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David Salisbury Joinery Limited

**Annual Report
Year Ended 31 December 2013**

Company Registration Number 03045350

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David Salisbury Joinery Limited

Financial Statements

Year Ended 31 December 2013

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David Salisbury Joinery Limited

Officers and Professional Advisers

The Board of Directors

Mr D J Salisbury
Mr N A Morris
Mr A Cole

Company Secretary

Mr N A Morris

Registered Office

Bennett Road
Isleport Business Park
Highbridge
Somerset
TA9 4PW

Auditor

Francis Clark LLP
Chartered Accountants
& Statutory Auditor
Blackbrook Gate 1
Blackbrook Business Park
Taunton
TA1 2PX

Bankers

National Westminster Bank plc
1st Floor, Lakeside House
Blackbrook Business Park
Blackbrook Park Avenue
Taunton
Somerset
TA1 2PX

Solicitors

Clark Holt
Hardwick House
Prospect Place
Swindon
SN1 3LJ

Withy King
5-6 Northumberland Buildings
Queen Square
Bath
Somerset
BA1 2JE

David Salisbury Joinery Limited

Strategic Report

Year Ended 31 December 2013

Review of the Business and Future Prospects

The principal activity of the group during the year was the manufacture, sale and installation of bespoke hardwood orangeries, conservatories and garden rooms. Against the background of an improving UK economy, David Salisbury Joinery Ltd was able to produce a further improvement in its trading performance while also continuing the programme of investment throughout the business. Although sales revenues grew modestly (6%), sales order intake increased by more than 15% and as a result there was a net increase in the value of the order book. Gross margin (32%) also improved and a proportion of this gain has been invested in sales and marketing projects, the benefits of which will be seen during 2014.

Cash generation (£188,066) has been satisfactory and the group was able to increase its cash reserves as well as investing in improving its supplier payments terms. The directors are of the opinion that all loans will be able to be repaid as and when they become due.

The acquisition of the trade and assets of Oakminster Ltd improved sales and margins and enabled David Salisbury Joinery Ltd to offer full UK coverage.

On 25 April the trade and assets of Clifton Joinery Ltd, a subsidiary company, were hived up into David Salisbury Joinery Ltd. Clifton Joinery, in the same way as County Oak, remains a trading name of David Salisbury and therefore an integral part of the group's strategy.

The directors would like to take this opportunity to once again thank all the employees for their continuing support and commitment in delivering a fantastic product and service.

Research & Development

The directors continue to explore new products and methods of manufacture to ensure the group stays at the forefront of its market sector. Where investments of more than £25,000 are undertaken in the financial year, it is the board's policy to capitalise these in the balance sheet.

Principal Risks & Uncertainties

The group operates in the highly competitive, high quality sector of the hardwood conservatory market. Even though the market place has seen a number of larger suppliers exit the sector, the group remains at risk of losing market share to its competitors. In addition, there remains the risk of discretionary expenditure being adversely affected by the macro-economic environment. Over the last 12 months there has been an improvement in both the UK and global economic outlook but this comes with the potential risk of upward pressure on material and energy prices. The group has sought to manage these risks firstly by continuing to adhere to its values of providing high levels of product quality & customer service and secondly by expanding its product range and routes to market. In addition, we continue to build strong relationships with our existing suppliers while also developing our supply chain. To offset the effects of rising energy prices the business invested in solar panels on its factory roof in Highbridge. Further analysis of financial risk management objectives and policies is provided in the Directors' Report.

Signed on behalf of the directors

D J Salisbury
Director

Approved by the directors on 31 March 2014



David Salisbury Joinery Limited

Directors' Report

Year Ended 31 December 2013

The directors present their report and the financial statements of the group for the year ended 31 December 2013

Results and Dividends

The profit for the year, after taxation, amounted to £310,165. The directors have not recommended a dividend.

Financial Risk Management Objectives and Policies

The company's activities expose it to a number of financial risks including price risk, credit risk, cash flow and liquidity risk.

Price risk

The company is exposed to commodity price risk which it partially offsets by either forward buying and/or bulk purchasing of timber in order to take advantage of market opportunities. In addition, the company is continually seeking alternative hardwoods which meet the company's strict quality standards.

Credit risk

The company's principal financial assets are trade and other receivables. The company's credit risk is primarily attributable to its trade receivables. Due to the payment system that is in place and the agreed billing timetable with all customers the risk is reduced.

Cash flow risk

In order to minimise cash flow risk, cash flow forecasts are prepared and reviewed on a regular basis.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments, the company reviews its cash flow needs regularly and plans accordingly.

Directors

The directors who served the group during the year were as follows:

Mr D J Salisbury
Mr N A Morris
Mr A Cole

Mr A Cole was appointed as a director on 1 January 2013.

Strategic Report

A number of disclosures previously incorporated in the Directors' Report are now included in the Strategic Report. These include Business review, Key performance indicators, and Principal risks and uncertainties.

