

DEVON CONTRACTORS LIMITED
DIRECTORS' REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014
REGISTRATION NUMBER 00533232

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DEVON CONTRACTORS LIMITED
REGISTRATION NUMBER 00533232

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	00533232
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 00533232

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DEVON CONTRACTORS LIMITED
REGISTRATION NUMBER 00533232

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MAY 2014

Business Review

The company's key financial and other performance indicators during the year were as follows:

	2014	2013	Change
Turnover	18,309,380	10,542,279	+76%
Operating Profit	228,969	74,358	+560%
Profit after Tax	174,411	52,799	+820%
Shareholders Funds	1,395,723	910,198	+53%
Current assets as % of current liabilities	127%	126%	+1%

The directors consider that the Company performed in line with expectations and met its targets. The outlook for the business has a more positive feel, which would indicate future improvement.

The directors do not recommend payment of a final dividend.

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 key 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 flow risk - The company is not exposed to interest bearing liabilities

Environmental and Social Matters

Information about environmental matters, the company's employees, social community and human rights issues have not been provided as the directors do not believe that this is fundamental to gain an understanding of the business.

DEVON CONTRACTORS LIMITED
REGISTRATION NUMBER 00533232

STRATEGIC REPORT


FOR THE YEAR ENDED 31 MAY 2014

..... continued

Directors

All four of the Company Directors are male.

This report was approved by the Board on 22ND JANUARY 2015 and signed on its behalf by


.....
Mr S O Bennington
Secretary

DEVON CONTRACTORS LIMITED
REGISTRATION NUMBER 00533232

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2014

The directors present their report and the financial statements for the year ended 31 May 2014.

Principal activity and review of the business

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

Results and dividends

The results for the year are set out on page 7.

The directors do not recommend payment of a final dividend.

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

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2014

..... continued

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Strategic Report

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of future developments, research and developments and financial instruments.

Auditors

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

This report was approved by the Board on 22ND JANUARY 2015 and signed on its behalf by

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Mr S O Bennington
Secretary

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DEVON CONTRACTORS LIMITED

We have audited the financial statements of Devon Contractors Limited for the year ended 31 May 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Reconciliation of Movements in Shareholders' Funds 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 3 - 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2014 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 Strategic Report and 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 SHAREHOLDERS OF DEVON CONTRACTORS LIMITED

.....continued

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**

**Chartered Accountants and
Statutory Auditor
26 - 28 Southernhay East
Exeter
Devon
EX1 1NS**

24 February 2015

DEVON CONTRACTORS LIMITED
REGISTRATION NUMBER 00533232

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 2014

		Continuing operations	
		2014	2013
	Notes	£	£
Turnover	2	18,309,380	10,542,279
Cost of sales		(17,686,781)	(10,081,478)
Gross profit		622,599	460,801
Administrative expenses		(393,630)	(386,443)
Operating profit	3	228,969	74,358
Other interest receivable and similar income	5	1,436	-
Interest payable and similar charges	6	(6,501)	(9,072)
Profit on ordinary activities before taxation		223,904	65,286
Tax on profit on ordinary activities	9	(49,493)	(12,487)
Profit for the year	16	174,411	52,799

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

The notes on pages 10 to 20 form an integral part of these financial statements.

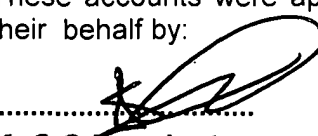
DEVON CONTRACTORS LIMITED
REGISTRATION NUMBER 00533232

BALANCE SHEET

AS AT 31 MAY 2014

	Notes	2014		2013	
		£	£	£	£
Fixed assets					
Tangible assets	10		23,518		41,744
Current assets					
Stocks	11	500		500	
Debtors	12	4,557,062		4,130,387	
Cash at bank and in hand		1,603,371		132,984	
		<u>6,160,933</u>		<u>4,263,871</u>	
Creditors: amounts falling due within one year	13	<u>(5,099,842)</u>		<u>(3,394,370)</u>	
Net current assets			<u>1,061,091</u>		<u>869,501</u>
Total assets less current liabilities			<u>1,084,609</u>		<u>911,245</u>
Provisions for liabilities			<u>-</u>		<u>(1,047)</u>
Net assets			<u><u>1,084,609</u></u>		<u><u>910,198</u></u>
Capital and reserves					
Called up share capital	15		30,000		300,000
Profit and loss account	16		1,054,609		610,198
Shareholders' funds	17		<u><u>1,084,609</u></u>		<u><u>910,198</u></u>

These accounts were approved by the directors on 22ND JANUARY 2015 and are signed on their behalf by:



Mr S O Bennington
 Director



Mr D J Hunt
 Director

The notes on pages 10 to 20 form an integral part of these financial statements.

