

Register

R DURTNELL & SONS (HOLDINGS) LIMITED

Reports and Accounts

For the year ended 31 December 2009

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Company Registration Number : 4375916

R DURTNELL & SONS (HOLDINGS) LIMITED
Reports and Accounts for the year ended 31 December 2009

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R DURTNELL & SONS (HOLDINGS) LIMITED

Directors, officers and advisors

Director

J A Durnell

Secretary and registered office

S E Routh
Rectory Lane
Brasted
Westerham
Kent
TN16 1JR

Registered number

4375916

Auditors

Day, Smith & Hunter
Globe House
Eclipse Park
Sittingbourne Road
Maidstone
Kent
ME14 3EN

R DURTNELL & SONS (HOLDINGS) LIMITED
Director's report for the year ended 31 December 2009

The director submits his report and accounts for the year ended 31 December 2009

Principal activity

The principal activity of the group during the period under review was that of building contractors

Business review

The function of the business review is to provide a balanced review of the group's performance and development during the year and its position at the year end. The review also covers the principal risks and uncertainties faced by the group.

Development and performance of the group

There have not been any significant changes in the group's principal activity in the year under review, and at the date of this report, the director is not aware of any likely changes in the group's activities in the next year.

During the year under review, the group's turnover was £49,820,216 compared to £65,471,166, for the previous year. Turnover during 2008 is considered to have been exceptional and this was carried through to the first half of 2009 as a number of major contracts were completed. Nevertheless, despite the economic downturn the level of turnover achieved in 2009 is higher than the average achieved over the previous 5 years.

In contrast to the decrease in turnover, as indicated below, the group, through its trading subsidiary, R Durnell & Sons Limited, was able to increase the overall gross profit margin achieved, in part by careful management of direct costs.

The balance sheet on page 8 of the financial statements shows an increase in net assets compared with the prior year. Our liquidity remained satisfactory throughout the year under review and this has continued in 2010.

Principal risks and uncertainties

During the year the group, through its trading subsidiary, R Durnell & Sons Limited, maintained a strong position in the building contracting market. Accurate figures as to total market and market share are difficult to calculate but key competitors were known.

Competitive pressures were a continuing risk to the group. The group managed this risk by providing added value services to its customers and ensuring a high quality product. The trading subsidiary's continued accreditation as Quality Assured Builders continues to give benefits to both its clients and the group through enhanced efficiency and reductions in waste, thereby strengthening its reputation in a highly competitive market. Nevertheless, we continue to be aware of the need to adapt to current economic trends and changes, both within and outside the industry.

Key performance indicators

The KPIs used to determine the progress and performance of the group are set out below.

Gross profit margin

The group's gross profit margin increased in the year under review to 13.8% compared to 10.8% in 2008. This increase reflects the quality of work undertaken during the year as well as the control of costs and was achieved despite competitive pressures in the group's market place caused mainly by the current economic difficulties.

Turnover

As indicated above turnover has decreased during the year by 23.9% to £49,820,216. This figure includes work on the prestigious Turner Contemporary Gallery in Margate, Kent.

R DURTNELL & SONS (HOLDINGS) LIMITED

Director's report for the year ended 31 December 2009 (continued)

Contracts won

A number of significant new contracts were successfully tendered for during the year. It is anticipated that the turnover for the current financial year ending 31 December 2010 will be approximately £50 million.

Employees

Details of the number of employees and related costs can be found in note 4 to the financial statements on page 13.

Financial instruments etc

Due to the nature of the financial instruments used by the group there is no exposure to price risk. The group's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances the liquidity risk is managed by transferring funds between the accounts of the group to obtain the maximum rate of interest, whilst not impacting on the immediate financial needs of the group.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to clients and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Results and dividends

The results for the year are shown in the profit and loss account on page 6. The group's profit for the year after exceptional items and taxation was £429,697.

An interim dividend of £175,079 being £8.75 pence per share was paid on 26 June 2009. The director does not recommend the payment of a final dividend.

Director

The director during the year ended 31 December 2009 was Mr J A Durnnell.

Director's responsibilities

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then 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 and group will continue in business,
- comply with applicable accounting standards subject to any material departures disclosed and explained in the financial statements.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and to enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

R DURTNELL & SONS (HOLDINGS) LIMITED

Director's report for the year ended 31 December 2009 (continued)

Fixed assets

The movements in tangible fixed assets are shown in note 11 to the accounts. There has been no revaluation of property during the year as the market value of the property is not materially different to that shown within the financial statements.