David Salisbury Joinery Limited

Directors' Report *(continued)*

Year Ended 31 December 2013

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 group'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 group's auditor is aware of that information

Registered office
Bennett Road
Isleport Business Park
Highbridge
Somerset
TA9 4PW

Signed on behalf of the directors



D J Salisbury
Director

Approved on 31 March 2014

David Salisbury Joinery Limited

Statement of Directors' Responsibilities

Year Ended 31 December 2013

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 group and the parent company and of the profit or loss of the group for that year.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements 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 group's and parent company's transactions and disclose with reasonable accuracy at any time the financial position of 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

David Salisbury Joinery Limited

Independent Auditor's Report to the Shareholders of David Salisbury Joinery Limited

Year Ended 31 December 2013

We have audited the group and parent company financial statements ("the financial statements") of David Salisbury Joinery Limited for the year ended 31 December 2013 which comprise the Group Profit and Loss Account, Group Balance Sheet and Company Balance Sheet, Group Cash Flow 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 group's shareholders, 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 group's shareholders 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 group and the group's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 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 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 group's and the parent 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 annual report to identify material inconsistencies with the audited financial statements. 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 group's and parent company's affairs as at 31 December 2013 and of the group's 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

David Salisbury Joinery Limited

Independent Auditor's Report to the Shareholders of David Salisbury Joinery Limited
(continued)

Year Ended 31 December 2013

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



NICHOLAS FARRANT (Senior Statutory Auditor)
For and on behalf of
FRANCIS CLARK LLP
Chartered Accountants & Statutory Auditor

Blackbrook Gate 1
Blackbrook Business Park
Taunton
TA1 2PX

31 March 2014

David Salisbury Joinery Limited

Group Profit and Loss Account

Year Ended 31 December 2013

| | Note | 2013 £ | 2012 £ |
|--|------|-------------------|------------|
| Turnover | 2 | 11,886,336 | 11,197,550 |
| Cost of sales | | 8,041,229 | 8,060,021 |
| Gross Profit | | 3,845,107 | 3,137,529 |
| Distribution Costs | | 1,934,253 | 1,642,356 |
| Administrative expenses | | 1,470,976 | 1,138,579 |
| Other operating income | 3 | (1,074) | (2,451) |
| Operating Profit | 4 | 440,952 | 359,045 |
| Interest receivable | | 4,166 | 2,215 |
| Interest payable and similar charges | 7 | (37,702) | (53,170) |
| Profit on Ordinary Activities Before Taxation | | 407,416 | 308,090 |
| Tax on profit on ordinary activities | 8 | 97,251 | 68,759 |
| Profit for the Financial Year | 9 | 310,165 | 239,331 |

All of the activities of the group are classed as continuing

The group has no recognised gains or losses other than the results for the year as set out above

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account

The notes on pages 12 to 24 form part of these financial statements

David Salisbury Joinery Limited

Group Balance Sheet

31 December 2013

| | Note | 2013 £ | 2012 £ |
|--|------|--------------------|--------------------|
| Fixed Assets | | | |
| Intangible assets | 10 | 195,790 | 180,292 |
| Tangible assets | 11 | 2,674,916 | 2,605,865 |
| | | <u>2,870,706</u> | <u>2,786,157</u> |
| Current Assets | | | |
| Stocks | 13 | 275,598 | 215,911 |
| Debtors | 14 | 835,819 | 723,341 |
| Cash at bank and in hand | | 561,064 | 372,998 |
| | | <u>1,672,481</u> | <u>1,312,250</u> |
| Creditors Amounts falling due within one year | 15 | 2,881,427 | 2,850,786 |
| Net Current Liabilities | | <u>(1,208,946)</u> | <u>(1,538,536)</u> |
| Total Assets Less Current Liabilities | | <u>1,661,760</u> | <u>1,247,621</u> |
| Creditors' Amounts falling due after more than one year | 16 | 610,083 | 533,176 |
| Provisions for Liabilities | | | |
| Deferred taxation | 19 | 83,000 | 55,933 |
| | | <u>968,677</u> | <u>658,512</u> |
| Capital and Reserves | | | |
| Called-up equity share capital | 22 | 200,750 | 200,750 |
| Share premium account | 23 | 14,850 | 14,850 |
| Revaluation reserve | 23 | 209,099 | 209,099 |
| Other reserves | 23 | 250 | 250 |
| Profit and loss account | 23 | 543,728 | 233,563 |
| Shareholders' Funds | 24 | <u>968,677</u> | <u>658,512</u> |

These accounts were approved by the directors and authorised for issue on 31 March 2014, and are signed on their behalf by