DEVON CONTRACTORS LIMITED
REGISTRATION NUMBER 00533232

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MAY 2014

	Notes	2014 £	2013 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		228,969	74,358
Depreciation		20,518	20,177
(Increase) in debtors		(426,675)	(276,666)
Increase in creditors		938,422	1,117,055
Net cash inflow from operating activities		<u>761,234</u>	<u>934,924</u>
Cash flow statement			
Net cash inflow from operating activities		761,234	934,924
Returns on investments and servicing of finance	23	(5,065)	(9,072)
Taxation	23	(12,061)	(185,145)
Capital expenditure	23	(2,292)	(12,289)
Increase in cash in the year		<u>741,816</u>	<u>728,418</u>
Reconciliation of net cash flow to movement in net funds (Note 24)			
Increase in cash in the year		741,816	728,418
Net debt at 1 June 2013		<u>(3,292)</u>	<u>(731,710)</u>
Net funds at 31 May 2014		<u>738,524</u>	<u>(3,292)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2014

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 value of work, excluding value added tax, performed during the year with respect to services.

1.3. Tangible fixed assets and 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
Fixtures, fittings and equipment	-	Straight line basis up to 5 years
Motor vehicles	-	Straight line basis over 5 years

Tangible fixed assets are stated at cost less accumulated depreciation.

1.4. Stock

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

1.5. 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.

1.6. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2014

..... continued

2. Turnover

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

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

3. Operating profit

Operating profit is stated after charging:

Depreciation and other amounts written off tangible assets

Auditors' remuneration (Note 4)

and after crediting:

Profit on disposal of tangible fixed assets

2014	2013
£	£
20,918	20,177
14,711	14,585
<u>400</u>	<u>-</u>

4. Auditors' remuneration

Auditors' remuneration - audit of the financial statements

Auditors' remuneration - other fees:

- taxation compliance services

2014	2013
£	£
11,300	11,200
3,411	3,385

5. Interest receivable and similar income

Bank interest

2014	2013
£	£
1,436	-

6. Interest payable and similar charges

Interest payable on loans < 1 yr

On loans repayable between one and two years

2014	2013
£	£
48	272
6,453	8,800
<u>6,501</u>	<u>9,072</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2014

..... continued

7. Employees

Number of employees	2014	2013
The average monthly numbers of employees (including the directors) during the year were:		
Directors	4	4
Administration	17	17
Labourers	16	15
	<u>37</u>	<u>36</u>

Employment costs	2014 £	2013 £
Wages and salaries	1,251,290	1,051,151
Social security costs	2,213	2,151
Pension costs-other operating charge	46,434	39,121
	<u>1,299,937</u>	<u>1,092,423</u>

7.1. Directors' remuneration	2014 £	2013 £
Remuneration and other emoluments	<u>227,203</u>	<u>210,387</u>

	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>4</u>	<u>4</u>

Highest paid director	£	£
Amounts included above:		
Emoluments and other benefits	65,549	57,100
Pension contributions	4,500	4,250
	<u>70,049</u>	<u>61,350</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2014

..... 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 £39,229 (2013 - £24,875).

	2014	2013
Analysis of the amount charged to operating profit	£	£
Current service cost	7,205	14,246
	<u>7,205</u>	<u>14,246</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2014

..... continued

9. Tax on profit on ordinary activities

Analysis of charge in period	2014	2013
	£	£
Current tax		
UK corporation tax	50,540	12,061
Total current tax charge	<u>50,540</u>	<u>12,061</u>
Deferred tax		
Timing differences, origination and reversal	(1,047)	426
Total deferred tax	<u>(1,047)</u>	<u>426</u>
Tax on profit on ordinary activities	<u>49,493</u>	<u>12,487</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 (23.00 per cent). The differences are explained below:

	2014	2013
	£	£
Profit on ordinary activities before taxation	<u>223,904</u>	<u>65,286</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.00% (31 May 2013 : 20.00%)	51,498	13,057
Effects of:		
Expenses not deductible for tax purposes	478	-
Capital allowances for period in excess of depreciation	2,772	(996)
Marginal relief	(3,412)	-
Changes in tax rate to 21%	(796)	-
Current tax charge for period	<u>50,540</u>	<u>12,061</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2014

..... continued

10. Tangible fixed assets	Plant and machinery	Fixtures, fittings equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 June 2013	119,274	72,549	139,820	331,643
Additions	-	2,692	-	2,692
Disposals	(8,153)	-	-	(8,153)
At 31 May 2014	111,121	75,241	139,820	326,182
Depreciation				
At 1 June 2013	115,937	54,546	119,416	289,899
On disposals	(8,153)	-	-	(8,153)
Charge for the year	856	6,368	13,694	20,918
At 31 May 2014	108,640	60,914	133,110	302,664
Net book values				
At 31 May 2014	2,481	14,327	6,710	23,518
At 31 May 2013	3,337	18,003	20,404	41,744

11. Stocks	2014	2013
	£	£
Raw materials and consumables	500	500

12. Debtors	2014	2013
	£	£
Amounts recoverable on long term contracts	3,023,020	2,614,937
Amounts owed by group undertakings	1,465,660	1,388,327
Other debtors	68,382	127,123
	4,557,062	4,130,387

Included within amounts recoverable on long term contracts is £261,621 (2013 - £189,734) for contracts being carried out for Clyst Holdings Limited.