Disclosure of information to auditors

The director confirms that so far as he is aware, there is no relevant audit information of which the group's auditors are unaware. He has taken all the steps that he ought to have taken as director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Signed on behalf of the board


J A DURTNELL
Chairman

Approved by the Board on 1/7/2010

R DURTNELL & SONS (HOLDINGS) LIMITED

Independent auditors' report to the shareholders of R Durnnell & Sons (Holdings) Limited

We have audited the financial statements of R Durnnell & Sons (Holdings) Limited for the year ended 31 December 2009, which are set out on pages 6 to 23. 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 director and auditors

As explained more fully in the director's responsibilities statement set out on page 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2009 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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 parent company's financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Philip Wilson FCA (Senior Statutory Auditor)
for and on behalf of Day, Smith & Hunter, Statutory Auditors
Registered Auditors and Chartered Accountants

11/7/2010

Globe House, Eclipse Park
Sittingbourne Road
Maidstone
Kent ME14 3EN

R DURTNELL & SONS (HOLDINGS) LIMITED
Consolidated profit and loss account for the year ended 31 December 2009

	<u>Notes</u>	<u>2009</u> £	<u>2008</u> £
Turnover		49,820,216	65,471,166
Cost of sales		<u>42,944,363</u>	<u>58,400,247</u>
Gross profit		6,875,853	7,070,919
Administrative expenses		6,289,607	6,362,233
Other operating income		<u>23,940</u>	<u>13,251</u>
		6,265,667	6,348,982
Operating profit	3	610,186	721,937
Rent receivable		24,000	21,850
Other interest receivable and similar income		38,913	209,129
Interest payable and similar charges	7	<u>(13,382)</u>	<u>(35,432)</u>
Profit before exceptional items and taxation		659,717	917,484
Loss on sale of land and buildings		-	(171,377)
Other exceptional items	8	<u>(43,087)</u>	<u>(929,000)</u>
Profit/(loss) on ordinary activities before taxation		616,630	(182,893)
Taxation on profit/(loss) on ordinary activities	9	<u>186,933</u>	<u>154,678</u>
Profit/(loss) for the financial year	20	<u>429,697</u>	<u>(337,571)</u>

None of the group's activities were acquired or discontinued during the above two years

There were no recognised gains or losses other than those included in the profit and loss account

The notes on pages 11 to 23 form part of these accounts

R DURTNELL & SONS (HOLDINGS) LIMITED

Consolidated note of historical cost profits and losses for the year ended 31 December 2009

	<u>2009</u>	<u>2008</u>
	<u>£</u>	<u>£</u>
Reported profit/(loss) on ordinary activities before taxation	616,630	(182,893)
Realisation of property revaluations in previous year	-	95,128
Historical cost profit/(loss) on ordinary activities before taxation	616,630	(87,765)
Historical cost profit/(loss) for the year retained after taxation and dividends	254,618	(417,522)

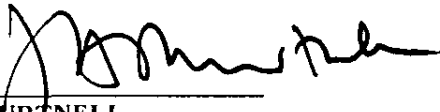
The notes on pages 11 to 23 form part of these accounts

R DURTNELL & SONS (HOLDINGS) LIMITED

Consolidated balance sheet at 31 December 2009

	Notes	2009 £	2008 £
Fixed assets			
Tangible fixed assets	11	3,105,378	3,194,879
Current assets			
Stocks	13	110,210	96,248
Debtors	14	7,121,235	9,609,635
Cash at bank and in hand		5,256,350	3,310,422
		<u>12,487,795</u>	<u>13,016,305</u>
Creditors Amounts falling due within one year	15	<u>(13,560,523)</u>	<u>(14,368,987)</u>
Net current liabilities		<u>(1,072,728)</u>	<u>(1,352,682)</u>
Total assets less current liabilities		2,032,650	1,842,197
Creditors amounts falling due after more than one year	16	<u>(294,196)</u>	<u>(358,361)</u>
Net assets		<u><u>1,738,454</u></u>	<u><u>1,483,836</u></u>
Capital and reserves			
Called up share capital	18	20,009	20,009
Capital reserve	19	329,991	329,991
Revaluation reserve	19	83,506	83,506
Profit and loss account	20	<u>1,304,948</u>	<u>1,050,330</u>
Shareholders' funds	21	<u><u>1,738,454</u></u>	<u><u>1,483,836</u></u>

Approved by the board of directors on 1/7/2010 and signed on its behalf


 J A DURNELL
 Director

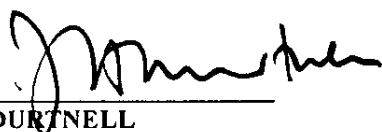
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The notes on pages 11 to 23 form part of these accounts

R DURTNELL & SONS (HOLDINGS) LIMITED**Company balance sheet at 31 December 2009**