Mr D J Salisbury



The notes on pages 12 to 24 form part of these financial statements

David Salisbury Joinery Limited

Company Balance Sheet

31 December 2013

| | Note | 2013 £ | 2012 £ |
|--|------|--------------------|--------------------|
| Fixed Assets | | | |
| Intangible assets | 10 | 195,790 | 180,292 |
| Tangible assets | 11 | 2,674,916 | 2,605,865 |
| Investments | 12 | 3 | 2 |
| | | <u>2,870,709</u> | <u>2,786,159</u> |
| Current Assets | | | |
| Stocks | 13 | 275,598 | 215,911 |
| Debtors | 14 | 835,819 | 702,692 |
| Cash at bank and in hand | | 561,063 | 292,002 |
| | | <u>1,672,480</u> | <u>1,210,605</u> |
| Creditors. Amounts falling due within one year | 15 | <u>2,895,159</u> | <u>2,762,135</u> |
| Net Current Liabilities | | <u>(1,222,679)</u> | <u>(1,551,530)</u> |
| Total Assets Less Current Liabilities | | <u>1,648,030</u> | <u>1,234,629</u> |
| Creditors: Amounts falling due after more than one year | 16 | 610,083 | 533,176 |
| Provisions for Liabilities | | | |
| Deferred taxation | 19 | 83,000 | 55,933 |
| | | <u>954,947</u> | <u>645,520</u> |
| Capital and Reserves | | | |
| Called-up equity share capital | 22 | 200,750 | 200,750 |
| Share premium account | 23 | 14,850 | 14,850 |
| Revaluation reserve | 23 | 209,099 | 209,099 |
| Other reserves | 23 | 250 | 250 |
| Profit and loss account | 23 | 529,998 | 220,571 |
| Shareholders' Funds | | <u>954,947</u> | <u>645,520</u> |

These accounts were approved by the directors and authorised for issue on 31 March 2014, and are signed on their behalf by

Mr D J Salisbury



Company Registration Number 03045350

The notes on pages 12 to 24 form part of these financial statements.

David Salisbury Joinery Limited

Group Cash Flow

Year Ended 31 December 2013

| | | 2013 | 2012 |
|--|------|------------------|------------------|
| | Note | £ | £ |
| Net Cash Inflow from Operating Activities | 25 | 666,771 | 553,962 |
| Returns on Investments and Servicing of Finance | | | |
| Interest received | | 4,166 | 2,215 |
| Interest paid | | (25,686) | (37,923) |
| Interest element of hire purchase | | (12,016) | (15,247) |
| Net Cash Outflow from Returns on Investments and Servicing of Finance | | (33,536) | (50,955) |
| Taxation | | (2,284) | (1,285) |
| Capital Expenditure | | | |
| Payments to acquire intangible fixed assets | | (148,094) | – |
| Payments to acquire tangible fixed assets | | (139,443) | (61,507) |
| Receipts from sale of fixed assets | | 640 | 7,449 |
| Net Cash Outflow from Capital Expenditure | | (286,897) | (54,058) |
| Cash Inflow Before Financing | | 344,054 | 447,664 |
| Financing | | | |
| New bank loans | | – | 550,000 |
| Repayment of bank loans | | (25,983) | (330,131) |
| Capital element of hire purchase | | (130,005) | (136,660) |
| Net outflow from other long-term creditors | | – | (300,000) |
| Net Cash Outflow from Financing | | (155,988) | (216,791) |
| Increase in Cash | 25 | 188,066 | 230,873 |

The notes on pages 12 to 24 form part of these financial statements

David Salisbury Joinery Limited

Notes to the Financial Statements

Year Ended 31 December 2013

1. Accounting Policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets

Notwithstanding the net current liability position as at 31 December 2013 of £1,208,946 (2012 £1,538,536) the directors are satisfied that the going concern basis of accounting remains appropriate due to the fact that included within current liabilities is £1,474,702 (2012 £1,255,632) of payments on account. This balance represents monies from customers received during the year in excess of the value of turnover recognised on the related contracts and therefore does not represent payable amounts

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over three years from the year of acquisition. The results of companies acquired or disposed of are included in the group profit and loss account after or up to the date that control passes respectively. As a consolidated group profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

(c) Turnover

Turnover represents the fair value of consideration receivable, excluding Value Added Tax, in the ordinary course of business for goods and services provided.

In respect of contracts for on-going services turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of contracts for on-going services is recognised by reference to the stage of completion.

(d) Research and development

Historically, development expenditure in respect of major projects has been capitalised and relates to the direct labour and subcontracted costs, which are managed and controlled centrally. However, since 1 January 2012 all development expenditure has been expensed to the profit and loss account.

Capitalised product development expenditure is amortised over its useful economic life of 10 years.

Capitalised product development expenditure is subject to regular impairment reviews and is stated at cost less any accumulated impairment costs and amortisation. Any impairment taken during the year is shown under administrative expenses in the income statement.

Research expenditure is written off to the profit and loss account in the year in which it is incurred.

