

PLUMBCITY LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009



PLUMBCITY LIMITED

COMPANY INFORMATION

Directors

P Manby
S Wimbledon
G Eldred

Company number

04477777

Registered office

Unit 7 Commerce Way
Whitehall Industrial Estate
Colchester
Essex
CO2 8JN

Auditors

Beaumont Seymour
47 Butt Road
Colchester
Essex
CO3 3BZ

Business address

Unit 7 Commerce Way
Whitehall Industrial Estate
Colchester
Essex
CO2 8JN

PLUMBCITY LIMITED

CONTENTS

	Page
Directors' report	1 - 3
Independent auditors' report	4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the cash flow statement	8
Notes to the financial statements	9 - 16

PLUMBCITY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2009

The directors present their report and financial statements for the year ended 31 December 2009

Principal activities, review of the business and future developments

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 2009, which was a year of difficult trading conditions. Branches opened in the previous year performed well, as did established outlets.

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

The company's longterm 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 appropriate overdraft facilities in place with bankers where considered necessary.

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

PLUMBCITY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

Key performance indicators

The Company's key financial and other performance indicators during the year were as follows

	2009	2008	2007	2006
	£	£	£	£
Turnover	12,468,367	12,893,608	11,147,568	9,523,994
Gross profit%	29.12%	28.88%	27.46%	24.94%
Net profit before tax	1,107,806	1,234,307	1,092,179	886,111
Net profit%	6.47%	6.88%	6.56%	6.62%
Capital and reserves	2,905,888	2,249,461	1,512,632	900,964

Results and dividends

The results for the year are set out on page 5

A dividend was paid amounting to £150,000

Directors

The following directors have held office since 1 January 2009

P Manby
S Wimbledon
G Eldred

Charitable donations	2009	2008
	£	£
During the year the company made the following payments		
Charitable donations	329	250

Auditors

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

PLUMBCITY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

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

18 May 2010

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 2009 set out on pages 5 to 16. 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 - 3, 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 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.

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 2009 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.

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.

A J Griggs (Senior Statutory Auditor)
for and on behalf of Beaumont Seymour Limited

18 May 2010

Chartered Certified Accountants
Statutory Auditor

47 Butt Road
Colchester
Essex
CO3 3BZ

PLUMBCITY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £	2008 £
Turnover	2	12,468,367	12,893,608
Cost of sales		(8,838,173)	(9,169,981)
Gross profit		3,630,194	3,723,627
Administrative expenses		(2,539,810)	(2,524,612)
Other operating income		75	100
Operating profit	3	1,090,459	1,199,115
Other interest receivable and similar income	4	17,347	35,192
Profit on ordinary activities before taxation		1,107,806	1,234,307
Tax on profit on ordinary activities	5	(301,379)	(347,478)
Profit for the year	14	806,427	886,829

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 2009

	Notes	2009 £	£	2008 £	£
Fixed assets					
Tangible assets	7		621,400		674,777
Current assets					
Stocks	8	1,815,085		1,593,768	
Debtors	9	2,409,428		2,203,614	
Cash at bank and in hand		980,543		804,786	
		<u>5,205,056</u>		<u>4,602,168</u>	
Creditors' amounts falling due within one year	10	<u>(2,901,065)</u>		<u>(2,993,631)</u>	
Net current assets			<u>2,303,991</u>		<u>1,608,537</u>
Total assets less current liabilities			<u>2,925,391</u>		<u>2,283,314</u>
Provisions for liabilities	11		<u>(19,503)</u>		<u>(33,853)</u>
			<u>2,905,888</u>		<u>2,249,461</u>
Capital and reserves					
Called up share capital	13		25,000		25,000
Profit and loss account	14		<u>2,880,888</u>		<u>2,224,461</u>
Shareholders' funds	15		<u>2,905,888</u>		<u>2,249,461</u>