	<u>Notes</u>	<u>2009</u>	<u>2008</u>
		<u>£</u>	<u>£</u>
Fixed assets			
Investments	12	20,009	20,009
Current assets			
Debtors	14	199,865	274,899
Net assets		<u>219,874</u>	<u>294,908</u>
Capital and reserves			
Called up share capital	18	20,009	20,009
Profit and loss account	20	199,865	274,899
Shareholders' funds	21	<u>219,874</u>	<u>294,908</u>

Approved by the board of directors on 11/7/2010 and signed on its behalf



J A DURTNELL
Director

Company Registration Number 4375916

The notes on pages 11 to 23 form part of these accounts

R DURTNELL & SONS (HOLDINGS) LIMITED

Consolidated cash flow statement for the year ended 31 December 2009

	<u>Notes</u>	<u>2009</u>	<u>2008</u>
		<u>£</u>	<u>£</u>
Net cash inflow from operating activities	22	2,373,025	28,807
Returns on investments and servicing of finance			
Interest received and other investment income		37,616	209,129
Rent receivable		24,000	21,850
Interest paid		(8,211)	(21,569)
Interest element of hire purchase and finance lease rental payments		<u>(4,554)</u>	<u>(13,863)</u>
Net cash inflow from returns on investments and servicing of finance		48,851	195,547
Taxation		(149,854)	(98,795)
Equity dividends paid		(175,079)	(175,079)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(97,689)	(375,224)
Receipts from sales of tangible fixed assets		<u>35,565</u>	<u>463,774</u>
Net cash (outflow)/inflow from capital expenditure and financial investment		<u>(62,124)</u>	88,550
Net cash inflow before financing		2,034,819	39,030
Financing			
Capital element of hire purchase and finance lease rentals		(76,813)	(110,616)
Repayments of secured bank loans		<u>(61,342)</u>	<u>(42,623)</u>
Net cash (outflow) from financing		<u>(138,155)</u>	(153,239)
Increase/(decrease) in cash	23/24	<u><u>1,896,664</u></u>	<u><u>(114,209)</u></u>

The notes on pages 11 to 23 form part of these accounts

R DURNTELL & SONS (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 December 2009

1 Accounting policies

a) Basis of accounting

The financial statements are prepared on the historical cost basis of accounting, modified to include the revaluation of freehold and long leasehold land and buildings, and have been prepared in accordance with applicable accounting standards, and incorporate the results of the activity described in the director's report which is continuing

b) Basis of consolidation

The group financial statements of the company and its subsidiary undertaking made up to 31 December 2009 have been prepared in accordance with the principles of merger accounting

c) Holding company profit and loss account

A separate profit and loss account for R Durntell & Sons (Holdings) Limited is not included in the accounts. The information required under section 408 Companies Act 2006 being given in note 2 to the accounts

d) Turnover

Turnover, which is stated net of value added tax, represents the value of work done in the year. The turnover is attributable to the one principal activity of the group and no exports were made during the year

e) Operating leases

The rentals payable under operating leases are charged on a straight line basis over the lease term

f) Hire purchase and finance leases

Assets acquired under hire purchase agreements and finance leases are capitalised in the balance sheet and are depreciated in accordance with the group's normal policy. The outstanding liabilities under such agreements less interest not yet due are included in creditors. Interest on such agreements is charged to the profit and loss account over the term of each agreement and represents a constant proportion of the balance of capital repayments outstanding

g) Depreciation and tangible fixed assets

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the full cost or valuation less estimated residual value of each asset over its estimated useful life. The principal rates in use are

Tenants' improvements	4% and 10%	on cost
Motor vehicles	20%	on cost
Plant, machinery and fixtures	12.5% to 25%	on cost

In the opinion of the director, and upon the receipt of professional advice, the residual values of freehold properties and long leasehold properties at 31 December 2009 were not less than their carrying values at that date. This is, in part, a reflection of the group's policy on property repairs and consequently there is no reason to expect the residual values to fall in the foreseeable future. Accordingly no depreciation has been charged on these properties for the year ended 31 December 2009

The group's freehold and long leasehold properties are valued annually on an open market value basis

h) Stocks

Stocks, including property held for development, are valued at the lower of cost and net realisable value

R DURTNELL & SONS (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 December 2009 (continued)

1 Accounting policies (continued)

i) Long term contracts

Long term contracts are valued on the basis of the work completed at the balance sheet date, and in accordance with the contract terms. The increase in value achieved in the year is reflected in turnover. Attributable profit is ascertained by comparing contract values with costs, after making due allowance for foreseeable losses.

Balances due on contracts relating to work carried out and reflected in turnover are included in debtors in accordance with Statement of Standard Accounting Practice 9.

j) Pension costs

Contributions payable to the group defined benefit pension scheme are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the scheme. The pension charge is calculated on the basis of actuarial advice. Contributions payable to the group defined contribution pension schemes are charged to the profit and loss account in the period to which they relate.

k) Deferred taxation

Deferred tax is provided in respect of the tax effect of all timing differences that have originated but not reversed at the balance sheet date.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, 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 is measured on a non-discounted basis, at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2 Profit for the financial year

The accounts of the parent company show a profit after taxation of £100,045 (2008: £100,045) representing the dividends received from its subsidiary, R Durnell & Sons Limited.