(e) Goodwill

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its useful economic life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed three years. Useful economic lives are reviewed at the end of each reporting period and revised if necessary, subject to the constraint that the revised life shall not exceed three years from the date of acquisition. The carrying amount at the date of revision is depreciated over the revised estimate of remaining useful economic life.

David Salisbury Joinery Limited

Notes to the Financial Statements

Year Ended 31 December 2013

1 Accounting Policies *(continued)*

(f) Amortisation

Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows

| | | |
|--------------------------|---|------------------------------|
| Goodwill | - | straight line over 1-3 years |
| Research and development | - | straight line over 10 years |

(g) Fixed assets

All fixed assets are initially recorded at cost

Freehold land and buildings are valued on a market value basis

(h) Depreciation

Depreciation is calculated so as to write off the cost or revaluation of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows

| | | |
|--------------------------------|---|---------------------------------|
| Plant & Machinery | - | straight line over 3 - 10 years |
| Fixtures, Fittings & Equipment | - | straight line over 1 - 10 years |
| Motor Vehicles | - | 25% reducing balance |

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve

(i) Stocks

Stocks are made up of raw materials and other components and are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

(j) Work in progress

Work in progress represents cost of production in excess of payments on account in respect of contracts for on-going services recognised by reference to stage of completion

(k) Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the group profit and loss account at a constant rate of charge on the balance of capital repayments outstanding

(l) Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

(m) Pension costs

The group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the group. The annual contributions payable are charged to the group profit and loss account

David Salisbury Joinery Limited

Notes to the Financial Statements

Year Ended 31 December 2013

1. Accounting Policies *(continued)*

(n) Deferred taxation

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 required by the FRS 19

(o) Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below:

| | 2013 | 2012 |
|----------------|-------------------|-------------------|
| | £ | £ |
| United Kingdom | 11,801,832 | 11,124,940 |
| Overseas | 84,504 | 72,610 |
| | <u>11,886,336</u> | <u>11,197,550</u> |

3. Other Operating Income

| | 2013 | 2012 |
|-----------------------|--------------|--------------|
| | £ | £ |
| Commission receivable | <u>1,074</u> | <u>2,451</u> |

4. Operating Profit

Operating profit is stated after charging:

| | 2013 | 2012 |
|--|--------------|--------------|
| | £ | £ |
| Amortisation of intangible assets | 132,596 | 53,800 |
| Depreciation of owned fixed assets | 215,752 | 171,837 |
| Depreciation of assets held under hire purchase agreements | 31,384 | 61,126 |
| Loss on disposal of fixed assets | | |
| Auditors' remuneration | 1,035 | 3,548 |
| - audit fees | 13,600 | 14,500 |
| - tax affairs fees | 950 | 4,300 |
| Operating lease costs | | |
| - Other | 13,165 | 9,216 |
| Hire of equipment | <u>2,568</u> | <u>2,058</u> |

David Salisbury Joinery Limited

Notes to the Financial Statements

Year Ended 31 December 2013

5. Particulars of Employees

The average number of staff employed by the group during the financial year amounted to

| | 2013 | 2012 |
|--------------------------------|------------|------------|
| | No | No |
| Number of production staff | 86 | 84 |
| Number of distribution staff | 33 | 25 |
| Number of administrative staff | 9 | 9 |
| | <u>128</u> | <u>118</u> |

The aggregate payroll costs of the above were

| | 2013 | 2012 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 3,097,530 | 2,650,756 |
| Social security costs | 291,147 | 247,072 |
| Other pension costs | 27,621 | 27,910 |
| | <u>3,416,298</u> | <u>2,925,738</u> |

6. Directors' Remuneration

The directors' aggregate remuneration in respect of qualifying services were

| | 2013 | 2012 |
|--|----------------|----------------|
| | £ | £ |
| Remuneration receivable | 323,372 | 209,240 |
| Value of group pension contributions to money purchase schemes | 1,200 | 1,218 |
| | <u>324,572</u> | <u>210,458</u> |

Remuneration of highest paid director

| | 2013 | 2012 |
|--|----------------|---------------|
| | £ | £ |
| Total remuneration (excluding pension contributions) | <u>133,922</u> | <u>77,608</u> |

The number of directors who accrued benefits under group pension schemes was as follows

| | 2013 | 2012 |
|------------------------|----------|----------|
| | No | No |
| Money purchase schemes | <u>1</u> | <u>1</u> |

7 Interest Payable and Similar Charges

| | 2013 | 2012 |
|------------------------------------|---------------|---------------|
| | £ | £ |
| Interest payable on bank borrowing | 25,686 | 37,923 |
| Finance charges | 12,016 | 15,247 |
| | <u>37,702</u> | <u>53,170</u> |

