

Registrar

**R DURTNELL & SONS (HOLDINGS) LIMITED**

**Reports and Accounts**

**For the year ended 31 December 2013**



**Company Registration Number : 04375916**

**R DURTNELL & SONS (HOLDINGS) LIMITED**  
**Reports and Accounts for the year ended 31 December 2013**

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<b>Contents</b>	<b>Pages</b>
Director, officers and advisors	1
Strategic report	2
Director's report	3 - 4
Independent Auditors' report	5
Consolidated profit and loss account	6
Consolidated balance sheet	7
Company balance sheet	8
Consolidated cash flow statement	9
Notes to the financial statements	10 - 26

**R DURTNELL & SONS (HOLDINGS) LIMITED**

**Director, officers and advisors**

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**Director**

J A Durtnell

**Secretary and registered office**

S E Routh  
Rectory Lane  
Brasted  
Westerham  
Kent  
TN16 1JR

**Registered number**

04375916

**Auditors**

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

**R DURTNELL & SONS (HOLDINGS) LIMITED**  
**Strategic report for the year ended 31 December 2013**

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The director presents his strategic report and the financial statements of the group for the year ended 31 December 2013.

**Review and analysis of the business during the current year**

The principal activity of the group is building contracting.

*Development and performance of the company*

As noted in last year's director's report, on 1 January 2013 the decision was made to dispose of the company's ordinary shares in Cheesman Joinery Limited to Durtnell (Holdings) Limited, a related undertaking. Apart from this there have not been any significant changes in the group's operations in the year under review and, at the date of this report.

During the year the group's turnover was £33,949,504 compared to £41,497,121 for the previous year, of which £39,975,628 related to continuing operations. While operating profit on continuing operations has decreased, the pre-tax profit for the year increased to £233,201. This improvement reflects the profit on the disposal of the company's interest in Cheesman Joinery Limited.

*Principal risks and uncertainties*

During the year the group 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. Our continued accreditation as Quality Assured Builders continues to give benefits to both our clients and ourselves through enhanced efficiency and reductions in waste, thereby strengthening our 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 on continuing operations increased in the year under review to 13.1% compared to 12.8% in 2012. This marginal increase reflects a degree of success during the final accounting of contracts closed during the year as well as the careful management of direct costs.

*Turnover*

Turnover on continuing operations has decreased during the year by 15.9% to £33,949,504 reflecting reduced contract activity.

*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 2014 will be around £40 million.

*Financial position at the year end*

The balance sheet on page 7 of the financial statements shows an increase in consolidated net assets compared with the previous year. Our liquidity remained satisfactory throughout the year under review and this has continued in 2014.

Signed on behalf of the board

  
J A DURTNELL - Director

Approved by the board on 23/9/2014.....

**R DURTNELL & SONS (HOLDINGS) LIMITED**  
**Director's report for the year ended 31 December 2013**

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The director submits his report and accounts for the year ended 31 December 2013.

**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 taxation was £197,122, which includes a profit on disposal of the investment in Cheesman Joinery Limited (see note 26).

No dividends were paid during the year and the director does not recommend the payment of a final dividend.

**Director**

The director during the year ended 31 December 2013 was Mr J A Durtnell.

**Director's responsibilities statement**

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.

**Fixed assets**

The movements in fixed assets are shown in notes 11, 12 and 13 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.

**Political and charitable contributions**

Various charitable contributions were made during the year totalling £15,160.

**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.

**R DURTNELL & SONS (HOLDINGS) LIMITED**  
**Director's report for the year ended 31 December 2013 (continued)**

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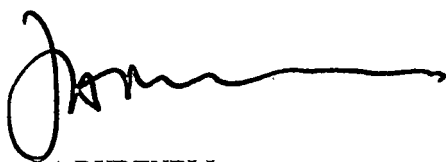
**Future developments**

Together with the directors of the trading subsidiary, the director is currently considering possible development projects as a way of increasing turnover and improving profitability.

**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**  
Director

Approved by the Board on 23/9/2014.....

## **R DURTNELL & SONS (HOLDINGS) LIMITED**

### **Independent auditors' report to the members of R Durtnell & Sons (Holdings) Limited**

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We have audited the financial statements of R Durtnell & Sons (Holdings) Limited for the year ended 31 December 2013, which are set out on pages 6 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

#### **Respective responsibilities of the 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 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 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. In addition, we read all the financial and non-financial information in the strategic report and the director's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the 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 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 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  
Chartered Accountants and Statutory Auditors