3 Operating profit

This is stated after charging/(crediting) the following -

	<u>2009</u>	<u>2008</u>
	<u>£</u>	<u>£</u>
Depreciation of owned assets	188,710	200,084
Depreciation of assets held under finance leases and hire purchase	61,982	66,917
Profit on disposal of tangible fixed assets	(13,385)	(5,029)
Auditors' remuneration – audit fee	34,300	33,500
Auditors' remuneration – fees for non audit services	20,765	8,347

R DURTNELL & SONS (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 December 2009 (continued)

4 Employee information

	2009	2008
	£	£
Staff costs:		
Wages and salaries	6,686,641	6,455,128
Social security costs	665,164	701,455
Other pension costs	491,067	343,804
	<u>7,842,872</u>	<u>7,500,387</u>

The average number of employees during the year was as follows -

	2009	2008
	Number	Number
Operatives, including apprentices and trainees	50	50
Site agents	36	40
Office and management	64	65
	<u>150</u>	<u>155</u>

5 Director's emoluments

	2009	2008
	£	£
Emoluments (excluding contributions to defined benefit schemes)	<u>203,880</u>	<u>209,057</u>

The director, in addition to accruing benefits under defined contribution schemes, had accrued the following amounts under the group defined benefit scheme -

	2009	2008
	£	£
Accrued pension entitlement (per annum)	87,566	81,837
Accrued lump sum	<u>197,024</u>	<u>184,133</u>

6 Pension schemes

a) Final salary scheme

Throughout the year the group and other companies under common control operated a funded pension scheme providing benefits based on final pensionable pay. The assets of the Durtnell Limited and Associated Companies Retirement Benefit Scheme are held separately from those of the companies. Contributions to the scheme have been charged to the profit and loss account so as to spread the cost of pensions over employees' working lives. The contributions were determined by a qualified actuary on the basis of triennial valuations using the attained age method.

The total pension contributions payable to the scheme for the year were £42,600 (2008 £50,083) all of which were payable by R Durtnell & Sons Limited. Based on advice from the actuary these contributions will cover all sums due for 2009 and the two subsequent years.

R DURTNELL & SONS (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 December 2009 (continued)

6 Pension schemes (continued)

a) Final salary scheme (continued)

There are currently only 2 (2008: 2) active members of the final salary scheme, both directors of R Durnell & Sons Limited, who are also directors of Durnell Limited

The most recent full actuarial valuation for the purposes of Financial Reporting Standard (FRS) 17 was performed as at 31 December 2009 and this showed a valuation of the scheme's assets of £1,816,600. The actuarial value of these assets represented 48.6% of the benefits that had accrued to members being £3,737,500 at that date, after allowing for expected future increases in earnings. It is not possible to identify the share of assets and liabilities that apply to each individual company.

The deficit of £1,920,900 is arrived at on the basis of the actuarial assumptions used for the purposes of FRS 17 and in particular the use of surrender values to calculate the scheme's asset value. The actuarial valuation prepared on the statutory funding basis under Section 227 of the Pension Act 2004 showed a surplus of assets to past service liabilities of £167,000 as at 1 January 2008. The scheme's actuary has further confirmed that it is his expectation that the scheme would have had no significant deficit at 31 December 2009 if the on-going valuation basis were to have been used. This takes account of the guaranteed annuity rates available to the scheme should the members stay to their normal retirement dates. Using this basis of valuation produces a much higher asset value in contrast to the assumptions used for the purposes of FRS 17.

	2009	2008
	%	%
Main actuarial assumptions for the purposes of FRS17		
Rate of inflation	3.5	2.5
Rate of increase in salaries	4.0	3.0
Rate of increase on pensions in payment (single life pensions)	5.0	5.0
Rate of increase on pensions in payment (for benefits accrued after 05/04/1997, non-directors otherwise nil)	2.25	2.25
Rate used to discount liabilities @ 31/12/2008	6.4	5.7
Rate used to discount liabilities @ 31/12/2009	5.6	6.4
Long-term rate of return expected	6.0	5.0
(Fixed interest 6.5% (2008: 5.5%), property 6.5% (2008: 6.5%), cash 5.0% (2008: 3.55%))		

The pension fund is invested in an insurance company growth fund. The value of total scheme assets was allocated as follows:

	2009	2008
	£	£
Fixed interest	909,200	829,800
Property	288,700	276,600
Uninvested cash	618,700	601,000
Surrender value	1,816,600	1,707,400

FRS17 requires that gains and losses in respect of defined benefit schemes are reflected in the primary statements for accounting periods commencing on 1 January 2005. In the case of the Durnell Limited and Associated Companies Retirement Benefit Scheme, which is a "multi-employer" scheme, as it is not possible to identify the share of assets that apply to each individual company, this accounting treatment cannot be adopted. Accordingly, the following disclosures are provided in relation to the defined benefit scheme to enable an overall assessment to be made of the assets and liabilities for the scheme as a whole, the cost of providing retirement benefits and the related gains and losses.