David Salisbury Joinery Limited

Notes to the Financial Statements

Year Ended 31 December 2013

8. Taxation on Ordinary Activities

(a) Analysis of charge in the year

| | 2013 £ | 2012 £ |
|---|-----------|-----------|
| Current tax | | |
| In respect of the year | | |
| UK Corporation tax based on the results for the year at 23 25% (2012 - 20%) | 70,184 | 2,284 |
| (Over)/under provision in prior year | - | 1 |
| Total current tax | 70,184 | 2,285 |
| Deferred tax | | |
| Origination and reversal of timing differences | 27,067 | 66,474 |
| Tax on profit on ordinary activities | 97,251 | 68,759 |

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 23 25% (2012 - 20%)

| | 2013 £ | 2012 £ |
|---|-----------|-----------|
| Profit on ordinary activities before taxation | 407,416 | 308,090 |
| Profit on ordinary activities by rate of tax | 94,694 | 61,618 |
| Expenses not deductible for tax purposes | 3,663 | 2,084 |
| Capital allowances for period in excess of depreciation | (11,557) | 26,562 |
| Utilisation of tax losses | (14,149) | (88,179) |
| Tax chargeable at lower rates | (3,533) | - |
| Other short term timing differences | 1,066 | 200 |
| Total current tax (note 8(a)) | 70,184 | 2,285 |

9. Profit Attributable to Members of the Parent Company

The profit dealt with in the financial statements of the parent company was £309,427 (2012 - £231,965)

David Salisbury Joinery Limited

Notes to the Financial Statements

Year Ended 31 December 2013

10 Intangible Fixed Assets

| Group and company | Goodwill £ | Research and development £ | Total £ |
|----------------------------|----------------|----------------------------------|----------------|
| Cost | | | |
| At 1 January 2013 | 77,000 | 281,323 | 358,323 |
| Additions | 148,094 | – | 148,094 |
| At 31 December 2013 | 225,094 | 281,323 | 506,417 |
| Amortisation | | | |
| At 1 January 2013 | 32,001 | 146,030 | 178,031 |
| Charge for the year | 104,464 | 28,132 | 132,596 |
| At 31 December 2013 | 136,465 | 174,162 | 310,627 |
| Net Book Value | | | |
| At 31 December 2013 | 88,629 | 107,161 | 195,790 |
| At 31 December 2012 | 44,999 | 135,293 | 180,292 |

11 Tangible Fixed Assets

| Group and company | Freehold Property £ | Plant & Machinery £ | Fixtures & Fittings £ | Motor Vehicles £ | Total £ |
|----------------------------|---------------------------|---------------------------|-----------------------------|------------------------|------------------|
| Cost or Valuation | | | | | |
| At 1 January 2013 | 1,900,000 | 2,252,744 | 331,401 | 175,082 | 4,659,227 |
| Additions | – | 154,408 | 98,666 | 64,788 | 317,862 |
| Disposals | – | (3,559) | – | (54,243) | (57,802) |
| At 31 December 2013 | 1,900,000 | 2,403,593 | 430,067 | 185,627 | 4,919,287 |
| Depreciation | | | | | |
| At 1 January 2013 | – | 1,664,209 | 282,582 | 106,571 | 2,053,362 |
| Charge for the year | – | 196,520 | 26,995 | 23,621 | 247,136 |
| On disposals | – | (3,559) | – | (52,568) | (56,127) |
| At 31 December 2013 | – | 1,857,170 | 309,577 | 77,624 | 2,244,371 |
| Net Book Value | | | | | |
| At 31 December 2013 | 1,900,000 | 546,423 | 120,490 | 108,003 | 2,674,916 |
| At 31 December 2012 | 1,900,000 | 588,535 | 48,819 | 68,511 | 2,605,865 |

David Salisbury Joinery Limited

Notes to the Financial Statements

Year Ended 31 December 2013

11 Tangible Fixed Assets *(continued)*

The freehold land and buildings were valued by Alder King Chartered Surveyors, a firm which is independent to the company, on 25 January 2012. The property's open market value, with vacant possession, is deemed to be £1,900,000. The uplift in value is recognised within the balance sheet.

If the properties were sold for their revalued amounts it would be necessary to replace them with similar property, and rollover relief against tax on the gain would be available. Accordingly, no timing differences arise and no provision has been made for deferred tax in respect of the revaluation.

No depreciation is charged on freehold land and buildings in accordance with the statement given in note 1 (Accounting policies).

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows:

| | 2013 £ | 2012 £ |
|--------------------------------------|-------------------------|-------------------------|
| Net book value at end of year | <u>1,900,000</u> | <u>1,900,000</u> |
| Historical cost | <u>1,484,718</u> | <u>1,484,718</u> |
| Depreciation. | | |
| At 1 January 2013 | <u>293,817</u> | <u>293,817</u> |
| At 31 December 2013 | <u>293,817</u> | <u>293,817</u> |
| Net historical cost value. | | |
| At 31 December 2013 | <u>1,190,901</u> | <u>1,190,901</u> |
| At 1 January 2013 | <u>1,190,901</u> | <u>1,190,901</u> |

Hire purchase agreements

Included within the net book value of £2,674,916 is £215,043 (2012 - £253,554) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £31,384 (2012 - £61,126).