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

Date: 23/9/2014

**R DURTNELL & SONS (HOLDINGS) LIMITED**

**Consolidated profit and loss account for the year ended 31 December 2013**

	<u>Notes</u>	<u>2013</u> £	<u>2012</u> £
<b>Turnover</b>			
Continuing operations		33,949,504	39,975,628
Discontinued operations		-	1,521,493
<b>Group turnover</b>		<u>33,949,504</u>	<u>41,497,121</u>
Cost of sales	3(b)	<u>29,504,712</u>	<u>35,976,254</u>
<b>Gross profit</b>		<u>4,444,792</u>	<u>5,520,867</u>
Administrative expenses	3(b)	(4,467,307)	(5,405,864)
Other operating income	3(b)	<u>23,814</u>	<u>4,810</u>
		<u>(4,443,493)</u>	<u>(5,401,054)</u>
<b>Operating profit</b>	3(a)		
Continuing operation		1,299	210,916
Discontinued operations		-	(91,103)
		<u>1,299</u>	<u>119,813</u>
Other interest receivable and similar income		24,019	25,301
Interest payable and similar charges	7	<u>(2,050)</u>	<u>(15)</u>
<b>Profit before exceptional item and taxation</b>		<u>23,268</u>	<u>145,099</u>
<b>Exceptional item</b>			
Profit on disposal of subsidiary	8,26	<u>209,933</u>	-
<b>Profit on ordinary activities before taxation</b>		<u>233,201</u>	<u>145,099</u>
Taxation on profit on ordinary activities	9	<u>(36,079)</u>	<u>(39,920)</u>
<b>Profit on ordinary activities after taxation</b>		<u>197,122</u>	<u>105,179</u>
Minority interest		-	9,226
<b>Profit for the financial year</b>	21	<u><u>£197,122</u></u>	<u><u>£114,405</u></u>

On 1 January 2013 the ownership of Cheesman Joinery Limited was transferred to Durtnell (Holdings) Limited, a related company. Accordingly, the results of Cheesman Joinery Limited for the year ended 31 December 2012 are disclosed as a discontinued operation. Otherwise, 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 101 to 26 form part of these accounts.



# R DURTNELL & SONS (HOLDINGS) LIMITED

## Consolidated balance sheet at 31 December 2013

	Notes	2013 £	Restated 2012 £
<b>Fixed assets</b>			
Intangible fixed assets	11	-	29,659
Tangible fixed assets	12	2,425,540	2,476,960
		2,425,540	2,506,619
<b>Current assets</b>			
Stocks	14	40,675	376,490
Debtors	15	6,177,881	6,019,405
Cash at bank and in hand		2,943,874	4,073,137
		9,162,430	10,469,032
<b>Creditors: Amounts falling due within one year</b>	16	9,706,664	11,052,566
<b>Net current liabilities</b>		(544,234)	(583,534)
<b>Total assets less current liabilities</b>		1,881,306	1,923,085
<b>Creditors: amounts falling due after more than one year</b>	17	(57,349)	(47,872)
<b>Net assets before minority interests</b>		1,823,957	1,875,213
Minority interests	27	-	(248,378)
		1,823,957	1,626,835
<b>Capital and reserves</b>			
Called up share capital	19	20,009	20,009
Capital reserve	20	329,991	329,991
Revaluation reserve	20	33,506	33,506
Profit and loss account	21	1,440,451	1,243,329
<b>Shareholders' funds</b>	22	1,823,957	1,626,835

Approved by the board on 23/9/2014 and signed on its behalf.

  
 J A DURTNELL  
 Director

Company Registration Number : 04375916


The notes on pages 10 to 26 form part of these accounts.

# R DURTNELL & SONS (HOLDINGS) LIMITED

## Company balance sheet at 31 December 2013

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
		£	£
<b>Fixed assets</b>			
Investment in group undertaking	13	20,009	145,009
<b>Current assets</b>			
Debtors	15	125,000	-
Cash at bank		<u>23</u>	<u>23</u>
		<u>125,023</u>	<u>23</u>
<b>Net assets</b>		<u><u>145,032</u></u>	<u><u>145,032</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	20,009	20,009
Profit and loss account	21	<u>125,023</u>	<u>125,023</u>
<b>Shareholders' funds</b>	22	<u><u>145,032</u></u>	<u><u>145,032</u></u>

Approved by the board on 23/9/2014... and signed on its behalf.

  
 J A DURTNELL  
 Director

Company Registration Number : 04375916

The notes on pages 10 to 26 form part of these accounts.