R DURTNELL & SONS (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 December 2009 (continued)

6 Pension schemes (continued)

a) Final salary scheme (continued)

Reconciliation of the present value of scheme liabilities

	2009	2008
	£	£
Opening balance of scheme liabilities	3,031,700	5,268,500
Current service cost	92,800	106,200
Interest accrued on scheme liabilities	200,000	303,300
Change in basis	383,100	(408,700)
Value of liabilities secured by claims	-	(2,276,300)
Balancing amount	29,900	38,700
Closing balance of scheme liabilities	<u>3,737,500</u>	<u>3,031,700</u>

Reconciliation of the fair value of scheme assets

	2009	2008
	£	£
Opening balance of scheme assets	1,707,400	3,766,700
Premiums paid	42,600	50,100
Claims paid	-	(2,276,300)
Actual return on fund earned	66,600	166,900
Closing balance of scheme liabilities	<u>1,816,600</u>	<u>1,707,400</u>

Analysis of the amount that would be charged to operating profit under FRS17

	2009	2008
	£	£
Current service cost	(92,800)	(106,200)
Employee contributions	-	-
Past service cost	-	-
Total operating charge	<u>(92,800)</u>	<u>(106,200)</u>

Analysis of the amount that would be debited to other finance income under FRS17

	2009	2008
	£	£
Expected return on pension scheme assets	86,500	133,200
Interest on pension scheme liabilities	(200,000)	(303,300)
Net charge against other finance income	<u>(113,500)</u>	<u>(170,100)</u>

Analysis of the amount that would be recognised in the statement of total recognised gains and losses (STRGL) under FRS17

	2009	2008
	£	£
Actual return less expected return on pension scheme assets	(19,900)	33,700
Experience gains and losses arising on the pension scheme liabilities	(29,900)	(38,700)
Changes in assumptions underlying the present value of the scheme liabilities	<u>(383,100)</u>	<u>408,700</u>
Actuarial (loss)/gain recognised in STRGL	<u>(432,900)</u>	<u>403,700</u>

R DURTNELL & SONS (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 December 2009 (continued)

6 Pension schemes (continued)

a) Final salary scheme (continued)

Movement in deficit during the year

	2009	2008
	£	£
Deficit in scheme at beginning of the year	(1,324,300)	(1,501,800)
Movement in year		
Current service cost	(92,800)	(106,200)
Contributions received	42,600	50,100
Past service cost	-	-
Charge against other finance income	(113,500)	(170,100)
Actuarial (loss)/gain	(432,900)	403,700
Deficit in scheme at end of the year	<u>(1,920,900)</u>	<u>(1,324,300)</u>

b) Defined contribution schemes

Defined contribution schemes were also operated during the year by the group with the majority of employees being members of one or other of the schemes. Contributions to the schemes in respect of the year have been charged to the profit and loss account. Accrued contributions as at 31 December 2009 amounted to £58,183 (2008 £28,528).

7 Interest payable and similar charges

	2009	2008
	£	£
Bank loan and overdraft interest	8,828	18,994
Interest on hire purchase contracts and finance leases	4,554	13,863
Other interest	-	2,575
	<u>13,382</u>	<u>35,432</u>

8 Exceptional items

The exceptional item of £43,087 relates to a further provision in respect of the second of the asbestosis claims referred to in paragraph (i) below.

The exceptional item of £929,000 in 2008 included the following -

- i) A provision of £385,000 relating to the cost of claims from two former employees in respect of illness associated with asbestosis. Subject to agreement of the associated professional fees the cases were settled after the year end.
- ii) In March 2007 the company received notification that the Office of Fair Trading (OFT) was commencing an investigation into suspected anti-competitive behaviour contrary to the Competition Act 1998.

A Statement of Objections identifying their contentions was issued on 17 April 2008 by the OFT following its review of tender activities in the building construction sector.

The findings of the investigation were announced on 22 September 2009 and resulted in R Durnnell & Sons Limited receiving a penalty assessment amounting to £711,000. However, the OFT subsequently agreed that the sum had been erroneously computed and reduced this penalty to £544,034 and it was settled, when due, in January 2010.

