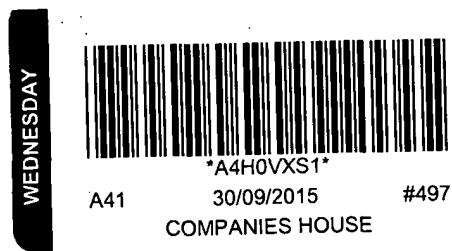


R DURTNELL & SONS (HOLDINGS) LIMITED

Reports and Accounts

For the year ended 31 December 2014



Company Registration Number : 04375916

R DURTNELL & SONS (HOLDINGS) LIMITED
Reports and Accounts for the year ended 31 December 2014

Contents	Pages
Director, officers and advisors	1
Strategic report	2 - 3
Director's report	4 - 5
Independent Auditors' report	6
Consolidated profit and loss account	7
Consolidated balance sheet	8
Company balance sheet	9
Consolidated cash flow statement	10
Notes to the financial statements	11 - 22

R DURTNELL & SONS (HOLDINGS) LIMITED

Director, officers and advisors

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 2014

The director presents his strategic report and the financial statements of the group for the year ended 31 December 2014.

Review and analysis of the business during the current year

The principal activity of the group is building contracting.

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 the group's turnover was £38,317,884 compared to £33,949,504 for the previous year, but economic conditions remained very challenging and the margins achieved on contracts were disappointing.

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 decreased in the year under review to 7.9% compared to 13.1% in 2013. This reflects the competitive pressures experienced.

Turnover

Turnover has increased during the year by 12.9% to £38,317,884 reflecting increased contract activity, albeit at lower average margins.

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 2015 will be around £45 million and that the year ending 31 December 2016 will show a further significant increase.

Financial position at the year end and future prospects

The consolidated balance sheet on page 8 of the financial statements shows that the group's consolidated net assets at the year end fell from £1,823,957 to £1,146,494, which reflects the loss suffered.

After a reasonably good start to the year the group suffered from a number of contracts where margins came under pressure and, after the year end, an unexpectedly poor settlement on an old contract that had been subject to prolonged discussion and negotiation.

Recognising the effect that this had on cash flows the directors of the trading subsidiary took a number of steps to ensure that the group had adequate financing in place. This included the disposal of certain freehold property, which realised a profit of £360,000.

Throughout 2014 the director and his colleagues have reviewed the operations of the group on a regular basis and at monthly board meetings. At all times they have remained confident about the fundamentals of the group. Trading in recent months points to a recovery which justifies that confidence going forward.

Having considered the likely cash flows, the director believes that it is appropriate to continue to adopt the going concern basis in preparing the financial statements. The director is confident the group will continue to meet its liabilities as they fall due for the foreseeable future and for at least 12 months from the date of approval of the accounts.

R DURTNELL & SONS (HOLDINGS) LIMITED

Strategic report for the year ended 31 December 2014 (continued)

Other principal risks and uncertainties facing the business

Management continually monitor the key risks facing the group, together with assessing the controls used for managing these risks. The board of directors formally reviews and documents the principal risks facing the business at least annually.

In addition to issues arising from the loss suffered during the year, the principal risks and uncertainties facing the group are as follows:

- Contract risks – in managing its contracts the group is always mindful of the need to ensure that the contract tendering process is as effective as possible; that a close relationship is maintained at all times with its clients and their advisors; and that costs are carefully monitored.
- Competitive pressures – these are a continuing risk to the group. The group manages 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, the board continues to be aware of the need to adapt to current economic trends and changes, both within and outside the industry.
- Reliance on key suppliers – the group's purchasing activities could expose it to over-reliance on certain suppliers and inflationary pricing pressures. The group manages this risk by ensuring there is enough breadth in its supplier base and by constantly seeking to find potential alternative suppliers that may be used, if necessary.
- Loss of key personnel – this would present significant operational difficulties for the group. Management seek to ensure that key personnel are appropriately remunerated to ensure that good performance is recognised.

Signed on behalf of the board



J A DURTNELL - Director

Approved by the board on ~~29-9-2015~~ 29-9-2015

R DURTNELL & SONS (HOLDINGS) LIMITED
Director's report for the year ended 31 December 2014

The director submits his report and accounts for the year ended 31 December 2014.