**R DURTNELL & SONS (HOLDINGS) LIMITED**

**Consolidated cash flow statement for the year ended 31 December 2013**

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
		<u>£</u>	<u>£</u>
<b>Net cash (outflow)/inflow from operating activities</b>	<b>23</b>	<b>(871,092)</b>	<b>700,077</b>
<b>Returns on investments and servicing of finance</b>			
Interest received and other investment income	30,440	21,089	
Interest paid	(77)	808	
Interest element of hire purchase and finance lease rental payments	(1,973)	(991)	
<b>Net cash inflow from returns on investments and servicing of finance</b>		<b>28,390</b>	<b>20,906</b>
<b>Taxation</b>		<b>(60,077)</b>	<b>(5,272)</b>
<b>Equity dividends paid</b>		<b>-</b>	<b>(74,744)</b>
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets	(135,543)	(109,128)	
Receipts from sales of tangible fixed assets	22,393	54,561	
<b>Net cash (outflow) from capital expenditure and financial investment</b>		<b>(113,150)</b>	<b>(54,567)</b>
<b>Net cash (outflow)/inflow before financing</b>		<b>(1,015,929)</b>	<b>586,400</b>
<b>Financing</b>			
Capital element of hire purchase and finance lease rentals	(41,543)	(20,428)	
Repayments of secured bank loans	-	(925)	
<b>Net cash (outflow) from financing</b>		<b>(41,543)</b>	<b>(21,353)</b>
<b>(Decrease)/increase in cash</b>	<b>24/25</b>	<b>(1,057,472)</b>	<b>565,047</b>

The notes on pages 10 to 26 form part of these accounts.

# R DURTNELL & SONS (HOLDINGS) LIMITED

## Notes to the financial statements for the year ended 31 December 2013

### 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 2013 have been prepared in accordance with the principles of merger and acquisition accounting as appropriate. Intra-group transactions are eliminated on consolidation.

#### c) Holding company profit and loss account

A separate profit and loss account for R Durtnell & Sons (Holdings) Limited is not included in the accounts. The information required under section 408 Companies Act 2006 is provided 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 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, equipment and fixtures	12.5% to 33%	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 2013 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 2013.

#### h) Goodwill

Goodwill represented the excess of the purchase price over the fair value of the net assets of undertakings acquired. It was capitalised in the balance sheet and, prior to 1 January 2013, was amortised by equal annual instalments over the expected useful economic life of 5 years.

# R DURTNELL & SONS (HOLDINGS) LIMITED

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 1 Accounting policies (continued)

#### i) Stocks

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

#### j) 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.

#### k) Pension costs

Prior to cessation of the scheme, contributions payable to the group defined benefit pension scheme were 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 was 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.

#### l) 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 £Nil (2012: £Nil).

### 3 Operating profit

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

	2013	2012
	£	£
Amortisation of goodwill	-	8,277
Depreciation of owned assets	117,231	140,863
Depreciation of assets held under finance leases and hire purchase	16,193	38,452
Loss/(profit) on disposal of tangible fixed assets	11,715	(20,021)
Auditors' remuneration – audit fee	37,230	41,550
Auditors' remuneration – fees for non audit services	12,937	9,833
Operating leases – land and buildings	-	36,000

**R DURTNELL & SONS (HOLDINGS) LIMITED**

**Notes to the financial statements for the year ended 31 December 2013 (continued)**

**3 Operating profit**

(b) Analysis of operating expenses and income

	<b>2013</b>	<b>2012</b>		
	<b>Continuing</b>	Continuing	Discontinued	Total
Cost of sales	<u><u>29,504,712</u></u>	<u><u>34,818,230</u></u>	<u><u>1,158,024</u></u>	<u><u>35,976,254</u></u>
Administration expenses	<u><u>4,467,307</u></u>	<u><u>4,951,292</u></u>	<u><u>454,572</u></u>	<u><u>5,405,864</u></u>
Other operating income	<u><u>23,814</u></u>	<u><u>4,810</u></u>	<u><u>-</u></u>	<u><u>4,810</u></u>

**4 Employee information**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
<b>Staff costs:</b>		
Wages and salaries	4,126,484	5,269,353
Social security costs	469,979	565,908
Other pension costs	<u>157,157</u>	<u>251,747</u>
	<u><u>4,753,620</u></u>	<u><u>6,087,008</u></u>

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

	<b>2013</b>	<b>2012</b>
	<b>Number</b>	<b>Number</b>
Operatives, including apprentices and trainees	26	48
Site agents	21	25
Office and management	<u>46</u>	<u>56</u>
	<u><u>93</u></u>	<u><u>129</u></u>

**5 Director's emoluments**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Emoluments (excluding contributions to defined benefit schemes)	<u><u>50,518</u></u>	<u><u>50,467</u></u>

# R DURTNELL & SONS (HOLDINGS) LIMITED

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 6 Pension schemes

#### a) Final salary scheme

Throughout the previous year ended 31 December 2012 the group and other companies under common control operated a funded pension scheme providing benefits based on final pensionable pay. This scheme was discontinued with effect from 17 March 2013 and closed on 31 December 2013 with the completion of a Deed of Termination.

The assets of the Durnell Limited and Associated Companies Retirement Benefit Scheme were held separately from those of the companies. Contributions to the scheme were 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.

No pension contributions were paid into the scheme during the years ended 31 December 2012 and 2013. At 31 December 2013 there were no outstanding contributions (2012 : £Nil).