Approved by the Board and authorised for issue on 18 May 2010



S Wimbledon
Director

Company Registration No. 04477777

PLUMBCITY LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

	£	2009 £	£	2008 £
Net cash inflow from operating activities		794,168		1,623,623
Returns on investments and servicing of finance				
Interest received	17,347		35,192	
Net cash inflow for returns on investments and servicing of finance		17,347		35,192
Taxation		(365,261)		(315,934)
Capital expenditure				
Payments to acquire tangible assets	(117,272)		(355,700)	
Receipts from sales of tangible assets	2,400		4,613	
Net cash outflow for capital expenditure		(114,872)		(351,087)
Equity dividends paid		(150,000)		(150,000)
Net cash inflow before management of liquid resources and financing		181,382		841,794
Financing				
Repayment of other short term loans	(5,625)		(5,625)	
Net cash outflow from financing		(5,625)		(5,625)
Increase in cash in the year		175,757		836,169

PLUMBCITY LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

1	Reconciliation of operating profit to net cash inflow from operating activities	2009		2008	
		£		£	
	Operating profit	1,090,459		1,199,115	
	Depreciation of tangible assets	165,538		161,796	
	Loss on disposal of tangible assets	2,711		370	
	(Increase)/decrease in stocks	(221,317)		42,417	
	Increase in debtors	(205,814)		(55,087)	
	(Decrease)/Increase in creditors within one year	(37,409)		275,012	
	Net cash inflow from operating activities	794,168		1,623,623	
2	Analysis of net funds	1 January 2009	Cash flow	Other non-cash changes	31 December 2009
		£	£	£	£
	Net cash				
	Cash at bank and in hand	804,786	175,757	-	980,543
	Debt				
	Debts falling due within one year	(35,625)	5,625	-	(30,000)
	Net funds	769,161	181,382	-	950,543
3	Reconciliation of net cash flow to movement in net funds	2009		2008	
		£		£	
	Increase in cash in the year	175,757		836,169	
	Cash outflow from decrease in debt	5,625		5,625	
	Movement in net funds in the year	181,382		841,794	
	Opening net funds/(debt)	769,161		(72,633)	
	Closing net funds	950,543		769,161	

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

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 Stock

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

1.6 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

1.7 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 2009

3	Operating profit	2009 £	2008 £
	Operating profit is stated after charging		
	Depreciation of tangible assets	165,538	161,796
	Loss on disposal of tangible assets	2,711	370
	Operating lease rentals	191,662	182,874
	Auditors' remuneration (including expenses and benefits in kind)	5,800	5,875
		<u> </u>	<u> </u>
4	Investment income	2009 £	2008 £
	Bank interest	15,248	35,192
	Other interest	2,099	-
		<u> </u>	<u> </u>
		17,347	35,192
		<u> </u>	<u> </u>

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

5	Taxation	2009 £	2008 £
	Domestic current year tax		
	U K corporation tax	317,866	367,398
	Adjustment for prior years	(2,137)	(1,048)
		<u>315,729</u>	<u>366,350</u>
	Current tax charge		
	Deferred tax		
	Deferred tax charge	(14,350)	(18,872)
		<u>301,379</u>	<u>347,478</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>1,107,806</u>	<u>1,234,307</u>
	 Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2008 - 28.00%)	 <u>310,186</u>	 <u>345,606</u>
	Effects of		
	Non deductible expenses	3,073	6,985
	Depreciation add back	47,109	45,199
	Capital allowances	(36,473)	(33,209)
	Adjustments to previous periods	(2,137)	(1,048)
	Other tax adjustments	(6,029)	2,817
		<u>5,543</u>	<u>20,744</u>
	Current tax charge	<u>315,729</u>	<u>366,350</u>
6	Dividends	2009 £	2008 £
	Ordinary interim paid	<u>150,000</u>	<u>150,000</u>

