

# Financial Statements Heating Plumbing Supplies Limited

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**For the year ended 31 December 2013**

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COMPANIES HOUSE

**Registered number: 04171695**

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**Heating Plumbing Supplies Limited**

## Company Information

|                            |   |
|----------------------------|---|
| <b>Directors</b>           | R Walker<br>A Curneen<br>P Wilson<br>A Meadows  |
| <b>Company secretary</b>   | CJ Hewer  |
| <b>Registered number</b>   | 04171695  |
| <b>Registered office</b>   | Unit W<br>Rich Industrial Estate<br>Avis Way<br>NEWHAVEN<br>East Sussex<br>BN9 0DU  |
| <b>Independent auditor</b> | Grant Thornton UK LLP<br>Chartered Accountants & Statutory Auditor<br>Grant Thornton House<br>202 Silbury Boulevard<br>Milton Keynes<br>MK9 1LW |
| <b>Bankers</b>             | Lloyds TSB Bank Plc   |
| <b>Solicitors</b>          | emw law   |

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## Heating Plumbing Supplies Limited

# Directors' report

For the year ended 31 December 2013

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

### Principal activities

The company's principal activity is the wholesale distribution of domestic heating and plumbing appliances and supplies

### Results and dividends

The profit for the year, after taxation, amounted to £2,432,013 (2012 - £1,569,752)

The directors did not recommend a dividend (2012 - £nil)

### Directors

The directors who served during the year were

R Walker  
A Curneen  
P Wilson  
A Meadows

### Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

**Heating Plumbing Supplies Limited**

## Directors' report

For the year ended 31 December 2013

### **Disclosure of information to auditor**

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

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

### **Auditor**

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board on **3 March 2014** and signed on its behalf



A Curneen  
Director

## **Strategic report**

**For the year ended 31 December 2013**

### **Business review**

The profit for the year, after taxation, amounted to £2,432,013 (2012 - £1,569,752)

The directors are encouraged that turnover continues to rise in a difficult economic climate, with the second half of 2013 being particularly strong. The directors view the next 18 months with optimism as the economy slowly recovers.

No new branches were opened in 2013, however three opened towards the end of 2012 and the company is still intending to expand throughout 2014.

In 2012 the company revamped its website to raise company profile, throughout 2013 the company's website sales continued to rise.

### **Principal risks and uncertainties**

The Board continually reviews the potential risks facing the company. Some of the key areas reviewed are the following:

#### **Economic environment**

The company continues to rely on sustainable levels of disposable income within the UK market place and a decline in the UK economy would have an impact on turnover. However as the Company's customer base is largely made up of smaller installers dealing in the repairs, maintenance and improvements market which has proved to be relatively robust in previous downturns, this impact has been mitigated in the economic market place.

#### **Competition**

The company operates in a highly competitive market putting pressure on margin and turnover growth. However being an active member of the PHG buying group enables the company to optimise trading margins. The company continually strives to offer distinctive customer service which provides additional safeguards in terms of margin and turnover.

### **Financial risk management objectives and policies**

The company uses various financial instruments including cash, trade debtors, bank overdraft and trade creditors that arise directly from the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the company's financial instruments are liquidity risk, interest rate risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below.

#### **Liquidity risk**

The company seeks to manage finance risk by ensuring sufficient liquidity is available to meet foreseeable needs.

#### **Interest rate risk**

The company finances its operations through a mixture of retained profits and a 5 year term loan (commencing April 2012 by Heating Plumbing Supplies Group Limited). Cash is managed to minimise interest costs while avoiding inherent risk.

## Strategic report (continued)

### **Credit risk**

The company's principal financial assets are stock, cash and trade debtors

In order to manage credit risk the directors set limits for customers based on payment history and third party credit references. Credit limits are reviewed by the credit controller and sales director on a regular basis in conjunction with debt ageing and collection history.

### **Financial key performance indicators**

Growth in turnover is a key measure of the company's success in winning new business and retaining existing customers. Like for like turnover increased by 11% between 2012 and 2013 with total sales growth being 17.7% above previous year when new branches are accounted for. The securing of new business is a critical area if the business is to continue to grow. The number of live trading accounts increased from 2,294 in December 2012 to 2,863 in December 2013.