During the year there were no active members of the final salary scheme, the last active member, a director of both R Durnell & Sons Limited and, until 30 June 2012, of Durnell Limited, took his benefits during 2012.

As the final salary scheme was discontinued with effect from 17 March 2013 no Financial Reporting Standard (FRS) 17 disclosures are provided for the year ended 31 December 2013. The disclosures below relate solely to the previous year ended 31 December 2012.

The most recent full actuarial valuation for the purposes of FRS 17 was performed as at 31 December 2012 and this showed a valuation of the scheme's assets of £7,850,700. The actuarial value of these assets represented 100.2% of the benefits that had accrued to members being £7,831,500 at that date, after allowing for expected future increases in earnings. It was not possible to identify the share of assets and liabilities that applied to each individual company.

The surplus of £19,200 at 31 December 2012 was arrived at on the basis of the actuarial assumptions used for the purposes of FRS 17 and took account of the guaranteed annuity rates available to the scheme.

	2012
Main actuarial assumptions for the purposes of FRS17:	
Discount rate	4.10%pa
Pension increases in payment	
Director's pensions (single life only)	5.00% pa
Pre 1997 pensions (non-directors and all spouses)	0.00% pa
Post 1997 pensions (non-directors and all spouses)	2.60% pa
Post 2005 pensions (non-directors and all spouses)	1.70% pa
Retail Price Index	2.60% pa
Revaluation of pensions in deferment	n/a
Salary escalation	n/a
Post retirement mortality	
- Base Table	PCxA00
- Improvements	Medium Cohort based on individual years of birth, subject to 1.25% pa underpin to the rate of improvements for males and 1% pa for females.

# R DURTNELL & SONS (HOLDINGS) LIMITED

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 6 Pension schemes (continued)

#### a) Final salary scheme (continued)

#### Expected return on assets

The assets of the scheme and the long-term expected return on these assets were:

	As at 31/12 2012	
	Rate of return % pa	Value £
Overall Growth Fund Policy	0.00	-
Cash	0.50	19,200
Annuity Policies	4.10	7,831,500
<b>Total Fair Value of Assets</b>	<b>4.09</b>	<b>7,850,700</b>

The assumed long-term rate of return on scheme assets was calculated by considering the long-term rate of return on each asset class. The expected rate of return on each asset class was derived by considering relevant investment yields, or by taking a suitable risk-free yield and adjusting for a risk premium as appropriate to the asset class.

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 was a "multi-employer" scheme, as it was not possible to identify the share of assets that applied to each individual company, this accounting treatment could not be adopted. Accordingly, the following disclosures were 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.

#### Reconciliation of the present value of scheme liabilities:

	2012 £
Opening defined benefit obligations	7,520,000
Current service cost	10,200
Interest accrued on scheme liabilities	333,900
Change in assumptions	544,000
Impact of including insured pensioners	-
Actuarial loss	274,200
Benefits paid	(850,800)
Closing defined benefit obligations	7,831,500



**R DURTNELL & SONS (HOLDINGS) LIMITED**

Notes to the financial statements for the year ended 31 December 2013 (continued)

**6 Pension schemes (continued)**

**a) Final salary scheme (*continued*)**

**Reconciliation of the fair value of scheme assets:**

	2012
	£
Opening fair value of scheme assets	7,692,400
Expected return	324,100
Actuarial gain	685,000
Benefits paid	(850,800)
Closing balance of scheme liabilities	<u>7,850,700</u>

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

	2012
	£
Current service cost	(10,200)
Employee contributions	-
Past service cost	-
Total operating charge	<u>(10,200)</u>

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

	2012
	£
Expected return on pension scheme assets	324,100
Interest on pension scheme liabilities	(333,900)
Net charge against other finance income	<u>(9,800)</u>

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

	2012
	£
Actual return less expected return on pension scheme assets	685,000
Experience gains and losses arising on the pension scheme liabilities	(274,200)
Changes in assumptions underlying the present value of the scheme liabilities	(544,000)
Actuarial (loss)/gain recognised in STRGL	<u>(133,200)</u>

# R DURTNELL & SONS (HOLDINGS) LIMITED

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 6 Pension schemes (continued)

#### a) Final salary scheme (continued)

#### Movement in surplus during the year:

	2012
	£
Surplus in scheme at beginning of the year	172,400
Movement in year:	
Current service cost	(10,200)
Past service cost	-
Charge against other finance income	(9,800)
Actuarial (loss)/gain	(133,200)
Surplus in scheme at end of the year	<u>19,200</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 2013 amounted to £23,633 (2012 : £26,235).

### 7 Interest payable and similar charges

	2013	2012
	£	£
Bank loan and overdraft interest	77	(195)
Interest on hire purchase contracts and finance leases	1,973	991
Other interest	-	(781)
	<u>2,050</u>	<u>15</u>

### 8 Exceptional item

The profit on disposal relates to the transfer of the group's investment in Cheesman Joinery Limited (see notes 13 and 26).