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

7 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2009	262,956	28,207	587,411	189,538	1,068,112
Additions	-	6,370	67,552	43,350	117,272
Disposals	-	-	-	(16,155)	(16,155)
At 31 December 2009	262,956	34,577	654,963	216,733	1,169,229
Depreciation					
At 1 January 2009	80,463	12,565	209,546	90,761	393,335
On disposals	-	-	-	(11,044)	(11,044)
Charge for the year	26,296	3,303	101,686	34,253	165,538
At 31 December 2009	106,759	15,868	311,232	113,970	547,829
Net book value					
At 31 December 2009	156,197	18,709	343,731	102,763	621,400
At 31 December 2008	182,493	15,642	377,865	98,777	674,777

8 Stocks

	2009 £	2008 £
Finished goods and goods for resale	1,815,085	1,593,768

9 Debtors

	2009 £	2008 £
Trade debtors	1,853,141	1,591,530
Other debtors	418	1,587
Prepayments and accrued income	555,869	610,497
	2,409,428	2,203,614

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

10 Creditors, amounts falling due within one year	2009 £	2008 £
Trade creditors	1,802,950	1,818,983
Corporation tax	317,866	367,398
Other taxes and social security costs	107,767	82,026
Directors' current accounts	438,008	520,133
Other creditors	28,997	35,625
Accruals and deferred income	205,477	169,466
	<u>2,901,065</u>	<u>2,993,631</u>

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

11 Provisions for liabilities	Deferred tax liability £
Balance at 1 January 2009	33,853
Profit and loss account	(14,350)
	<u>19,503</u>
Balance at 31 December 2009	<u>19,503</u>

The deferred tax liability is made up as follows:

	2009 £	2008 £
Accelerated capital allowances	<u>19,503</u>	<u>33,853</u>

12 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.

	2009 £	2008 £
Contributions payable by the company for the year	<u>6,000</u>	<u>5,465</u>

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

13 Share capital	2009 £	2008 £
Authorised		
2,500,000 Ordinary of 10p each	<u>250,000</u>	<u>250,000</u>
Allotted, called up and fully paid		
250,000 Ordinary of 10p each	<u>25,000</u>	<u>25,000</u>
14 Statement of movements on profit and loss account		Profit and loss account £
Balance at 1 January 2009		2,224,461
Profit for the year		806,427
Dividends paid		<u>(150,000)</u>
Balance at 31 December 2009		<u>2,880,888</u>
15 Reconciliation of movements in shareholders' funds	2009 £	2008 £
Profit for the financial year	806,427	886,829
Dividends	<u>(150,000)</u>	<u>(150,000)</u>
Net addition to shareholders' funds	656,427	736,829
Opening shareholders' funds	<u>2,249,461</u>	<u>1,512,632</u>
Closing shareholders' funds	<u>2,905,888</u>	<u>2,249,461</u>

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

16 Financial commitments

At 31 December 2009 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2010

	Land and buildings	
	2009	2008
	£	£
Operating leases which expire in over five years	187,750	187,750

17 Directors' emoluments

	2009	2008
	£	£
Emoluments for qualifying services	86,575	74,707
Company pension contributions to money purchase schemes	4,000	3,562
	90,575	78,269

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2008 - 1)

18 Transactions with directors

The following directors have provided interest free loans, with no fixed date for repayment, to the company during the year. The movement on these loans are as follows

	Amount outstanding	
	2009	2008
	£	£
P Manby	360,000	427,500
G Eldred	48,008	57,008
S Wimbledon	30,000	35,625

PLUMBCITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

19 Employees

Number of employees

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

	2009 Number	2008 Number
Management	12	13
Administration	5	4
Staff	36	38
	<u>53</u>	<u>55</u>

Employment costs

	2009 £	2008 £
Wages and salaries	1,194,672	1,161,083
Social security costs	135,968	113,926
Other pension costs	6,000	5,465
	<u>1,336,640</u>	<u>1,280,474</u>

20 Control

The company is controlled by P Manby

21 Related party transactions

Included in other creditors is a loan from R G Nash (a shareholder) of £30,000 (2008 - £35,625) This loan is provided to the company on an interest free basis with no fixed date for repayment