The company measures its financial performance using the following measures:

- Operating profit of £3,199,920 is stated after bad debt charges of £58,283 yielding a return to turnover of 6.7% (2012 - 5.3%)
- Debtor days were 36 in 2013 and 38 in 2012
- Stock days reduced from 57 to 55

Both stock and debtor days have remained fairly consistent and are within the acceptable range set by the company.

This report was approved by the board on **3 March 2014** and signed on its behalf



**A Curneen**  
Director



## Independent auditor's report to the members of Heating Plumbing Supplies Limited

We have audited the financial statements of Heating Plumbing Supplies Limited for the year ended 31 December 2013, which comprise the Profit and loss account, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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 matters 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 members of Heating Plumbing Supplies Limited

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, 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

*Carol Thelwell*

Steve Robinson (Senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Chartered Accountants  
Statutory Auditor  
Milton Keynes  
Date

3 March 2014

## Heating Plumbing Supplies Limited

### Profit and loss account

For the year ended 31 December 2013

|   | Note | 2013<br>£               | 2012<br>£               |
|---|------|-------------------------|-------------------------|
| Turnover                                      | 1,2  | 47,437,902              | 40,298,883              |
| Cost of sales                                 |      | <u>(34,486,430)</u>     | <u>(29,181,495)</u>     |
| Gross profit                                  |      | 12,951,472              | 11,117,388              |
| Distribution costs                            |      | (9,208,082)             | (8,429,618)             |
| Administrative expenses                       |      | (1,003,023)             | (955,964)               |
| Other operating income                        | 3    | <u>459,553</u>          | <u>390,153</u>          |
| Operating profit                              | 4    | 3,199,920               | 2,121,959               |
| Interest receivable and similar income        | 7    | 9,558                   | 6,395                   |
| Interest payable and similar charges          | 8    | <u>(11,529)</u>         | <u>(13,120)</u>         |
| Profit on ordinary activities before taxation |      | 3,197,949               | 2,115,234               |
| Tax on profit on ordinary activities          | 9    | <u>(765,936)</u>        | <u>(545,482)</u>        |
| Profit for the financial year                 | 17   | <u><u>2,432,013</u></u> | <u><u>1,569,752</u></u> |

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account

The notes on pages 9 to 18 form part of these financial statements

## Balance sheet

As at 31 December 2013

|   | Note | £           | 2013<br>£         | £                 | 2012<br>£         |
|---|------|-------------|-------------------|-------------------|-------------------|
| <b>Fixed assets</b>                                   |      |             |                   |                   |                   |
| Tangible assets                                       | 10   |             | 883,259           |                   | 1,063,183         |
| Investments   | 11   |             | 2,550             |                   | 2,550             |
|   |      |             | <u>885,809</u>    |                   | <u>1,065,733</u>  |
| <b>Current assets</b>                                 |      |             |                   |                   |                   |
| Stocks  | 12   | 4,604,250   |                   | 4,431,893         |                   |
| Debtors   | 13   | 11,441,895  |                   | 9,823,137         |                   |
| Cash in hand  |      | 1,780,911   |                   | 1,138,298         |                   |
|   |      |             | <u>17,827,056</u> | <u>15,393,328</u> |                   |
| <b>Creditors:</b> amounts falling due within one year | 14   | (5,161,635) |                   | (5,345,094)       |                   |
| <b>Net current assets</b>                             |      |             | <u>12,665,421</u> |                   | <u>10,048,234</u> |
| <b>Total assets less current liabilities</b>          |      |             | <u>13,551,230</u> |                   | <u>11,113,967</u> |
| <b>Provisions for liabilities</b>                     |      |             |                   |                   |                   |
| Deferred tax  | 15   |             | (50,362)          |                   | (45,112)          |
| <b>Net assets</b>                                     |      |             | <u>13,500,868</u> |                   | <u>11,068,855</u> |
| <b>Capital and reserves</b>                           |      |             |                   |                   |                   |
| Called up share capital                               | 16   |             | 1,646,050         |                   | 1,646,050         |
| Share premium account                                 | 17   |             | 3,250             |                   | 3,250             |
| Profit and loss account                               | 17   |             | 11,851,568        |                   | 9,419,555         |
| <b>Shareholders' funds</b>                            | 18   |             | <u>13,500,868</u> |                   | <u>11,068,855</u> |

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



**A Curneen**  
Director

The notes on pages 9 to 18 form part of these financial statements

# Notes to the financial statements

For the year ended 31 December 2013

## 1. Accounting policies

### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

### 1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

### 1.3 Turnover

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

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer, which may be upon shipment, completion of the product or the product being ready for delivery, based on specific contract terms