R DURTNELL & SONS (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 December 2009 (continued)

9 Taxation

	2009	2008
	£	£
United Kingdom corporation tax at current rates	226,625	153,133
Deferred tax (note 17)	(39,692)	1,545
Tax on profit/(loss) on ordinary activities	<u>186,933</u>	<u>154,678</u>
Profit/(loss) on ordinary activities before taxation	<u>616,630</u>	<u>(182,893)</u>
Factors affecting the tax charge for the period.		
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 28.5%)	172,656	(52,124)
Effects of		
Expenses not deductible for tax purposes	8,829	161,865
Short term timing differences	39,692	(513)
Depreciation in excess of capital allowances	5,448	-
Capital allowances in excess of depreciation	-	(4,937)
Capital loss on property disposal carried forward	-	48,842
	<u>226,625</u>	<u>153,133</u>

10 Dividends

	2009	2008
	£	£
Proposed dividends for the previous year paid:		
Ordinary shares (equity)		
£8.75 (2008 £8.75) per share	<u>175,079</u>	<u>175,079</u>

11 Tangible fixed assets - Group

	Freehold property £	Long leasehold property £	Tenants' improvements £	Plant machinery & fixtures £	Motor vehicles £	Total £
Cost or valuation:						
At 1 January 2009	1,230,000	1,300,000	291,248	1,266,817	913,288	5,001,353
Additions	-	-	-	155,371	28,000	183,371
Disposals	-	-	-	(66,898)	(86,600)	(153,498)
At 31 December 2009	<u>1,230,000</u>	<u>1,300,000</u>	<u>291,248</u>	<u>1,355,290</u>	<u>854,688</u>	<u>5,031,226</u>
Depreciation:						
At 1 January 2009	-	-	218,488	1,071,463	516,523	1,806,474
Provision for the year	-	-	7,201	95,974	147,517	250,692
Adjustments for disposals	-	-	-	(47,656)	(83,662)	(131,318)
At 31 December 2009	<u>-</u>	<u>-</u>	<u>225,689</u>	<u>1,119,781</u>	<u>580,378</u>	<u>1,925,848</u>
Net book value						
At 31 December 2009	<u>1,230,000</u>	<u>1,300,000</u>	<u>65,559</u>	<u>235,509</u>	<u>274,310</u>	<u>3,105,378</u>
At 31 December 2008	<u>1,230,000</u>	<u>1,300,000</u>	<u>72,760</u>	<u>195,354</u>	<u>396,765</u>	<u>3,194,879</u>

The net book value of plant and machinery and motor vehicles held by the group under hire purchase and finance lease agreements at 31 December 2009 amounted to £92,317 and £60,021 respectively (2008 £37,800 and £106,998)

R DURTNELL & SONS (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 December 2009 (continued)

11 Tangible fixed assets – Group (continued)

The depreciation charged in respect of plant and machinery and motor vehicles held by the group under hire purchase and finance lease agreements at 31 December 2009 amounted to £15,005 and £46,977 respectively (2008 £12,600 and £54,317)

The comparable amounts of freehold and long leasehold property included above at valuation determined according to the historical cost accounting rules are as follows -

	2009	2008
	£	£
<u>Cost</u>		
Freehold property	1,196,494	1,196,494
Long leasehold property	1,250,000	1,250,000
	<u>1,196,494</u>	<u>1,196,494</u>
<u>Net book value</u>		
Freehold property	1,196,494	1,196,494
Long leasehold property	1,250,000	1,250,000
	<u>1,196,494</u>	<u>1,250,000</u>

The freehold title to the long leasehold property is owned by a related undertaking, Durnell Limited (see note 25(ii))

The freehold and long leasehold property were valued as at 31 December 2008 on an open market value basis, subject to existing use, by Messrs Ibbett Mosely, Chartered Surveyors. In the opinion of the director there has been no material change in values since the previous year end

12 Investments - Company

	2009	2008
	£	£
Shares in subsidiary undertaking at cost	20,009	20,009

	Country of incorporation, registration and operation	Class of shares held	Percentage of shares held	Nature of business
R Durnell & Sons Limited	England	(Ordinary (Preference	100% 100%	Building contractors

On 30 December 2002, the company acquired R Durnell & Sons Limited in exchange for 18,000 'A' shares of £1 each and 2,009 'B' shares of £1 each. The investment in R Durnell & Sons Limited has been included in the company's balance sheet at its book value at the date of acquisition, in accordance with the principles of merger accounting.

