

PLUMBCITY LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

Company Registration No 04477777 (England and Wales)

THURSDAY



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PLUMBCITY LIMITED

COMPANY INFORMATION

Directors	P Manby G Eldred S Wimbledon
Company number	04477777
Registered office	7 Commerce Way Whitehall Industrial Estate Colchester Essex CO2 8HR
Auditors	Beaumont Seymour 47 Butt Road Colchester Essex CO3 3BZ
Business address	7 Commerce Way, Whitehall Industrial Estate Colchester Essex CO2 8HR

PLUMBCITY LIMITED

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PLUMBCITY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and financial statements for the year ended 31 December 2012

Principal activities and review of the business

The principal activity of the company continued to be the sale of Plumbing, Heating and Bathroom materials through its trade sales counters and bathroom showrooms

The company maintained its net profit margin during 2012, whilst increasing turnover, during a year of difficult trading conditions

The directors are satisfied with the financial position of the business at the end of the financial year and intend that current trading levels are maintained in the immediate future

The company's long-term strategy includes expansion of its network of branches, with further branches being opened across the region as profits are re-invested in the business

Principal risks and uncertainties

The company has procedures to manage the major risks faced. Where possible, the board takes action to eliminate, reduce or mitigate specific risks through the adoption of appropriate strategies, the main emphasis being on the continuation of trading and maintenance of margins. This includes the maintenance of business continuity plans and monitoring of trade conditions

Financial Risks

The company's operations expose it to a variety of financial risks, including credit exposure, liquidity and interest rates. The main risks arising from the company's trading operations can be analysed as follows

Credit risk - The company's principal financial assets are stocks, trade debtors and bank balances, which represent the company's maximum exposure to credit risk in relation to financial assets. Risk is managed through internal monitoring processes and the use of credit checking agencies

Liquidity risk - The company has substantial liquid funds in place and liquidity risk is considered very minimal for the foreseeable future

Interest rate risk - The company has very limited exposure to interest rate risk as third party borrowings are insignificant

Key performance indicators

The company's key performance indicators are turnover and profit margin. During the year turnover has increased by 7.56% from £16.54m in 2011 to £17.79m in 2012. Gross profit margin has increased from 31% in 2011 to 32% in 2012.

Results and dividends

The results for the year are set out on

A dividend was paid amounting to £275,000

Directors

The following directors have held office since 1 January 2012

P Manby
G Eldred
S Wimbledon

PLUMBCITY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

Auditors

The auditors, Beaumont Seymour, are deemed to be reappointed under section 487(2) of the Companies Act 2006

Statement of directors' responsibilities

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

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


- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



S Wimbledon

Director

4 June 2013

PLUMBCITY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PLUMBCITY LIMITED

We have audited the financial statements of Plumbcity Limited for the year ended 31 December 2012 set out on pages 5 to 19. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

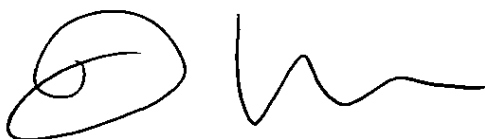
PLUMBCITY LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF PLUMBCITY LIMITED

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



**Mr Andrew John Griggs (Senior Statutory Auditor)
for and on behalf of Beaumont Seymour**

4 June 2013

**Chartered Certified Accountants
Statutory Auditor**

47 Butt Road
Colchester
Essex
CO3 3BZ

PLUMBCITY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
Turnover	2	17,789,360	16,538,769
Cost of sales		(12,126,039)	(11,441,891)
Gross profit		<u>5,663,321</u>	<u>5,096,878</u>
Administrative expenses		(3,788,093)	(3,399,119)
Operating profit	3	<u>1,875,228</u>	<u>1,697,759</u>
Other interest receivable and similar income	4	25,870	26,059
Interest payable and similar charges	5	(129)	-
Profit on ordinary activities before taxation		<u>1,900,969</u>	<u>1,723,818</u>
Tax on profit on ordinary activities	6	(481,875)	(494,341)
Profit for the year	15	<u><u>1,419,094</u></u>	<u><u>1,229,477</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

PLUMBCITY LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2012

	Notes	2012 £	£	2011 £	£
Fixed assets					
Tangible assets	8	608,421		611,767	
Investments	9	1		1	
		<u>608,422</u>		<u>611,768</u>	
Current assets					
Stocks	10	3,118,869		2,802,105	
Debtors	11	2,491,618		2,579,684	
Cash at bank and in hand		2,382,932		1,665,097	
		<u>7,993,419</u>		<u>7,046,886</u>	
Creditors amounts falling due within one year	12	(2,652,365)		(2,837,739)	
Net current assets		<u>5,341,054</u>		<u>4,209,147</u>	
Total assets less current liabilities		<u>5,949,476</u>		<u>4,820,915</u>	
Provisions for liabilities	13	(42,960)		(58,492)	
		<u>5,906,516</u>		<u>4,762,423</u>	
Capital and reserves					
Called up share capital	17	75,000		50,000	
Profit and loss account	15	5,831,516		4,712,423	
Shareholders' funds	16	<u>5,906,516</u>		<u>4,762,423</u>	