12 Investments

| Company | Group companies £ |
|----------------------------|-------------------------|
| Cost | |
| At 1 January 2013 | 2 |
| Additions | <u>1</u> |
| At 31 December 2013 | <u>3</u> |
| Net Book Value | |
| At 31 December 2013 | <u>3</u> |
| At 31 December 2012 | <u>2</u> |

David Salisbury Joinery Limited

Notes to the Financial Statements

Year Ended 31 December 2013

12. Investments (continued)

| Subsidiary undertakings | Country of incorporation | Holding | Proportion of voting rights and shares held | Nature of business |
|-------------------------|--------------------------|-----------------|---|--|
| All held by the company | | | | |
| Clifton Joinery Limited | England & Wales | Ordinary shares | 100% | Sale of hardwood windows, doors and conservatories |
| County Oak Limited | England & Wales | Ordinary shares | 100% | Dormant company |
| Oakminster Limited | England & Wales | Ordinary shares | 100% | Dormant company |

On 28th March 2013 the company acquired a 100% holding in Oakminster Limited at par

On 25th April 2013 the trade and assets of Clifton Joinery Limited were hived-up into the parent company and from that date the company became dormant

13 Stocks

| | 2013 | Group | 2013 | Company |
|------------------|----------------|----------------|----------------|----------------|
| | £ | 2012 | £ | 2012 |
| | | £ | | £ |
| Raw Materials | 254,494 | 154,432 | 254,494 | 154,432 |
| Work in progress | 21,104 | 61,479 | 21,104 | 61,479 |
| | <u>275,598</u> | <u>215,911</u> | <u>275,598</u> | <u>215,911</u> |

14 Debtors

| | 2013 | Group | 2013 | Company |
|------------------------------------|----------------|----------------|----------------|----------------|
| | £ | 2012 | £ | 2012 |
| | | £ | | £ |
| Trade debtors | 135,183 | 95,998 | 135,183 | 8,657 |
| Amounts owed by group undertakings | — | — | — | 107,337 |
| Amounts recoverable on contracts | 192,466 | 114,605 | 192,466 | 114,605 |
| Other debtors | 3,804 | 42,612 | 3,804 | 1,967 |
| Directors current accounts | 50,685 | — | 50,685 | — |
| Prepayments and accrued income | 453,681 | 470,126 | 453,681 | 470,126 |
| | <u>835,819</u> | <u>723,341</u> | <u>835,819</u> | <u>702,692</u> |

David Salisbury Joinery Limited

Notes to the Financial Statements

Year Ended 31 December 2013

15. Creditors Amounts falling due within one year

| | 2013 | Group 2012 | 2013 | Company 2012 |
|------------------------------------|------------------|------------------|------------------|------------------|
| | £ | £ | £ | £ |
| Bank loans | 27,077 | 25,212 | 27,077 | 25,212 |
| Payments received on account | 1,474,702 | 1,255,632 | 1,474,702 | 1,168,822 |
| Trade creditors | 550,334 | 787,963 | 550,334 | 787,963 |
| Amounts owed to group undertakings | — | — | 13,732 | — |
| Hire purchase agreements | 48,541 | 104,882 | 48,541 | 104,882 |
| Directors' loan accounts | — | 4,275 | — | 4,275 |
| Corporation tax | 70,184 | 2,284 | 70,184 | 443 |
| Other taxation and social security | 322,395 | 246,397 | 322,395 | 246,397 |
| Other creditors | 32,613 | 41,533 | 32,613 | 41,533 |
| Accruals and deferred income | 355,581 | 382,608 | 355,581 | 382,608 |
| | <u>2,881,427</u> | <u>2,850,786</u> | <u>2,895,159</u> | <u>2,762,135</u> |

The following liabilities disclosed under creditors falling due within one year are secured by the group

| | 2013 | Group 2012 | 2013 | Company 2012 |
|--------------------------|---------------|----------------|---------------|-----------------|
| | £ | £ | £ | £ |
| Bank loans | 27,077 | 25,212 | 27,077 | 25,212 |
| Hire purchase agreements | 48,541 | 104,882 | 48,541 | 104,882 |
| | <u>75,618</u> | <u>130,094</u> | <u>75,618</u> | <u>130,094</u> |

The bank loans are secured by way of fixed and floating charges over all the assets and undertakings of the group. In addition, the loan is secured by a first legal charge over the freehold property. Interest is charged at a fixed rate of 4.89%.

Hire purchase obligations are secured on the assets to which they relate.