**R DURTNELL & SONS (HOLDINGS) LIMITED**

**Notes to the financial statements for the year ended 31 December 2013 (continued)**

**9 Taxation**

	<u>2013</u>	<u>2012</u>
	£	£
United Kingdom corporation tax at 23.25% (2012 : 24.5%)	21,617	36,056
Adjustments in respect of prior periods	2,107	2,997
	<u>23,724</u>	<u>39,053</u>
Deferred tax (note 18)	12,355	867
Tax on profit on ordinary activities	<u>36,079</u>	<u>39,920</u>
Profit on ordinary activities before taxation	<u>233,201</u>	<u>145,099</u>
<b>Factors affecting the tax charge for the period:</b>		
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25% (2012 : 24.5%)	54,219	35,549
Effects of:		
Expenses not deductible for tax purposes	18,946	8,844
Profit on disposal of subsidiary not taxable	(48,809)	-
Short term timing differences	2,343	(5,749)
Capital allowances in excess of depreciation	(1,890)	-
Depreciation in excess of capital allowances	-	2,119
Marginal relief	(3,192)	(2,455)
Tax losses utilised	-	(2,252)
Adjustment in respect of prior periods	2,107	2,997
	<u>23,724</u>	<u>39,053</u>

**10 Dividends**

	<u>2013</u>	<u>2012</u>
	£	£
Ordinary shares (equity)		
£Nil (2012: £3.73½) per share	<u>-</u>	<u>74,744</u>

**11 Intangible fixed assets – Group**

	<b>Goodwill</b>
	£
<b>Cost:</b>	
At 1 January 2013	41,385
Disposal	(41,385)
At 31 December 2013	<u>-</u>
<b>Amortisation:</b>	
At 1 January 2013	11,726
Disposal	(11,726)
At 31 December 2013	<u>-</u>
<b>Net book value:</b>	
At 31 December 2013	<u>-</u>
At 31 December 2012	<u>29,659</u>

**R DURTNELL & SONS (HOLDINGS) LIMITED**

Notes to the financial statements for the year ended 31 December 2013 (continued)

**12 Tangible fixed assets - Group**

	Freehold property £	Long leasehold property £	Plant machinery, equipment & fixtures £	Motor vehicles £	Total £
<b>Cost or valuation:</b>					
At 1 January 2013	780,000	1,300,000	1,072,723	671,683	3,824,406
Additions	-	-	19,803	165,102	184,905
Disposals	-	-	(273,793)	(152,740)	(426,533)
<b>At 31 December 2013</b>	<b>780,000</b>	<b>1,300,000</b>	<b>818,733</b>	<b>684,045</b>	<b>3,582,778</b>
<b>Depreciation:</b>					
At 1 January 2013	-	-	822,878	524,568	1,347,446
Provision for the year	-	-	68,054	65,370	133,424
Adjustments for disposals	-	-	(190,220)	(133,412)	(323,632)
<b>At 31 December 2013</b>	<b>-</b>	<b>-</b>	<b>700,712</b>	<b>456,526</b>	<b>1,157,238</b>
<b>Net book value:</b>					
<b>At 31 December 2013</b>	<b>780,000</b>	<b>1,300,000</b>	<b>118,021</b>	<b>227,519</b>	<b>2,425,540</b>
At 31 December 2012	780,000	1,300,000	249,845	147,115	2,476,960

Tangible fixed assets include assets held under finance leases or hire purchase contracts with a net book value of £64,191 (2012 : £95,516), analysed as follows:

	2013 £	2012 £
Plant and machinery	23,723	95,516
Motor vehicles	40,468	-
	<b>64,191</b>	<b>95,516</b>

The depreciation charge for the year includes £16,193 (2012 : £38,452) in respect of assets held under finance leases or hire purchase contracts, analysed as follows:

	2013 £	2012 £
Plant and machinery	7,299	38,452
Motor vehicles	8,894	-
	<b>16,193</b>	<b>38,452</b>

# R DURTNELL & SONS (HOLDINGS) LIMITED

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 12 Tangible fixed assets - Group

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

	2013	2012
	£	£
<b>Cost:</b>		
Freehold property	796,494	796,494
Long leasehold property	1,250,000	1,250,000
<b>Net book value:</b>		
Freehold property	796,494	796,494
Long leasehold property	1,250,000	1,250,000

The freehold title to the long leasehold property is owned by a related undertaking, Durtnell Limited (see note 28(ii)).

The freehold and long leasehold property were valued as at 31 December 2010 on an open market value basis, subject to existing use, by Messrs Ibbett Mosely, Chartered Surveyors. The long leasehold property was, however, valued separately during 2011, specifically for the group's bankers. The valuation for this property was approximately one-third less than the estimated current fair value at that time, which reflected the purpose for which the valuation was prepared. In the opinion of the director, and on receipt of professional advice, there has been no material change in values since the previous year end for either the leasehold or freehold properties.