13 Stocks - Group

	2009	2008
	£	£
Raw materials and consumables	87,154	86,148
Trading stock	23,056	10,100
	<u>110,210</u>	<u>96,248</u>

R DURTNELL & SONS (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 December 2009 (continued)

14 Debtors

	2009 Group £	2009 Company £	2008 Group £	2008 Company £
Amounts falling due within one year:				
Amounts recoverable on contracts	5,664,052	-	8,144,176	-
Trade debtors	98,725	-	341,543	-
Amounts owed by subsidiary undertaking	-	199,865	-	274,899
Amounts owed by related undertakings	879,668	-	746,915	-
Other debtors	41,130	-	255,753	-
Prepayments and accrued income	374,535	-	94,536	-
Taxation recoverable	9,369	-	12,648	-
	<u>7,067,479</u>	<u>199,865</u>	<u>9,595,571</u>	<u>274,899</u>
Amounts falling due after more than one year				
Deferred tax (note 17)	53,756	-	14,064	-
	<u>7,121,235</u>	<u>199,865</u>	<u>9,609,635</u>	<u>274,899</u>

15 Creditors: Amounts falling due within one year

	2009 Group £	2009 Company £	2008 Group £	2008 Company £
Bank loans (note 16)	51,876	-	50,351	-
Bank overdraft (note 16)	49,264	-	-	-
Trade creditors	11,017,692	-	11,893,269	-
Amount owed to related undertaking	316	-	-	-
Other creditors	1,521,738	-	1,683,175	-
Corporation tax	226,625	-	153,133	-
Other taxation and social security costs	556,036	-	440,141	-
Hire purchase and finance leases (note 16)	69,811	-	65,694	-
Accruals and deferred income	67,165	-	83,224	-
	<u>13,560,523</u>	<u>-</u>	<u>14,368,987</u>	<u>-</u>

R DURTNELL & SONS (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 December 2009 (continued)

16 Creditors Amounts falling due after more than one year

	2009 Group £	2009 Company £	2008 Group £	2008 Company £
Amounts falling due within one to two years				
Bank loans	61,021	-	58,330	-
Hire purchase and finance leases	41,465	-	36,713	-
Other creditors	66,492	-	72,542	-
Amounts falling due within two to five years				
Bank loans	125,218	-	190,776	-
	<u>294,196</u>	<u>-</u>	<u>358,361</u>	<u>-</u>

The current portion of these liabilities is included in creditors falling due within one year. The bank overdraft and the bank loans, which are repayable by monthly instalments, are secured by a legal mortgage over the subsidiary company's freehold properties and long leasehold properties, and attract interest at 1.5% per annum above base rate.

The hire purchase and finance lease creditors are secured upon the assets held under the contracts.

17 Deferred taxation - group

The deferred tax asset provided in the accounts and the further potential asset are as follows -

	Provided		Further potential	
	2009 £	2008 £	2009 £	2008 £
Timing difference on capital allowances	-	-	(39,598)	(37,701)
Short term timing differences	(53,756)	(14,064)	-	-
	<u>(53,756)</u>	<u>(14,064)</u>	<u>(39,598)</u>	<u>(37,701)</u>
		<u>2009</u>		<u>2008</u>
		£		£
Deferred taxation movements				
Balance at 1 January 2009		(14,064)		(15,609)
Transfer (to)/from profit and loss account (note 9)		(39,692)		1,545
Balance at 31 December 2009		<u>(53,756)</u>		<u>(14,064)</u>

No provision is made for the deferred tax asset in respect of the timing difference on capital allowances as this timing difference is not expected to reverse within the foreseeable future.

R DURTNELL & SONS (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 December 2009 (continued)

18 Share capital

	2009 and 2008 Allotted, issued and fully paid £
'A' Ordinary shares of £1 each	18,000
'B' Ordinary shares of £1 each	2,009
	<u>20,009</u>

The 'A' and 'B' Ordinary shares rank equally for dividends and return of capital on a winding up

Under the Articles of Association of the company the 'A' ordinary shares shall not entitle the holders to receive notice of or to attend or vote at any general meeting of the company unless the business of the meeting includes the consideration of a resolution -

- (a) For winding up,
- (b) For reducing its capital,
- (c) To consider the sale of the business of the company, or

any other resolution affecting the rights attaching to the 'A' ordinary shares

19 Other reserves - Group

	Capital reserve £	Revaluation reserve £
At 1 January 2009 and 31 December 2009	<u>329,991</u>	<u>83,506</u>

The capital reserve arises upon consolidation using merger accounting principles and represents the excess of the nominal value of shares acquired over the nominal value of shares issued

20 Profit and loss account

	2009 Group £	2009 Company £	2008 Group £	2008 Company £
Brought forward	1,050,330	274,899	1,467,852	349,933
Profit/(loss) for the year	429,697	100,045	(337,571)	100,045
Dividends paid (note 10)	(175,079)	(175,079)	(175,079)	(175,079)
Transfer from revaluation reserve	-	-	95,128	-
Retained profits carried forward	<u>1,304,948</u>	<u>199,865</u>	<u>1,050,330</u>	<u>274,899</u>

