		
Expenses not deductible for tax purposes	1,563	-
Capital allowances for period in excess of depreciation	(2,385)	(4,986)
Marginal relief	(2,079)	(2,461)
Current tax charge for period	<u>104,662</u>	<u>98,161</u>

DEVON CONTRACTORS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2010

continued

10. Dividends

Dividends paid and proposed on equity shares

	2010	2009
	£	£
Paid during the year		
Equity dividends on Ordinary £1 shares	100,000	75,000
	<u>100,000</u>	<u>75,000</u>

11. Tangible fixed assets

	Plant and fittings and machinery equipment	Fixtures, equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 June 2009	151,932	42,188	250,282	444,402
Additions	800	-	34,920	35,720
Disposals	(51,809)	(4,138)	(58,000)	(113,947)
At 31 May 2010	<u>100,923</u>	<u>38,050</u>	<u>227,202</u>	<u>366,175</u>
Depreciation				
At 1 June 2009	140,142	38,353	203,317	381,812
On disposals	(51,809)	(4,138)	(50,850)	(106,797)
Charge for the year	3,400	1,917	32,548	37,865
At 31 May 2010	<u>91,733</u>	<u>36,132</u>	<u>185,015</u>	<u>312,880</u>
Net book values				
At 31 May 2010	<u>9,190</u>	<u>1,918</u>	<u>42,187</u>	<u>53,295</u>
At 31 May 2009	<u>11,790</u>	<u>3,835</u>	<u>46,965</u>	<u>62,590</u>

12. Stocks

	2010	2009
	£	£
Work in progress	<u>500</u>	<u>500</u>

DEVON CONTRACTORS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2010

continued

13. Debtors	2010	2009
	£	£
Amounts recoverable on long term contracts	469,441	1,878,539
Amounts owed by group undertakings	3,212,152	3,363,564
Other debtors	87,811	52,507
	<u>3,769,404</u>	<u>5,294,610</u>

Included within amounts recoverable on long term contracts is £42,781 (2009 - £127,024) for contracts being carried out for Cyst Holdings Limited

14. Creditors: amounts falling due within one year	2010	2009
	£	£
Bank overdraft	731,493	748,871
Payments received on account	526,771	4,674
Trade creditors	1,428,503	2,885,913
Corporation tax	104,251	97,750
Other taxes and social security costs	47,752	50,862
Other creditors	-	700,493
Accruals and deferred income	72,819	137,019
	<u>2,911,589</u>	<u>4,625,582</u>

The company has a bank overdraft facility. Security for the facility is given by a fixed and floating charge over all of the company's assets. It is also secured by a guarantee from Cyst Holdings Limited dated 25 September 2000. There is also a right to set-off.

15. Share capital	2010	2009
	£	£
Authorised equity		
300,000 Ordinary £1 shares of 1 each	<u>300,000</u>	<u>300,000</u>
Allotted, called up and fully paid equity		
300,000 Ordinary £1 shares of 1 each	<u>300,000</u>	<u>300,000</u>

DEVON CONTRACTORS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2010

continued

16. Equity Reserves	Profit and loss account £	Total £
At 1 June 2009	432,118	432,118
Profit for the year	279,492	279,492
Equity Dividends (note 10)	(100,000)	(100,000)
At 31 May 2010	<u>611,610</u>	<u>611,610</u>

17. Reconciliation of movements in shareholders' funds	2010 £	2009 £
Profit for the year	279,492	279,012
Dividends	(100,000)	(75,000)
	<u>179,492</u>	<u>204,012</u>
Opening shareholders' funds	732,118	528,106
Closing shareholders' funds	<u>911,610</u>	<u>732,118</u>

18. Contingent liabilities

At the year end the company's bankers have given bonds to certain customers of the company to guarantee completion of the projects undertaken. The amount of these bonds varied throughout the year and at the year end amounted to £26,285 (2009 - nil)

Any bank borrowings of Clyst Holdings Limited are secured by a cross guarantee from Devon Contractors Limited dated 25 September 2000

DEVON CONTRACTORS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2010

continued

19. Related party transactions

The company is a 60% owned subsidiary of Clyst Holdings Limited

During the year the company made sales to Clyst Holdings Limited of £503,951 (2009 - £219,199)
This excludes the value of unbilled work carried out in the year

During the year the company paid Clyst Holdings Limited £32,000 (2009 - £32,000) for rental services in the year

At the year end, Clyst Holdings Limited owed Devon Contractors Limited £3,212,152 (2009 - £3,363,564) This loan is interest free and repayable on demand

Dividends were declared in respect of the following directors	2010	2009
	£	£
Mr S O Bennington	10,000	7,500
Mr D J Hunt	10,000	7,500
Mr P T Alderson	10,000	7,500
Mr N M England	10,000	7,500

20. Ultimate parent undertaking

The directors regard Clyst Holdings Limited, a company registered in England, as the ultimate parent company. Copies of the ultimate parents' financial statements may be requested from The Secretary, Clyst Holdings Limited, Hill Barton Business Park, Clyst St Mary, Exeter, Devon, EX5 1SA

Clyst Holdings Limited is controlled by Mr P J Hilson and Mr I T Buckland

21. Controlling interest

No individual has overall control of the company

DEVON CONTRACTORS LIMITED
REGISTRATION NUMBER 0533232

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2010

continued

22. Gross cash flows

	2010 £	2009 £
Returns on investments and servicing of finance		
Interest received	691	2,102
Interest paid	(5,772)	(10,199)
	<u>(5,081)</u>	<u>(8,097)</u>
Taxation		
Corporation tax paid	<u>(98,161)</u>	<u>-</u>
Capital expenditure		
Payments to acquire tangible assets	(35,720)	(16,252)
Receipts from sales of tangible assets	5,578	19,185
	<u>(30,142)</u>	<u>2,933</u>

23. Analysis of changes in net funds

	Opening balance £	Cash flows £	Closing balance £
Overdrafts	(748,871)	17,378	(731,493)
Net funds	<u>(748,871)</u>	<u>17,378</u>	<u>(731,493)</u>