### 13 Investments

	2013	2012
	Company	Company
	£	£
<b>Shares in subsidiary undertaking at cost</b>		
At 1 January 2013	145,009	145,009
Additions	-	-
Disposals	(125,000)	-
At 31 December 2013	20,009	145,009

	Country of incorporation, registration and operation	Class of shares held	Percentage of shares held	Nature of business
R Durtnell & Sons Limited	England	( Ordinary Preference	100% 100%	Building contractors
Cheesman Joinery Limited (disposal on 1 January 2013)	England	( Ordinary 'B' Preference	90% 40%	Joinery manufacture

On 30 December 2002 the company acquired R Durtnell & Sons Limited in exchange for 18,000 'A' shares of £1 each and 2,009 'B' shares of £1 each. The investment in R Durtnell & 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.

On 1 January 2013 the company's holding of ordinary shares in Cheesman Joinery Limited was transferred to Durtnell (Holdings) Limited. On 22 October 2013 the company's holding of 'B' preference shares was also transferred to Durtnell (Holdings) Limited. Both transfers were made at book cost.

**R DURTNELL & SONS (HOLDINGS) LIMITED**

Notes to the financial statements for the year ended 31 December 2013 (continued)

**14 Stocks - Group**

	<u>2013</u>	<u>2012</u>
	£	£
Raw materials and consumables	18,416	54,188
Trading stock	<u>22,259</u>	<u>322,302</u>
	<u>40,675</u>	<u>376,490</u>

**15 Debtors**

	<b>2013</b>	<b>2013</b>	<b>2012</b>	<b>2012</b>
	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	£	£	£	£
<b>Amounts falling due within one year:</b>				
Amounts recoverable on contracts	3,821,207	-	4,297,973	-
Trade debtors	439,051	-	349,431	-
Amounts owed by related undertakings	1,368,258	125,000	838,328	-
Other debtors	68,056	-	24,848	-
Prepayments and accrued income	412,594	-	413,655	-
Taxation recoverable	21,533	-	2,629	-
	<u>6,130,699</u>	<u>125,000</u>	<u>5,926,864</u>	<u>-</u>
<b>Amounts falling due after more than one year:</b>				
Deferred tax (note 18)	47,182	-	92,541	-
	<u>6,177,881</u>	<u>125,000</u>	<u>6,019,405</u>	<u>-</u>

**16 Creditors: Amounts falling due within one year**

	<b>2013</b>	<b>2013</b>	<b>2012</b>	<b>2012</b>
	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	£	£	£	£
Trade creditors	8,907,862	-	9,732,531	-
Amount owed to related undertaking	7,997	-	12,905	-
Other creditors	355,378	-	497,580	-
Corporation tax	21,617	-	39,066	-
Other taxation and social security costs	349,689	-	687,983	-
Hire purchase and finance leases (note 17)	20,316	-	27,419	-
Accruals and deferred income	43,805	-	55,082	-
	<u>9,706,664</u>	<u>-</u>	<u>11,052,566</u>	<u>-</u>

The group has a bank overdraft facility which is secured by a legal mortgage over the group's freehold and long leasehold properties.

**R DURTNELL & SONS (HOLDINGS) LIMITED**

**Notes to the financial statements for the year ended 31 December 2013 (continued)**

**17 Creditors: Amounts falling due after more than one year**

	2013 Group £	2013 Company £	2012 Group £	2012 Company £
<b>Amounts falling due within one to two years:</b>				
Hire purchase and finance leases	20,618	-	5,696	-
Other creditors	36,731	-	42,176	-
	<u>57,349</u>	<u>-</u>	<u>47,872</u>	<u>-</u>

The current portion of these liabilities is included in creditors falling due within one year.

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

**18 Deferred taxation - group**

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

	2013 £	2012 £
Timing difference on capital allowances	(21,693)	(27,549)
Short term timing differences	(25,489)	(27,030)
Tax losses carried forward	-	(37,962)
	<u>(47,182)</u>	<u>(92,541)</u>
	2013 £	2012 £
Deferred taxation movements		
Balance at 1 January 2013	(92,541)	(93,408)
Deferred taxation transferred on disposal of subsidiary	33,004	-
Transfer from profit and loss account (note 9)	12,355	867
Balance at 31 December 2013	<u>(47,182)</u>	<u>(92,541)</u>

# R DURTNELL & SONS (HOLDINGS) LIMITED

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 19 Share capital

	2013 and 2012 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.

### 20 Other reserves - Group

	Capital reserve £	Revaluation reserve £
At 1 January 2013 and 31 December 2013	<u>329,991</u>	<u>33,506</u>

The capital reserve arises upon consolidation using merger accounting principles and represents the excess of the nominal value of shares acquired in R Durtneil & Sons Limited over the nominal value of shares issued.