Results and dividends

The results for the year are shown in the profit and loss account on page 7. The group's loss for the year after taxation was £677,463. Further commentary is provided in the strategic report on page 2.

No dividends were paid during the year.

Director

The director during the year ended 31 December 2014 was Mr J A Durnnell.

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.

Financial instruments

The group's approach to managing risks applicable to financial instruments 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.

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.

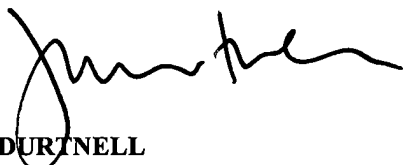
R DURTNELL & SONS (HOLDINGS) LIMITED

Director's report for the year ended 31 December 2014 (continued)

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 29.9.2015

R DURTNELL & SONS (HOLDINGS) LIMITED

Independent auditors' report to the members of R Durnell & Sons (Holdings) Limited

We have audited the financial statements of R Durnell & Sons (Holdings) Limited for the year ended 31 December 2014, which are set out on pages 7 to 22. 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 4, 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 2014 and of the group's loss 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: 29.9.2015...

R DURTNELL & SONS (HOLDINGS) LIMITED

Consolidated profit and loss account for the year ended 31 December 2014

	<u>Notes</u>	<u>2014</u> £	<u>2013</u> £
Turnover		38,317,884	33,949,504
Cost of sales		<u>35,296,344</u>	<u>29,504,712</u>
Gross profit		<u>3,021,540</u>	<u>4,444,792</u>
Administrative expenses		(4,339,312)	(4,467,307)
Other operating income		<u>58,130</u>	<u>23,814</u>
		<u>(4,281,182)</u>	<u>(4,443,493)</u>
Operating (loss)/profit	3	<u>(1,259,642)</u>	1,299
Rent receivable		25,379	-
Other interest receivable and similar income		19,165	24,019
Interest payable and similar charges	7	<u>(7,118)</u>	<u>(2,050)</u>
(Loss)/profit before exceptional items and taxation		<u>(1,222,218)</u>	23,268
Exceptional items			
Profit on disposal of subsidiary	8,24	-	209,933
Profit on disposal of freehold property		<u>360,000</u>	<u>-</u>
(Loss)/profit on ordinary activities before taxation		<u>(862,216)</u>	233,201
Taxation on profit on ordinary activities	9	<u>184,753</u>	<u>(36,079)</u>
(Loss)/profit for the financial year	19	<u><u>(677,463)</u></u>	<u><u>197,122</u></u>

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

All of the group's activities for the above years relate to continuing operations.

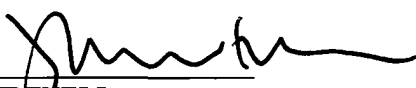
The notes on pages 11 to 22 form part of these accounts.

R DURTNELL & SONS (HOLDINGS) LIMITED

Consolidated balance sheet at 31 December 2014

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
		£	£
Fixed assets			
Tangible fixed assets	10	2,318,627	2,425,540
Current assets			
Stocks	12	495,843	40,675
Debtors	13	7,905,348	6,177,881
Cash at bank and in hand		1,091,541	2,943,874
		<u>9,492,732</u>	<u>9,162,430</u>
Creditors: Amounts falling due within one year	14	<u>(10,453,354)</u>	<u>(9,706,664)</u>
Net current liabilities		<u>(960,622)</u>	<u>(544,234)</u>
Total assets less current liabilities		<u>1,358,005</u>	<u>1,881,306</u>
Creditors: amounts falling due after more than one year	15	<u>(211,511)</u>	<u>(57,349)</u>
Net assets		<u>1,146,494</u>	<u>1,823,957</u>
Capital and reserves			
Called up share capital	17	20,009	20,009
Capital reserve	18	329,991	329,991
Revaluation reserve	18	26,154	33,506
Profit and loss account	19	770,340	1,440,451
Shareholders' funds	20	<u>1,146,494</u>	<u>1,823,957</u>

Approved by the board on 29.9.2015 and signed on its behalf.


J A DURNELL
 Director

Company Registration Number : 04375916

The notes on pages 11 to 22 form part of these accounts.