Approved by the Board and authorised for issue on 4 June 2013



S Wimbledon
Director

Company Registration No 04477777

PLUMBCITY LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

	£	2012 £	£	2011 £
Net cash inflow from operating activities		1,652,636		1,186,944
Returns on investments and servicing of finance				
Interest received	25,870		26,059	
Interest paid	(129)		-	
Net cash inflow for returns on investments and servicing of finance		25,741		26,059
Taxation		(488,290)		(668,979)
Capital expenditure				
Payments to acquire tangible assets	(211,396)		(197,922)	
Receipts from sales of tangible assets	23,050		44,320	
Net cash outflow for capital expenditure		(188,346)		(153,602)
Equity dividends paid		(275,000)		(275,000)
Net cash inflow before management of liquid resources and financing		726,741		115,422
Financing				
Repayment of other short term loans	(8,906)		(11,250)	
Net cash outflow from financing		(8,906)		(11,250)
Increase in cash in the year		717,835		104,172

PLUMBCITY LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

1	Reconciliation of operating profit to net cash outflow from operating activities	2012	2011
		£	£
	Operating profit	1,875,228	1,697,759
	Depreciation of tangible assets	190,024	176,119
	Loss on disposal of tangible assets	1,667	3,555
	Increase in stocks	(316,764)	(347,438)
	Decrease in debtors	88,066	58,579
	Decrease in creditors within one year	(185,585)	(401,630)
	Net cash inflow from operating activities	1,652,636	1,186,944

2	Analysis of net funds	1 January 2012	Cash flow	Other non-cash changes	31 December 2012
		£	£	£	£
	Net cash				
	Cash at bank and in hand	1,665,097	717,835	-	2,382,932
	Bank deposits	-	-	-	-
	Debt				
	Debts falling due within one year	(8,906)	8,906	-	-
	Net funds	1,656,191	726,741	-	2,382,932

3	Reconciliation of net cash flow to movement in net funds	2012	2011
		£	£
	Increase in cash in the year	717,835	104,172
	Cash outflow from decrease in debt	8,906	11,250
	Movement in net funds in the year	726,741	115,422
	Opening net funds	1,656,191	1,540,769
	Closing net funds	2,382,932	1,656,191

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Leasehold Improvements	10% Straight line
Plant and machinery	15% Reducing balance
Fixtures, fittings & equipment	10% - 25% Straight line
Motor vehicles	25% Reducing balance

1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value

1.6 Stock

Stock is valued at the lower of cost and net realisable value

1.7 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.8 Deferred taxation

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's accounts. Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

3	Operating profit	2012	2011
		£	£
	Operating profit is stated after charging		
	Depreciation of tangible assets	190,024	176,119
	Loss on disposal of tangible assets	1,667	3,555
	Operating lease rentals	269,746	246,897
		<u> </u>	<u> </u>
	Auditors' remuneration		
	Fees payable to the company's auditor for the audit of the company's annual accounts	6,465	6,155
	Accountancy and taxation	8,562	9,558
		<u> </u>	<u> </u>
		15,027	15,713
		<u> </u>	<u> </u>
4	Investment income	2012	2011
		£	£
	Bank interest	25,870	22,405
	Other interest	-	3,654
		<u> </u>	<u> </u>
		25,870	26,059
		<u> </u>	<u> </u>
5	Interest payable	2012	2011
		£	£
	On overdue tax	129	-
		<u> </u>	<u> </u>

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

6	Taxation	2012 £	2011 £
	Domestic current year tax		
	U K corporation tax	497,407	472,001
	Adjustment for prior years	-	(6,193)
	Total current tax	<u>497,407</u>	<u>465,808</u>
	Deferred tax		
	Deferred tax charge	(15,532)	28,533
		<u>481,875</u>	<u>494,341</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>1,900,969</u>	<u>1,723,818</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24.00% (2011 - 26.00%)	<u>456,233</u>	<u>448,193</u>
	Effects of		
	Non deductible expenses	13,735	11,950
	Depreciation add back	46,006	46,715
	Capital allowances	(28,664)	(43,643)
	Adjustments to previous periods	-	(6,193)
	Other tax adjustments	10,097	8,786
		<u>41,174</u>	<u>17,615</u>
	Current tax charge for the year	<u>497,407</u>	<u>465,808</u>
7	Dividends	2012 £	2011 £
	Ordinary interim paid	<u>275,000</u>	<u>275,000</u>

The company paid in total, dividends of £127,500 after the balance sheet date

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

8 Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2012	442,911	55,837	707,123	257,148	1,463,019
Additions	87,645	4,750	31,722	87,278	211,395
Disposals	-	-	-	(55,450)	(55,450)
At 31 December 2012	530,556	60,587	738,845	288,976	1,618,964
Depreciation					
At 1 January 2012	186,763	26,359	501,140	136,990	851,252
On disposals	-	-	-	(30,733)	(30,733)
Charge for the year	53,060	5,136	86,146	45,682	190,024
At 31 December 2012	239,823	31,495	587,286	151,939	1,010,543
Net book value					
At 31 December 2012	290,733	29,092	151,559	137,037	608,421
At 31 December 2011	256,148	29,478	205,983	120,158	611,767