### 21 Profit and loss account

	2013 Group £	2013 Company £	2012 Group £	2012 Company £
Brought forward	1,243,329	125,023	1,203,668	199,767
Profit for the year	197,122	-	114,405	-
Dividends paid (note 10)	-	-	(74,744)	(74,744)
Retained profits carried forward	<u>1,440,451</u>	<u>125,023</u>	<u>1,243,329</u>	<u>125,023</u>

### 22 Reconciliation of movements in shareholders' funds

	2013 Group £	2013 Company £	2012 Group £	2012 Company £
Profit for the financial year	197,122	-	114,405	-
Dividends	-	-	(74,744)	(74,744)
Increase/(decrease) in shareholders' funds	197,122	-	39,661	(74,744)
Shareholders' funds at 1 January 2013	1,626,835	145,032	1,587,174	219,776
Shareholders' funds at 31 December 2013	<u>1,823,957</u>	<u>145,032</u>	<u>1,626,835</u>	<u>145,032</u>



# R DURTNELL & SONS (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 December 2013 (continued)

## 23 Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	2013	2012
	£	£
Group operating profit	1,299	119,813
Depreciation	133,424	179,315
Amortisation	-	8,277
Loss/(profit) on disposal	11,715	(20,021)
Decrease/(increase) in stocks	304,410	(300,282)
(Increase) in debtors	(417,346)	(207,799)
(Decrease)/increase in creditors due in less than one year	(899,149)	921,707
(Decrease) in other creditors due after more than one year	(5,445)	(933)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(871,092)</b>	<b>700,077</b>

## 24 Analysis of net funds

	At 1.1.2013	Cash flows	Other changes	At 31.12.2013
	£	£	£	£
Cash at bank and in hand	4,073,137	(1,057,472)	(71,791)	2,943,874
Debt due within 1 year	(100,000)	-	100,000	-
Hire purchase and finance leases	(33,115)	41,543	(49,362)	(40,934)
	<u>3,940,022</u>	<u>(1,015,929)</u>	<u>(21,153)</u>	<u>2,902,940</u>

## 25 Reconciliation of net cash flow to movement in net funds

	2013	Restated 2012
	£	£
(Decrease)/increase in cash in the year	(1,057,472)	565,047
Cash flow from decrease in debt and lease financing	41,543	21,353
New hire purchase finance	(49,362)	-
Cash at bank transferred with subsidiary	(71,791)	-
Loan transferred with subsidiary	100,000	-
Movement in net funds in the year	(1,037,082)	586,400
Net funds at 1 January 2013	3,940,022	3,353,622
<b>Net funds at 31 December 2013</b>	<b><u>2,902,940</u></b>	<b><u>3,940,022</u></b>

# R DURTNELL & SONS (HOLDINGS) LIMITED

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 26 Disposal of controlling interest in subsidiary undertaking on 1 January 2013

	2013
Net assets/(liabilities) disposed of	
Tangible fixed assets	68,793
Stocks	31,405
Amounts recoverable on contracts	210,491
Trade debtors	118,146
Other debtors	37,618
Bank	71,791
Trade creditors	(219,397)
Other creditors	(218,065)
Deferred tax asset	33,004
	<u>133,786</u>
Less: Minority interests (see note 27)	(248,378)
Net liabilities attributable to the group	(114,592)
Proceeds for ordinary and preference shares due from related undertaking (see notes 13 and 15)	125,000
	<u>(239,592)</u>
Loss on write off of goodwill	29,659
Net profit on disposal of interest in subsidiary	<u>(209,933)</u>

### 27 Minority interests

	2013	2012
'A' Preference shares	-	250,000
'B' Preference shares (see note 17)	-	20,000
	<u>-</u>	<u>270,000</u>
Residual share of net deficit	-	(21,622)
	<u>-</u>	<u>248,378</u>

### 28 Related party transactions

- i) During the year the director and seven 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 at the beginning and end of the year were as follows:-

	31.12.2013	1.1.2013	Maximum
	£	£	£
A W Durnnell	42,574	61,107	92,399
J A Durnnell	41,240	25,022	65,731
J J Chandler	1,669	437	1,669
E R Valente	3,013	5,157	5,157

## R DURTNELL & SONS (HOLDINGS) LIMITED

### Notes to the financial statements for the year ended 31 December 2013 (continued)

#### 28 Related party transactions (continued)

##### i) (continued)

At the year end a member of Mr J A Durnell's immediate family owed R Durnell & Sons Limited (a subsidiary company) £122 (2012 : £3,838) and a business operated by an immediate family member owed £Nil (2012 : £1,945) in respect of payroll services provided. A member of Mr J J Chandler's immediate family owed this subsidiary company £9,555 (2012 : £9,507).