R DURTNELL & SONS (HOLDINGS) LIMITED**Company balance sheet at 31 December 2014**

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
		<u>£</u>	<u>£</u>
Fixed assets			
Investment in group undertaking	11	20,009	20,009
Current assets			
Debtors	13	125,000	125,000
Cash at bank		<u>23</u>	<u>23</u>
		125,023	125,023
Net assets		145,032	145,032
Capital and reserves			
Called up share capital	17	20,009	20,009
Profit and loss account	19	<u>125,023</u>	<u>125,023</u>
Shareholders' funds	20	145,032	145,032

Approved by the board on 29.9.2015 and signed on its behalf.


J A DURTNELL
 Director

Company Registration Number : 04375916

The notes on pages 11 to 22 form part of these accounts.

R DURTNELL & SONS (HOLDINGS) LIMITED

Consolidated cash flow statement for the year ended 31 December 2014

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
		<u>£</u>	<u>£</u>
Net cash (outflow) from operating activities	21	(2,168,920)	(871,092)
Returns on investments and servicing of finance			
Rent receivable	25,379	-	
Interest received and other investment income	19,823	30,440	
Interest paid	(958)	(77)	
Interest element of hire purchase and finance lease rental payments	<u>(5,913)</u>	<u>(1,973)</u>	
Net cash inflow from returns on investments and servicing of finance		38,331	28,390
Taxation		(21,038)	(60,077)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	(262,848)	(135,543)	
Receipts from sales of tangible fixed assets	<u>497,862</u>	<u>22,393</u>	
Net cash inflow/(outflow) from capital expenditure and financial investment		235,014	(113,150)
Net cash (outflow) before financing		(1,916,613)	(1,015,929)
Financing			
New secured bank loan	100,000	-	
Capital element of hire purchase and finance lease rentals	<u>(35,720)</u>	<u>(41,543)</u>	
Net cash inflow/(outflow) from financing		64,280	(41,543)
(Decrease) in cash	22/23	<u>(1,852,333)</u>	<u>(1,057,472)</u>

The notes on pages 11 to 22 form part of these accounts.

R DURTNELL & SONS (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 December 2014

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.

During the year ended 31 December 2014 the group recorded a significant loss after tax of £677,463 and at the year end there were net current liabilities of £960,622. A review of the group's business activities in the year is set out in the Strategic Report on pages 2 and 3. Having reviewed the group's cash flow forecasts, the director is confident that it is appropriate to continue to adopt the going concern basis in preparing the financial statements. The director is confident that the group will continue to meet its liabilities as they fall due for the foreseeable future and for at least 12 months from the date of approval of the accounts.

b) Basis of consolidation

The group financial statements of the company and its subsidiary undertaking made up to 31 December 2014 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 Durnell & 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 based upon the past receipt of professional advice, the residual values of freehold properties and long leasehold properties at 31 December 2014 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 2014.

R DURTNELL & SONS (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 December 2014 (continued)

1 Accounting policies (continued)

h) Stocks

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

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 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 £Nil (2013: £Nil).

3 Operating profit

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

	2014	2013
	£	£
Depreciation of owned assets	123,529	117,231
Depreciation of assets held under finance leases and hire purchase	55,244	16,193
(Profit)/loss on disposal of fixed assets	(8,395)	11,715
Auditors' remuneration – audit fee	35,620	37,230
Auditors' remuneration – fees for non audit services	5,563	12,937

R DURTNELL & SONS (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 December 2014 (continued)

4 Employee information

	2014	2013
	£	£
Staff costs:		
Wages and salaries	4,212,577	4,126,484
Social security costs	493,822	469,979
Other pension costs	238,439	157,157
	<u>4,944,838</u>	<u>4,753,620</u>

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

	2014	2013
	Number	Number
Operatives, including apprentices and trainees	32	26
Site agents	23	21
Office and management	46	46
	<u>101</u>	<u>93</u>

5 Director's emoluments

	2014	2013
	£	£
Emoluments	<u>38,835</u>	<u>50,518</u>

6 Pension schemes

Defined contribution schemes were operated during the year by the group with the majority of employees being members of a scheme. Contributions to the schemes in respect of the year have been charged to the profit and loss account. Accrued contributions as at 31 December 2014 amounted to £9,211 (2013 : £23,633).