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

9 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 January 2012 & at 31 December 2012	1
Net book value	
At 31 December 2012	1
At 31 December 2011	1

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Class	Shares held	%
Subsidiary undertakings				
Gallery Bathrooms Limited	England & Wales	ordinary	100	00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

		Capital and reserves 2012 £	Profit/(loss) for the year 2012 £
Gallery Bathrooms Limited	Principal activity Dormant	1	-

10 Stocks

	2012 £	2011 £
Finished goods and goods for resale	3,118,869	2,802,105

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

11 Debtors	2012 £	2011 £
Trade debtors	2,104,734	2,024,463
Other debtors	13,098	9,375
Prepayments and accrued income	373,786	545,846
	<u>2,491,618</u>	<u>2,579,684</u>
12 Creditors: amounts falling due within one year	2012 £	2011 £
Trade creditors	1,854,446	1,883,338
Corporation tax	270,318	261,201
Other taxes and social security costs	219,022	259,596
Directors' current accounts	-	122,005
Other creditors	44,265	49,059
Accruals and deferred income	264,314	262,540
	<u>2,652,365</u>	<u>2,837,739</u>

The Company's bankers hold a fixed and floating security charge over the Company's assets

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

13 Provisions for liabilities

	Deferred tax liability £
Balance at 1 January 2012	58,492
Profit and loss account	(15,532)
	<u> </u>
Balance at 31 December 2012	<u>42,960</u>

The deferred tax liability is made up as follows.

	2012 £	2011 £
Accelerated capital allowances	<u>42,960</u>	<u>58,492</u>

14 Pension and other post-retirement benefit commitments

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2012 £	2011 £
Contributions payable by the company for the year	<u>6,500</u>	<u>6,500</u>

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

15 Statement of movements on profit and loss account

	Profit and loss account
	£
Balance at 1 January 2012	4,712,422
Profit for the year	1,419,094
Bonus issue of shares	(25,000)
Dividends paid	(275,000)
	<u>5,831,516</u>
Balance at 31 December 2012	<u>5,831,516</u>

16 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the financial year	1,419,094	1,229,477
Dividends	(275,000)	(275,000)
	<u>1,144,094</u>	<u>954,477</u>
Net addition to shareholders' funds	1,144,094	954,477
Opening shareholders' funds	4,762,423	3,807,946
	<u>5,906,516</u>	<u>4,762,423</u>
Closing shareholders' funds	<u>5,906,516</u>	<u>4,762,423</u>

17 Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
250,000 Ordinary 'A' of 10p each	25,000	25,000
500,000 Ordinary 'B' of 10p each	50,000	25,000
	<u>75,000</u>	<u>50,000</u>
	<u>75,000</u>	<u>50,000</u>

On the 11 December 2012 the company made a bonus issue of 250,000 ordinary 'B' shares of £0.10 each on a one for one basis to existing ordinary 'A' share holders

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

18 Financial commitments

At 31 December 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2013

	Land and buildings	
	2012	2011
	£	£
Operating leases which expire		
Within one year	51,000	-
Between two and five years	43,200	51,000
In over five years	203,076	246,276
	<u>297,276</u>	<u>297,276</u>

19 Directors' remuneration

	2012	2011
	£	£
Remuneration for qualifying services	116,902	92,975
Company pension contributions to defined contribution schemes	4,500	4,500
	<u>121,402</u>	<u>97,475</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2011 - 2)

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2012 Number	2011 Number
Management	15	13
Administration	20	20
Staff	38	36
	<u>73</u>	<u>69</u>

Employment costs

	2012 £	2011 £
Wages and salaries	1,772,155	1,583,343
Staff bonuses	239,692	241,117
Social security costs	211,922	192,176
Other pension costs	6,500	6,500
	<u>2,230,269</u>	<u>2,023,136</u>

21 Control

The company is controlled by P Manby

22 Related party relationships and transactions

Loans from/(to) directors

The following directors loans existed during the year The movement on these loans are as follows

Description	% Rate	Opening Balance £	Amounts Advanced £	Interest Charged £	Amounts Repaid £	Closing Balance £
P Manby -	-	106,875	-	-	(106,875)	-
G Eldred -	-	14,258	-	-	(14,258)	-
S Wimbledon -	-	872	8,033	-	(8,905)	-
		<u>122,005</u>	<u>8,033</u>	<u>-</u>	<u>(130,038)</u>	<u>-</u>

Included in other creditors is a loan from R G Nash (a shareholder) of £Nil (2011 - £8,906) This loan is provided to the company on an interest free basis with no fixed date for repayment

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

22 Related party relationships and transactions

(Continued)

Dividends to Directors

The following directors were paid dividends during the year as outlined in the table below

	2012	2011
	£	£
P Manby	165,000	165,000
G Eldred	22,000	22,000
S Wimbledon	68,750	68,750
	<u>255,750</u>	<u>255,750</u>