On 3 April 2012 R Durnell & Son Limited loaned Mr J A Durnell £990,000 to fund the purchase of a property. Interest of £936 was charged on the loan and the loan was fully repaid on 26 April 2012.

- ii) At 31 December 2013 Durnell Limited, a company under common control, owed £1,243,258 to R Durnell & Sons Limited (2012 : £816,422). Interest charged on the inter-company account amounted to £4,924 (2012 : £3,170).

During the year ended 31 December 2013 R. Durnell & Sons Limited was reimbursed by Durnell Limited with that company's share of salary costs totalling £49,490 (2012 : £37,762). Contract work amounting to £126,877 (2012 : £Nil) was performed during the year by this subsidiary company in respect of two of the freehold properties of Durnell Limited.

R Durnell & Sons Limited paid £85,300 (2012 : £45,300) to Durnell Limited in respect of rent.

- iii) At 31 December 2013 The Darenth River Ballast Company Limited, a company controlled by the shareholders of the company, owed £7,997 to R Durnell & Sons Limited (2012 : £21,906 was owed by).

During the year R. Durnell & Sons Limited was charged £12,863 (2012 : £2,000) by The Darenth River Ballast Company Limited in respect of marketing functions and, during the previous year, £5,814 in respect of the sale of a vehicle.

Contract work amounting to £16,909 (2012 : £233,991) was performed by R Durnell & Sons Limited during the year in respect of one (2012 : two) of the freehold properties of The Darenth River Ballast Company Limited.

- iv) During the year R Durnell & Sons Limited incurred costs of £277,347 (2012 : £387,814) in respect of contract work performed by Cheesman Joinery Limited, a 90% subsidiary of the parent company R Durnell & Sons (Holdings) Limited until 1 January 2013 and, thereafter, a subsidiary of Durnell (Holdings) Limited. Durnell (Holdings) Limited is a company under common control.

During the period to 31 December 2013 R Durnell & Sons Limited received income of £22,000 (2012 : £24,000) from Cheesman Joinery Limited in respect of management fees.

During the previous year R Durnell & Sons Limited sold three items of plant and machinery to Cheesman Joinery Limited for £25,000.

At 31 December 2013 the company was owed £122,727 by Cheesman Joinery Limited. Cheesman Joinery Limited was put into liquidation on 19 November 2013 and therefore provision has been made against this outstanding balance. At 31 December 2012 Cheesman Joinery Limited was owed £15,261 by R Durnell & Sons Limited.

- v) Creditors falling due within one year at 31 December 2012 included £7,905 due to Cheesman Manufacturing Limited, a company in which Mr M Cheesman, a director of Cheesman Joinery Limited, had an interest.
- vi) Other creditors at 31 December 2012 included the sum of £100,000 due from Cheesman Joinery Limited to Mr C Cheesman, the father of Mr M Cheesman, a director of Cheesman Joinery Limited until 2 September 2013. The loan bore interest at 3% per annum.
- vii) Turnover for the previous year ended 31 December 2012 included £13,858 for the value of contract work performed by Cheesman Joinery Limited for The Darenth River Ballast Company Limited.

# **R DURTNELL & SONS (HOLDINGS) LIMITED**

## **Notes to the financial statements for the year ended 31 December 2013 (continued)**

### **28 Related party transactions (continued)**

- viii) During the previous year ended 31 December 2012 Cheesman Joinery Limited paid The Darenth River Ballast Company Limited £9,700 for the lease of machinery. The subsidiary subsequently received a rebate of £10,000, representing the fair value of the leased machinery at the time that ownership was transferred to Cheesman Joinery Limited. The company also paid The Darenth River Ballast Company Limited £36,000 for the rent of property during the year ended 31 December 2012.

Creditors falling due within one year at 31 December 2012 included £5,000 due to The Darenth River Ballast Company Limited.

- ix) During the previous year ended 31 December 2012 Cheesman Joinery Limited undertook work on behalf of the directors of that company. The value of the work amounted to £9,934 for J A Durnell, £1,589 for A W Durnell and £24 for M Cheesman.
- x) Plant and machinery additions for the previous year ended 31 December 2012 included items purchased for £4,000 from Mr M Cheesman. Motor vehicles additions included a van purchased for £2,500 from Cheesman Manufacturing Limited.
- xi) During the year dividends were paid as follows:-

	2013	2012
	£	£
J A Durnell	-	10,594
Family Trusts for which J A Durnell is a Trustee	-	14,942
	<u>-</u>	<u>25,536</u>

### **29 Leasing commitments**

The group's annual commitments to rental payments under non-cancellable operating leases at 31 December 2013 were as set out below:

	2013	2012
	Land and buildings	Land and buildings
	£	£
Operating leases which expire:		
Within two to five years	<u>-</u>	<u>36,000</u>