7 Interest payable and similar charges

	2014	2013
	£	£
Bank loan and overdraft interest	1,205	77
Interest on hire purchase contracts and finance leases	5,913	1,973
	<u>7,118</u>	<u>2,050</u>

8 Exceptional items

The profit on disposal of subsidiary for the previous year ended 31 December 2013 related to the transfer of the group's investment in Cheesman Joinery Limited (see notes 11 and 24).

R DURTNELL & SONS (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 December 2014 (continued)

9 Taxation

	2014	2013
	£	£
United Kingdom corporation tax at 21.49% (2013 : 23.25%)	-	21,617
Adjustments in respect of prior periods	(21,617)	2,107
	(21,617)	23,724
Deferred tax (note 16)	(163,136)	12,355
Tax on (loss)/profit on ordinary activities	(184,753)	36,079
(Loss)/profit on ordinary activities before taxation	(862,216)	233,201
Factors affecting the tax charge for the period:		
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.49% (2013 : 23.25%)	(185,317)	54,219
Effects of:		
Expenses not deductible for tax purposes	15,691	18,946
Profit on disposal of subsidiary not taxable	-	(48,809)
Short term timing differences	(25,842)	2,343
Capital allowances in excess of depreciation	(44,553)	(1,890)
Marginal relief	-	(3,192)
Adjustment in respect of prior periods	(21,617)	2,107
Losses carried back	22,938	-
Chargeable gains not taxable	(28,626)	-
Unrelieved tax losses arising in the period	245,709	-
	(21,617)	23,724

R DURTNELL & SONS (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 December 2014 (continued)

10 Tangible fixed assets - Group

	Tenants' improvements £	Freehold property £	Long leasehold property £	Plant machinery, equipment and fixtures £	Motor vehicles £	Total £
Cost or valuation:						
At 1 January 2014	-	780,000	1,300,000	818,733	684,045	3,582,778
Additions	21,449	-	-	232,360	297,519	551,328
Disposals	-	(440,000)	-	(4,185)	(211,135)	(655,320)
At 31 December 2014	21,449	340,000	1,300,000	1,046,908	770,429	3,478,786
Depreciation:						
At 1 January 2014	-	-	-	700,712	456,526	1,157,238
Provision for the year	515	-	-	80,078	98,180	178,773
Adjustments for disposals	-	-	-	(4,185)	(171,667)	(175,852)
At 31 December 2014	515	-	-	776,605	383,039	1,160,159
Net book value:						
At 31 December 2014	20,934	340,000	1,300,000	270,303	387,390	2,318,627
At 31 December 2013	-	780,000	1,300,000	118,021	227,519	2,425,540

Tangible fixed assets include assets held under finance leases or hire purchase contracts with a net book value of £337,989 (2013 : £64,191), analysed as follows:

	2014 £	2013 £
Plant and machinery	80,117	23,723
Motor vehicles	257,872	40,468
	337,989	64,191

The depreciation charge for the year includes £55,244 (2013 : £16,193) in respect of assets held under finance leases or hire purchase contracts, analysed as follows:

	2014 £	2013 £
Plant and machinery	13,179	7,299
Motor vehicles	42,065	8,894
	55,244	16,193

R DURTNELL & SONS (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 December 2014 (continued)

10 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:-

	2014	2013
	£	£
Cost:		
Freehold property	363,846	796,494
Long leasehold property	1,250,000	1,250,000
Net book value:		
Freehold property	363,846	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 25(ii)).

The long leasehold property was valued as at 31 December 2014 on an open market value basis, subject to existing use, by Messrs Howard Cundey, Chartered Surveyors. The valuation was unchanged from that recognised previously and there is, therefore, no revaluation in respect of the leasehold property in these financial statements. Moreover, there has been no material change in value of the remaining freehold property since the previous year end, which is supported by the value realised on disposal in May 2015.

11 Investments - Company

£

Shares in subsidiary undertaking at cost
At 1 January 2014 and at 31 December 2014

£20,009

	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

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 their book cost of £125,000.