21 Reconciliation of movements in shareholders' funds

	2009 Group £	2009 Company £	2008 Group £	2008 Company £
Profit/(loss) for the financial year	429,697	100,045	(337,571)	100,045
Dividends	(175,079)	(175,079)	(175,079)	(175,079)
Increase/(decrease) in shareholders' funds	254,618	(75,034)	(512,650)	(75,034)
Shareholders' funds at 1 January 2009	1,483,836	294,908	1,996,486	369,942
Shareholders' funds at 31 December 2009	<u>1,738,454</u>	<u>219,874</u>	<u>1,483,836</u>	<u>294,908</u>

R DURTNELL & SONS (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 December 2009 (continued)

22 Reconciliation of operating profit to net cash inflow from operating activities

	2009	2008
	£	£
Operating profit	610,186	721,937
Exceptional items paid	(209,892)	(47,000)
Depreciation	250,692	267,001
(Profit) on disposal	(13,385)	(5,029)
(Increase) in stocks	(13,962)	(3,970)
Decrease/(increase) in debtors	2,526,110	(2,364,050)
(Decrease)/increase in creditors due in less than one year	(770,674)	1,441,498
(Decrease)/increase in other creditors due after more than one year	(6,050)	18,420
Net cash inflow from operating activities	2,373,025	28,807

23 Analysis of net funds

	At 1.1.2009	Cash flows	Other changes	At 31 12 2009
	£	£	£	£
Cash at bank and in hand	3,310,422	1,945,928	-	5,256,350
Bank overdraft	-	(49,264)	-	(49,264)
		1,896,664		
Debt due within 1 year	(50,351)	61,342	(62,867)	(51,876)
Debt due after 1 year	(249,106)	-	62,867	(186,239)
Hire purchase and finance leases	(102,407)	76,813	(85,682)	(111,276)
	<u>2,908,558</u>	<u>2,034,819</u>	<u>(85,682)</u>	<u>4,857,695</u>

24 Reconciliation of net cash flow to movement in net funds

	2009	2008
	£	£
Increase/(decrease) in cash in the year	1,896,664	(114,209)
New hire purchase and finance leases	(85,682)	-
Cash flow from decrease in debt and lease financing	138,155	153,239
Movement in net funds in the year	1,949,137	39,030
Net funds at 1 January 2009	2,908,558	2,869,528
Net funds at 31 December 2009	<u>4,857,695</u>	<u>2,908,558</u>

R DURTNELL & SONS (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 December 2009 (continued)

25 Related party transactions

- i) During the year the director and five directors of the subsidiary company had personal trade accounts, which relate principally to building work carried out by the subsidiary company on their behalf. Various sums were invoiced during the course of the year and, in summary, the balances owed to that company were as follows -

The relevant balances and maximum amounts outstanding were as follows -

	31.12 2009	1 1 2009	Maximum
	£	£	£
P B Brook	-	-	292
A W Durnell	20,110	15,637	20,638
J A Durnell	11,261	12,707	30,085
J J Chandler	-	3,847	14,910
R H Neal	1,448	50	6,250
E R Valente	1,599	1,551	3,128

In addition to the above personal trade account balances, at 31 December 2008 Mr A W Durnell and Mr J A Durnell owed the subsidiary company £49 and £3,230 respectively. At the year end a member of Mr J A Durnell's immediate family owed the subsidiary company £722 (2008 £881) and a member of Mr J J Chandler's immediate family owed the subsidiary company £9,269 (2008 £9,269).

- ii) At 31 December 2009 Durnell Limited, a company under common control, owed £879,668 to R Durnell & Sons Limited (2008 £733,692). Interest charged on the inter-company account amounted to £4,747 (2008 £4,054).

During the year ended 31 December 2009 the subsidiary company was reimbursed by Durnell Limited with that company's share of salary costs totalling £86,549 (2008 £84,319).

The subsidiary company also received £163,098 during the year ended 31 December 2008 from the same company in respect of building development work carried out at one of its investment property sites.

The subsidiary company paid £59,400 (2008 £59,400) to Durnell Limited in respect of rent.

- iii) At 31 December 2009 The Darenth River Ballast Company Limited, a company controlled by the shareholders of the company, owed £316 to R Durnell & Sons Limited (2008 Debtor of £13,223).

During the year the subsidiary company was invoiced £2,400 by The Darenth River Ballast Company Limited in respect of marketing functions.

- iv) During the year dividends were paid as follows -

	2009	2008
	£	£
J A Durnell	24,815	24,815
Family Trusts for which J A Durnell is a Trustee	37,949	37,949
	62,764	62,764

26 Contingent liabilities

The subsidiary company has received a further claim arising from illness associated with asbestosis. The claim is from a subcontractor and is currently being investigated. It is, however, believed that if there is any basis to it, it will be covered by insurance.