### 1.4 Tangible fixed assets and depreciation

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

|                       |   |       |
|-----------------------|---|-------|
| Premises improvements | - | 10%   |
| Telecommunications    | - | 20%   |
| Computer equipment    | - | 33 3% |
| Racking               | - | 10%   |

### 1.5 Investments

Investments are included at cost less amounts written off

### 1.6 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

## Notes to the financial statements

For the year ended 31 December 2013

### 1. Accounting policies (continued)

#### 1.7 Stocks

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

Cost of raw materials, consumables and goods for resale is based on purchased cost on first-in, first-out basis.

Net realisable value is the estimated selling price less further costs to complete and all costs to be incurred in marketing, selling and distribution.

#### 1.8 Deferred taxation

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

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

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

Deferred tax assets and liabilities are not discounted.

#### 1.9 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance costs and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

# Notes to the financial statements

For the year ended 31 December 2013

## 1. Accounting policies (continued)

### 1.10 Pensions

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

## 2. Turnover

The turnover and profit on ordinary activities before taxation are attributable to the wholesale distribution of domestic and plumbing appliances and supplies

All turnover arose within the United Kingdom

## 3. Other operating income

|                        | 2013    | 2012    |
|------------------------|---------|---------|
|                        | £       | £       |
| Other operating income | 459,553 | 390,153 |

## 4. Operating profit

The operating profit is stated after charging

|                                       | 2013    | 2012    |
|---------------------------------------|---------|---------|
|                                       | £       | £       |
| Depreciation of tangible fixed assets |         |         |
| - owned by the company                | 212,265 | 230,833 |
| Auditor's remuneration                | 22,750  | 22,250  |
| Auditor's remuneration - non-audit    | 4,800   | 4,700   |
| Operating lease rentals               |         |         |
| - plant and machinery                 | 212,277 | 195,593 |
| - other operating leases              | 724,550 | 668,371 |

Auditor's remuneration for audit and non-audit services relates to fees incurred for the group headed by Heating Plumbing Supplies Group Limited. Included within auditor's remuneration are fees for taxation services of £4,800 (2012 - £4,700)

# Notes to the financial statements

For the year ended 31 December 2013

## 5. Staff costs

Staff costs, including directors' remuneration, were as follows

|                       | 2013             | 2012             |
|-----------------------|------------------|------------------|
|                       | £                | £                |
| Wages and salaries    | 6,205,994        | 5,663,827        |
| Social security costs | 689,285          | 629,553          |
| Other pension costs   | 249,442          | 188,810          |
|                       | <u>7,144,721</u> | <u>6,482,190</u> |

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

|                        | 2013       | 2012       |
|------------------------|------------|------------|
|                        | No.        | No.        |
| Sales and distribution | 146        | 138        |
| Administration         | 10         | 10         |
|                        | <u>156</u> | <u>148</u> |

## 6. Directors' remuneration

|   | 2013           | 2012           |
|---|----------------|----------------|
|   | £              | £              |
| Remuneration  | <u>707,450</u> | <u>685,848</u> |
| Company pension contributions to defined contribution pension schemes | <u>99,536</u>  | <u>54,607</u>  |

During the year retirement benefits were accruing to 4 directors (2012 - 4) in respect of defined contribution pension schemes

The highest paid director received remuneration of £177,703 (2012 - £171,990)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £24,945 (2012 - £13,838)

## 7. Interest receivable

|                           | 2013         | 2012         |
|---------------------------|--------------|--------------|
|                           | £            | £            |
| Other interest receivable | <u>9,558</u> | <u>6,395</u> |

# Notes to the financial statements

For the year ended 31 December 2013

## 8. Interest payable

|                              | 2013          | 2012          |
|------------------------------|---------------|---------------|
|                              | £             | £             |
| On bank loans and overdrafts | 11,529        | 8,880         |
| Other interest payable       | -             | 4,240         |
|                              | <u>11,529</u> | <u>13,120</u> |