R DURTNELL & SONS (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 December 2014 (continued)

12 Stocks - Group

	2014	2013
	£	£
Raw materials and consumables	32,785	18,416
Trading stock	463,058	22,259
	<u>495,843</u>	<u>40,675</u>

13 Debtors

	2014 Group £	2014 Company £	2013 Group £	2013 Company £
Amounts falling due within one year:				
Amounts recoverable on contracts	6,499,261	-	3,821,207	-
Trade debtors	114,423	-	439,051	-
Amounts owed by related undertakings	236,070	125,000	1,368,258	125,000
Other debtors	326,650	-	68,056	-
Prepayments and accrued income	148,555	-	412,594	-
Taxation recoverable	42,571	-	21,533	-
	<u>7,367,530</u>	<u>125,000</u>	<u>6,130,699</u>	<u>125,000</u>
Amounts falling due after more than one year:				
Amounts owed by related undertakings due after one year	327,500	-	-	-
Deferred tax (note 16)	210,318	-	47,182	-
	<u>7,905,348</u>	<u>125,000</u>	<u>6,177,881</u>	<u>125,000</u>

14 Creditors: Amounts falling due within one year

	2014 Group £	2014 Company £	2013 Group £	2013 Company £
Bank loans and overdrafts	100,000	-	-	-
Trade creditors	9,853,408	-	8,907,862	-
Amount owed to related undertaking	-	-	7,997	-
Other creditors	124,010	-	355,378	-
Corporation tax	-	-	21,617	-
Other taxation and social security costs	202,805	-	349,689	-
Hire purchase and finance leases	120,625	-	20,316	-
Accruals and deferred income	52,506	-	43,805	-
	<u>10,453,354</u>	<u>-</u>	<u>9,706,664</u>	<u>-</u>

The bank overdraft facility and loan are 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 2014 (continued)

15 Creditors: Amounts falling due after more than one year

	2014 Group £	2014 Company £	2013 Group £	2013 Company £
Amounts falling due within one to two years:				
Hire purchase and finance leases	173,068	-	20,618	-
Other creditors	38,443	-	36,731	-
	<u>211,511</u>	<u>-</u>	<u>57,349</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.

16 Deferred taxation - group

The deferred tax asset provided in the accounts is analysed as follows:-

	2014 £	2013 £
Fixed asset timing differences	19,765	(21,693)
Short term timing differences	(1,443)	(25,489)
Tax losses carried forward	(228,640)	-
	<u>(210,318)</u>	<u>(47,182)</u>
	2014 £	2013 £
Deferred taxation movements		
Balance at 1 January 2014	(47,182)	(92,541)
Deferred taxation transferred on disposal of subsidiary	-	33,004
Transfer (to)/from profit and loss account (note 9)	(163,136)	12,355
Balance at 31 December 2014	<u>(210,318)</u>	<u>(47,182)</u>

R DURTNELL & SONS (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 December 2014 (continued)

17 Share capital

	2014 and 2013 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.

18 Other reserves - Group

	Capital reserve £	Revaluation reserve £
At 1 January 2014	329,991	33,506
Transfer to profit and loss account on disposal of freehold property	-	(7,352)
At 31 December 2014	<u>329,991</u>	<u>26,154</u>

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

19 Profit and loss account

	2014 Group £	2014 Company £	2013 Group £	2013 Company £
Brought forward	1,440,451	125,023	1,243,329	125,023
(Loss)/profit for the year	(677,463)	-	197,122	-
Transfer from revaluation reserve	7,352	-	-	-
Retained profits carried forward	<u>770,340</u>	<u>125,023</u>	<u>1,440,451</u>	<u>125,023</u>

20 Reconciliation of movements in shareholders' funds

	2014 Group £	2014 Company £	2013 Group £	2013 Company £
(Loss)/profit for the financial year	(677,463)	-	197,122	-
(Decrease)/increase in shareholders' funds	(667,463)	-	197,122	-
Shareholders' funds at 1 January 2014	1,823,957	145,032	1,626,835	145,032
Shareholders' funds at 31 December 2014	<u>1,146,494</u>	<u>145,032</u>	<u>1,823,957</u>	<u>145,032</u>

R DURTNELL & SONS (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 December 2014 (continued)