16 Creditors: Amounts falling due after more than one year

| | 2013 | Group 2012 | 2013 | Company 2012 |
|---------------------------|----------------|----------------|----------------|-----------------|
| | £ | £ | £ | £ |
| Bank loans and overdrafts | 487,090 | 514,938 | 487,090 | 514,938 |
| Hire purchase agreements | 122,993 | 18,238 | 122,993 | 18,238 |
| | <u>610,083</u> | <u>533,176</u> | <u>610,083</u> | <u>533,176</u> |

David Salisbury Joinery Limited

Notes to the Financial Statements

Year Ended 31 December 2013

16. Creditors. Amounts falling due after more than one year (*continued*)

The following liabilities disclosed under creditors falling due after more than one year are secured by the group

| | 2013 | Group | 2013 | Company |
|---------------------------|----------------|----------------|----------------|----------------|
| | £ | 2012 | £ | 2012 |
| | | £ | | £ |
| Bank loans and overdrafts | 487,090 | 514,938 | 487,090 | 514,938 |
| Hire purchase agreements | 122,993 | 18,238 | 122,993 | 18,238 |
| | <u>610,083</u> | <u>533,176</u> | <u>610,083</u> | <u>533,176</u> |

The bank loans are secured by way of fixed and floating charges over all the assets and undertakings of the group. In addition, the loan is secured by a first legal charge over the freehold property. Interest is charged at a fixed rate of 4.89%.

Hire purchase obligations are secured on the assets to which they relate.

17 Creditors - Capital Instruments

Creditors include finance capital which is due for repayment as follows

| | 2013 | Group | 2013 | Company |
|---|----------------|----------------|----------------|----------------|
| | £ | 2012 | £ | 2012 |
| | | £ | | £ |
| Amounts repayable | | | | |
| In one year or less or on demand | 27,077 | 25,212 | 27,077 | 25,212 |
| In more than one year but not more than two years | 28,431 | 26,445 | 28,431 | 26,445 |
| In more than two years but not more than five years | 94,113 | 87,349 | 94,113 | 87,349 |
| In more than five years | 364,546 | 401,144 | 364,546 | 401,144 |
| | <u>514,167</u> | <u>540,150</u> | <u>514,167</u> | <u>540,150</u> |

Capital instruments consist of a bank loan repayable by 59 monthly instalments, with the balance due for payment in full as the 60th instalment. Interest is charged at a fixed rate of 4.89%.

18. Commitments under Hire Purchase Agreements

Future commitments under hire purchase agreements are as follows

| | 2013 | 2012 |
|--------------------------------------|----------------|----------------|
| | £ | £ |
| Group and Company | | |
| Amounts payable within 1 year | 48,541 | 104,882 |
| Amounts payable between 2 to 5 years | 122,993 | 18,238 |
| | <u>171,534</u> | <u>123,120</u> |

David Salisbury Joinery Limited

Notes to the Financial Statements

Year Ended 31 December 2013

19 Deferred Taxation

The movement in the deferred taxation provision during the year was

| | Group | | Company | |
|-----------------------------------|---------------|---------------|---------------|---------------|
| | 2013 | 2012 | 2013 | 2012 |
| | £ | £ | £ | £ |
| Provision/(Asset) brought forward | 55,933 | (10,541) | 55,933 | (10,541) |
| Increase in provision | 27,067 | 66,474 | 27,067 | 66,474 |
| Provision carried forward | <u>83,000</u> | <u>55,933</u> | <u>83,000</u> | <u>55,933</u> |

The group and parent company's provisions for deferred taxation consist of the tax effect of timing differences in respect of

| | Group | | Company | |
|---|---------------|---------------|---------------|---------------|
| | 2013 | 2012 | 2013 | 2012 |
| | £ | £ | £ | £ |
| Excess of taxation allowances over depreciation on fixed assets | <u>83,000</u> | <u>55,933</u> | <u>83,000</u> | <u>55,933</u> |

20 Commitments under Operating Leases

At 31 December 2013 the group and parent company had annual commitments under non-cancellable operating leases as set out below

| Group and company | Assets other than Land and buildings | |
|-------------------------------|--------------------------------------|---------------|
| | 2013 | 2012 |
| | £ | £ |
| Operating leases which expire | | |
| Within 1 year | 995 | 3,523 |
| Within 2 to 5 years | <u>40,157</u> | <u>48,097</u> |
| | <u>41,152</u> | <u>51,620</u> |

21. Related Party Transactions

The group was under the control of Mr D J Salisbury throughout the current and previous year. Mr D J Salisbury is a director and majority shareholder of the parent company.

During the year, the parent company made a loan of £50,000 (2012: £nil) to Mr D J Salisbury. Interest of £685 (2012: £nil) was charged on this loan during the year and the balance owed by Mr D J Salisbury to the company at the year end was £50,685 (2012: £4,275 owed by the company). Interest is charged on the loan at 4%pa and the loan is unsecured.