## 9. Taxation

|   | 2013           | 2012            |
|---|----------------|-----------------|
|   | £              | £               |
| <b>Analysis of tax charge in the year</b>         |                |                 |
| <b>Current tax</b> (see note below)               |                |                 |
| UK corporation tax charge on profit for the year  | 737,764        | 534,497         |
| Adjustments in respect of prior periods           | 224            | -               |
|   | <u>737,988</u> | <u>534,497</u>  |
| Group taxation relief                             | 22,698         | 33,185          |
| <b>Total current tax</b>                          | <u>760,686</u> | <u>567,682</u>  |
| <b>Deferred tax</b>                               |                |                 |
| Origination and reversal of timing differences    | 11,134         | (16,815)        |
| Effect of change in tax rate on opening liability | (5,884)        | (5,385)         |
| <b>Total deferred tax</b> (see note 15)           | <u>5,250</u>   | <u>(22,200)</u> |
| <b>Tax on profit on ordinary activities</b>       | <u>765,936</u> | <u>545,482</u>  |



# Notes to the financial statements

For the year ended 31 December 2013

## 9. Taxation (continued)

### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2012 - higher than) the standard rate of corporation tax in the UK of 23 25% (2012 - 24 5%) The differences are explained below

|   | 2013<br>£             | 2012<br>£             |
|---|-----------------------|-----------------------|
| Profit on ordinary activities before tax  | <u>3,197,949</u>      | <u>2,115,234</u>      |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23 25% (2012 - 24 5%) | 743,523               | 518,232               |
| <b>Effects of.</b>  |                       |                       |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment                       | 19,735                | 21,093                |
| Depreciation in excess of capital allowances  | 6,520                 | 12,813                |
| Adjustments to tax charge in respect of prior periods   | 224                   | -                     |
| Short term timing difference leading to an increase (decrease) in taxation                                      | (9,316)               | 15,544                |
| Group relief claimed  | (22,698)              | (33,185)              |
| Payment for group relief  | 22,698                | 33,185                |
| <b>Current tax charge for the year (see note above)</b>   | <u><u>760,686</u></u> | <u><u>567,682</u></u> |

# Notes to the financial statements

For the year ended 31 December 2013

## 10. Tangible fixed assets

|                       | Office<br>Equipment<br>Fixtures and<br>fittings<br>£ |
|-----------------------|--|
| <b>Cost</b>           |  |
| At 1 January 2013     | 2,902,892  |
| Additions             | 32,341   |
| At 31 December 2013   | <u>2,935,233</u>                                     |
| <b>Depreciation</b>   |  |
| At 1 January 2013     | 1,839,709  |
| Charge for the year   | 212,265  |
| At 31 December 2013   | <u>2,051,974</u>                                     |
| <b>Net book value</b> |  |
| At 31 December 2013   | <u>883,259</u>                                       |
| At 31 December 2012   | <u>1,063,183</u>                                     |

## 11. Fixed asset investments

|  | Trade<br>investments<br>£ |
|--|---------------------------|
| <b>Cost and net book value</b>         |                           |
| At 1 January 2013 and 31 December 2013 | <u>2,550</u>              |
| <b>Net book value</b>                  |                           |
| At 31 December 2013                    | <u>2,550</u>              |
| At 31 December 2012                    | <u>2,550</u>              |

## 12. Stocks

|                                     | 2013<br>£        | 2012<br>£        |
|-------------------------------------|------------------|------------------|
| Finished goods and goods for resale | <u>4,604,250</u> | <u>4,431,893</u> |

# Notes to the financial statements

For the year ended 31 December 2013

## 13. Debtors

|                                     | 2013<br>£         | 2012<br>£        |
|-------------------------------------|-------------------|------------------|
| <b>Due after more than one year</b> |                   |                  |
| Amounts owed by group undertakings  | 5,316,749         | 4,345,520        |
| <b>Due within one year</b>          |                   |                  |
| Trade debtors                       | 5,684,604         | 5,018,448        |
| Prepayments and accrued income      | 440,542           | 459,169          |
|                                     | <u>11,441,895</u> | <u>9,823,137</u> |

## 14. Creditors: Amounts falling due within one year

|                                    | 2013<br>£        | 2012<br>£        |
|------------------------------------|------------------|------------------|
| Trade creditors                    | 2,499,307        | 3,220,095        |
| Corporation tax                    | 484,764          | 342,520          |
| Other taxation and social security | 1,008,216        | 899,259          |
| Accruals and deferred income       | 1,169,348        | 883,220          |
|                                    | <u>5,161,635</u> | <u>5,345,094</u> |