21 Reconciliation of operating profit to net cash (outflow) from operating activities

	2014	2013
	£	£
Group operating (loss)/profit	(1,259,642)	1,299
Depreciation	178,773	133,424
(Profit)/loss on disposal	(8,395)	11,715
(Increase)/decrease in stocks	(455,168)	304,410
(Increase) in debtors	(1,193,951)	(417,346)
Increase/(decrease) in creditors due in less than one year	567,751	(899,149)
Increase/(decrease) in other creditors due after more than one year	1,712	(5,445)
Net cash (outflow) from operating activities	(2,168,920)	(871,092)

22 Analysis of net funds

	At 1.1.2014	Cash flows	Other changes	At 31.12.2014
	£	£	£	£
Cash at bank and in hand	2,943,874	(1,852,333)	-	1,091,541
Debt due within 1 year	-	(100,000)	-	(100,000)
Hire purchase and finance leases	(40,934)	35,720	(288,479)	(293,693)
	<u>2,902,940</u>	<u>(1,916,613)</u>	<u>(288,479)</u>	<u>697,848</u>

23 Reconciliation of net cash flow to movement in net funds

	2014	2013
	£	£
(Decrease) in cash in the year	(1,852,333)	(1,057,472)
New bank loan	(100,000)	-
Cash flow from decrease in debt and lease financing	35,720	41,543
New hire purchase finance	(288,479)	(49,362)
Cash at bank transferred with subsidiary	-	(71,791)
Loan transferred with subsidiary	-	100,000
Movement in net funds in the year	(2,205,092)	(1,037,082)
Net funds at 1 January 2014	<u>2,902,940</u>	<u>3,940,022</u>
Net funds at 31 December 2014	<u>697,848</u>	<u>2,902,940</u>

R DURTNELL & SONS (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 December 2014 (continued)

24 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	(248,378)
Net liabilities attributable to the group	(114,592)
Proceeds for ordinary and preference shares due from related undertaking (see note 11)	(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>

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 at the beginning and end of the year were as follows:-

	31.12.2014	1.1.2014	Maximum
	£	£	£
A W Durnell	64,028	42,574	64,028
J A Durnell	49,280	41,240	57,935
P B Brook	-	-	346
J J Chandler	-	1,669	3,119
S E Routh	-	-	548
E R Valente	335	3,013	2,667

R DURTNELL & SONS (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 December 2014 (continued)

25 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 (the subsidiary company) £1,172 (2013 : £122). A member of Mr J J Chandler's immediate family owed the subsidiary company £9,555 (2013 : £9,555).

ii) At 31 December 2014 Durnell Limited, a company under common control, owed £54,322 to R Durnell & Sons Limited (2013 : £1,243,258). Interest charged on the inter-company account amounted to £3,221 (2013 : £4,924).

During the year ended 31 December 2014 R. Durnell & Sons Limited was reimbursed by Durnell Limited with that company's share of salary costs totalling £21,212 (2013 : £49,490). Contract work amounting to £79,840 (2013 : £126,877) was also performed during the year by the subsidiary company in respect of properties owned by Durnell Limited.

R Durnell & Sons Limited paid £80,800 (2013 : £85,300) to Durnell Limited in respect of rent.

iii) At 31 December 2014 The Darenth River Ballast Company Limited, a company controlled by the shareholders of the company, owed £34,248 to R Durnell & Sons Limited (2013 : £7,997 was owed by R Durnell & Sons Limited).

During the year R. Durnell & Sons Limited was charged £9,000 (2013 : £12,863) by The Darenth River Ballast Company Limited in respect of marketing functions.

Contract work amounting to £nil (2013 : £16,909) was performed by R Durnell & Sons Limited during the year in respect of properties owned by The Darenth River Ballast Company Limited.

During the year The Darenth River Ballast Company Limited purchased land from the company for £800,000. £450,000 was payable on completion, with the remaining £350,000 payable over 14 years with £22,500 due within one year and the remainder of £327,500 due after more than one year (see note 13). Interest is chargeable at 2% pa over bank base rate.

iv) During the previous year R Durnell & Sons Limited incurred costs of £277,347 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 year ended 31 December 2013 R Durnell & Sons Limited received income of £22,000 from Cheesman Joinery Limited in respect of management fees.

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