Mr D J Salisbury has developed a number of proprietary products, software and operating systems that are utilised by the group. The intellectual property of these products and software systems are owned by Mr D J Salisbury personally. The group has entered into a non-exclusive unlimited licence agreement (dated 20 December 2005) in order to utilise these products, software and systems. The licence fee is subject to no time constraints and is free, provided adequate maintenance of these systems is carried out by the group.

The group has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with any wholly owned subsidiary undertaking of the group.

David Salisbury Joinery Limited

Notes to the Financial Statements

Year Ended 31 December 2013

22. Share Capital

Allotted, called up and fully paid:

| | 2013 | | 2012 | |
|----------------------------|----------------|----------------|----------------|----------------|
| | No | £ | No | £ |
| Ordinary shares of £1 each | <u>200,750</u> | <u>200,750</u> | <u>200,750</u> | <u>200,750</u> |

23. Reserves

| Group | Share premium account | Revaluation reserve | Capital redemption reserve | Profit and loss account |
|-------------------------|--------------------------|------------------------|----------------------------------|----------------------------|
| | £ | £ | £ | £ |
| Balance brought forward | 14,850 | 209,099 | 250 | 233,563 |
| Profit for the year | — | — | — | 310,165 |
| Balance carried forward | <u>14,850</u> | <u>209,099</u> | <u>250</u> | <u>543,728</u> |

| Company | Share premium account | Revaluation reserve | Capital redemption reserve | Profit and loss account |
|-------------------------|--------------------------|------------------------|----------------------------------|----------------------------|
| | £ | £ | £ | £ |
| Balance brought forward | 14,850 | 209,099 | 250 | 220,571 |
| Profit for the year | — | — | — | 309,427 |
| Balance carried forward | <u>14,850</u> | <u>209,099</u> | <u>250</u> | <u>529,998</u> |

24 Reconciliation of Movements in Shareholders' Funds

| | 2013 | 2012 |
|-------------------------------------|----------------|----------------|
| | £ | £ |
| Profit for the financial year | 310,165 | 239,331 |
| Transfer from revaluation reserve | — | 500,000 |
| Transfer to profit and loss account | — | (500,000) |
| Net addition to shareholders' funds | <u>310,165</u> | <u>239,331</u> |
| Opening shareholders' funds | <u>658,512</u> | <u>419,181</u> |
| Closing shareholders' funds | <u>968,677</u> | <u>658,512</u> |

David Salisbury Joinery Limited

Notes to the Financial Statements

Year Ended 31 December 2013

25 Notes to the Cash Flow Statement

Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

| | 2013 £ | 2012 £ |
|---|----------------|----------------|
| Operating profit | 440,952 | 359,045 |
| Amortisation | 132,596 | 53,800 |
| Depreciation | 247,136 | 232,963 |
| Loss on disposal of fixed assets | 1,035 | 3,548 |
| (Increase)/decrease in stocks | (59,687) | 52,154 |
| (Increase)/decrease in debtors | (112,478) | 31,783 |
| Increase/(decrease) in creditors | 17,217 | (179,331) |
| Net cash inflow from operating activities | <u>666,771</u> | <u>553,962</u> |

Reconciliation of Net Cash Flow to Movement in Net Debt

| | 2013 £ | 2012 £ |
|---|------------------|------------------|
| Increase in cash in the period | 188,066 | 230,873 |
| Net cash outflow from/(inflow) from bank loans | 25,983 | (219,869) |
| Cash outflow in respect of hire purchase | 130,005 | 136,660 |
| Net cash outflow from other long-term creditors | — | 300,000 |
| Change in net debt resulting from cash flows | 344,054 | 447,664 |
| New finance leases | (178,419) | (12,799) |
| Movement in net debt in the period | <u>165,635</u> | <u>434,865</u> |
| Net debt at 1 January 2013 | (290,272) | (725,137) |
| Net debt at 31 December 2013 | <u>(124,637)</u> | <u>(290,272)</u> |

Analysis of Changes in Net Debt

| | At 1 Jan 2013 £ | Cash flows £ | Other changes £ | At 31 Dec 2013 £ |
|--------------------------|-----------------------|-----------------|-----------------------|------------------------|
| Net cash | | | | |
| Cash in hand and at bank | 372,998 | 188,066 | — | 561,064 |
| Debt | | | | |
| Debt due within 1 year | (25,212) | (1,865) | — | (27,077) |
| Debt due after 1 year | (514,938) | 27,848 | — | (487,090) |
| Hire purchase agreements | (123,120) | 130,005 | (178,419) | (171,534) |
| | <u>(663,270)</u> | <u>155,988</u> | <u>(178,419)</u> | <u>(685,701)</u> |
| Net debt | <u>(290,272)</u> | <u>344,054</u> | <u>(178,419)</u> | <u>(124,637)</u> |