## 15. Deferred taxation

|   | 2013<br>£     | 2012<br>£     |
|---|---------------|---------------|
| At beginning of year                    | 45,112        | 67,312        |
| Charge for/(released during) year (P&L) | 5,250         | (22,200)      |
|   | <u>50,362</u> | <u>45,112</u> |

The provision for deferred taxation is made up as follows

|                                | 2013<br>£     | 2012<br>£     |
|--------------------------------|---------------|---------------|
| Accelerated capital allowances | 56,120        | 70,989        |
| Short term timing differences  | (5,758)       | (25,877)      |
|                                | <u>50,362</u> | <u>45,112</u> |

# Notes to the financial statements

For the year ended 31 December 2013

## 16. Share capital

|   | 2013<br>£        | 2012<br>£        |
|---|------------------|------------------|
| <b>Authorised</b>                         |                  |                  |
| 1,840,000 Ordinary shares of £1 each      | 1,840,000        | 1,840,000        |
| 50,000 'A' ordinary shares £1 each        | 50,000           | 50,000           |
| 50,000 'B' ordinary shares £1 each        | 50,000           | 50,000           |
| 50,000 'C' ordinary shares £1 each        | 50,000           | 50,000           |
| 10,000 'D' ordinary shares £1 each        | 10,000           | 10,000           |
|   | <u>2,000,000</u> | <u>2,000,000</u> |
| <b>Allotted, called up and fully paid</b> |                  |                  |
| 1,486,050 Ordinary shares of £1 each      | 1,486,050        | 1,486,050        |
| 50,000 'A' ordinary shares £1 each        | 50,000           | 50,000           |
| 50,000 'B' ordinary shares £1 each        | 50,000           | 50,000           |
| 50,000 'C' ordinary shares £1 each        | 50,000           | 50,000           |
| 10,000 'D' ordinary shares £1 each        | 10,000           | 10,000           |
|   | <u>1,646,050</u> | <u>1,646,050</u> |
| <b>Share rights</b>                       |                  |                  |
| All shares carry equal rights             |                  |                  |

## 17. Reserves

|                               | Share<br>premium<br>account<br>£ | Profit and<br>loss account<br>£ |
|-------------------------------|----------------------------------|---------------------------------|
| At 1 January 2013             | 3,250                            | 9,419,555                       |
| Profit for the financial year |                                  | 2,432,013                       |
|                               | <u>3,250</u>                     | <u>11,851,568</u>               |
| At 31 December 2013           |                                  |                                 |

## 18. Reconciliation of movement in shareholders' funds

|                               | 2013<br>£         | 2012<br>£         |
|-------------------------------|-------------------|-------------------|
| Opening shareholders' funds   | 11,068,855        | 9,499,103         |
| Profit for the financial year | 2,432,013         | 1,569,752         |
|                               | <u>13,500,868</u> | <u>11,068,855</u> |
| Closing shareholders' funds   |                   |                   |

# Notes to the financial statements

For the year ended 31 December 2013

## 19. Contingent liabilities

There were no contingent liabilities at 31 December 2013 or 31 December 2012

## 20. Capital commitments

The company had no capital commitments at 31 December 2013 or 31 December 2012

## 21. Pension commitments

### Defined Contribution Pension Scheme

The company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company. Contributions totalling £22,733 (2012 - £14,611) were payable to the fund at the balance sheet date and are included in creditors.

## 22. Operating lease commitments

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows

|                         | Land and buildings |         |         | Other   |
|-------------------------|--------------------|---------|---------|---------|
|                         | 2013               | 2012    | 2013    | 2012    |
|                         | £                  | £       | £       | £       |
| Expiry date:            |                    |         |         |         |
| Within 1 year           | 122,784            | -       | 62,300  | 20,547  |
| Between 2 and 5 years   | 572,658            | 254,452 | 124,202 | 150,382 |
| After more than 5 years | 55,000             | 491,258 | -       | -       |

## 23. Related party transactions

The company has taken advantage of the available exemption in Financial Reporting Standard No 8 "Related Party Disclosures" to omit the disclosure of transactions with other members of the group headed by Heating Plumbing Supplies Group Limited as the consolidated financial statements of Heating Plumbing Supplies Group Limited are publicly available.

## 24. Ultimate parent undertaking and controlling party

Heating Plumbing Supplies Limited is a wholly owned subsidiary of Heating Plumbing Supplies Group Limited.