DEVON CONTRACTORS LIMITED
REGISTRATION NUMBER 00533232

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2014

..... continued

13. Creditors: amounts falling due within one year	2014 £	2013 £
Bank overdraft	864,847	136,276
Trade creditors	3,721,924	2,856,215
Corporation tax	50,540	12,061
Other taxes and social security costs	40,205	49,681
Directors' accounts	182,084	215,415
Accruals and deferred income	240,242	124,722
	<u>5,099,842</u>	<u>3,394,370</u>

An unlimited debenture dated 11 July 2013 incorporating a fixed and floating charge over all of the company's assets. It is also secured by a guarantee from Clyst Holdings Limited dated 25 September 2000. There is also a right to set off.

14. Provision for deferred taxation	2014 £	2013 £
Accelerated capital allowances	-	1,047
Provision for deferred tax	-	1,047
	<u>-</u>	<u>1,047</u>
Provision at 1 June 2013	1,047	
Deferred tax credit in profit and loss account	(1,047)	
Provision at 31 May 2014	<u>-</u>	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2014

..... continued

15. Share capital	2014	2013
	£	£
Authorised		
30,000 Ordinary £1 shares of £1 each	30,000	300,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
30,000 Ordinary £1 shares of £1 each	30,000	300,000
	<u> </u>	<u> </u>
Equity Shares		
30,000 Ordinary £1 shares of £1 each	30,000	300,000
	<u> </u>	<u> </u>

The share capital of the company has been reduced from 300,000 shares to 30,000 of £1 each. There was an equal reduction across all shareholders in proportion to their existing shareholdings. The reduction of £270,000 is not to be paid to the shareholders, but taken direct to distributable reserves.

16. Equity Reserves	Profit and loss account	Total
	£	£
At 1 June 2013	610,198	610,198
Transfer of realised profit (note 16)	270,000	270,000
Profit for the year	174,411	174,411
	<u> </u>	<u> </u>
At 31 May 2014	1,054,609	1,054,609
	<u> </u>	<u> </u>

17. Reconciliation of movements in shareholders' funds	2014	2013
	£	£
Profit for the year	174,411	52,799
Purchase of own shares	(270,000)	-
Other recognised gains or losses	270,000	-
Opening shareholders' funds	910,198	857,399
	<u> </u>	<u> </u>
Closing shareholders' funds	1,084,609	910,198
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2014

..... continued

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 £416,720 (2013 - £382,914).

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

19. Transactions with directors

There were no dividends declared during the year.

The balance outstanding on the directors loans at 31 May 2014 was; Mr S O Bennington £45,521 (2013 - £72,768), Mr P T Alderson £45,521 (2013 - £60,643), Mr N M England £45,521 (2013 - £53,184), Mr D J Hunt £45,521 (2013 - £38,820). The loans are subject to interest at a rate of 3% above the Bank of England based rate.

20. Related party transactions

The company is owned 60% by Clyst Holdings Limited.

During the year the company share capital has been reduced from 300,000 shares to 30,000 of £1 each. There was an equal reduction across all shareholders in proportion to their existing shareholdings.

During the year the company made sales to Clyst Holdings Limited of £71,887 (2013 - £96,333). This excludes the value of unbilled work carried out during the year.

During the year the company paid Clyst Holdings Limited £32,000 (2013 - £32,000) for rental services in the year, and £491 (2013 - £1,971) in respect of other services.

At the year end, Clyst Holdings Limited owed Devon Contractors Limited £1,465,660 (2013 - £1,382,952). This loan is interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2014

..... continued

21. 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.

22. Controlling interest

No individual has overall control of the company.

23. Gross cash flows

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest received	1,436	-
Interest paid	(6,501)	(9,072)
	<u>(5,065)</u>	<u>(9,072)</u>
Taxation		
Corporation tax paid	(12,061)	(185,145)
	<u>(12,061)</u>	<u>(185,145)</u>
Capital expenditure		
Payments to acquire tangible assets	(2,692)	(12,289)
Receipts from sales of tangible assets	400	-
	<u>(2,292)</u>	<u>(12,289)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2014

..... continued

24. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	132,984	1,470,387	1,603,371
Overdrafts	(136,276)	(728,571)	(864,847)
	<u>(3,292)</u>	<u>741,816</u>	<u>738,524</u>
Net funds	<u><u>(3,292)</u></u>	<u><u>741,816</u></u>	<u><u>738,524</u></u>