

# Financial Statements Naismiths Limited

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For the year ended 31 March 2013

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20/12/2013

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COMPANIES HOUSE

Registered number: 07109104

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**Nalsmiths Limited**

## Company Information

<b>Directors</b>	M Higgins J Johnson A Pearson
<b>Company secretary</b>	S Ansell
<b>Registered number</b>	07109104
<b>Registered office</b>	4th Floor Lancaster House 67 Newhall Street Birmingham West Midlands B3 1NQ
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Colmore Plaza 20 Colmore Circus Birmingham West Midlands B4 6AT
<b>Bankers</b>	Royal Bank of Scotland Colmore Row Birmingham B3 2AP

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# Directors' Report

For the year ended 31 March 2013

The directors present their report and the financial statements for the year ended 31 March 2013

## **Principal activities and business review**

The principal activity during the period was that of a quantity surveyor

There was a loss for the period after taxation amounting to £366,104 (period ended 31 March 2012 £204,788)  
The directors do not recommend payment of a dividend

EBITDA for the year was £63,147 (period ended 31 March 2012 £219,259) The directors have a close day to day involvement in the operations of the business and they regularly review all the financial information available

Over the 24 month period to 31 March 2013, the Directors and Management of Naismiths have made considerable tactical business changes to strengthen the foundation of the business and open up new opportunities both by service line and geographical location

The associated investment and restructuring costs although both a profit and cash drain on the business have been essential investment and restructuring considerations allowing us to align and up skill our key resources to our traditional business offerings and our new emerging geographical locations and service lines

For the 12 month period to 31 March 2013 these costs are estimated to exceed £270,000 (£320,000 for the 12 month period to 31 March 2012) A total estimated non-recurring cost in excess of £600,000 for the 24 month period ended 31 March 2013

These costs have been funded by internal resources

The restructured business is now in a much stronger position in terms of service line delivery and technically skilled resource alignment for the next strategic growth phase of Naismiths

The Directors look forward to delivering on the projected business plans and forecasts for the period to 31 March 2014 and beyond

## **Directors**

The directors who served during the year were

M Higgins  
J Johnson  
A Pearson

## **Directors' responsibilities statement**

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,

## Directors' Report

For the year ended 31 March 2013

- make judgments 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.

### Provision of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

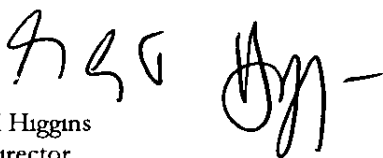
- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 20 December 2013 and signed on its behalf

  
M Higgins  
Director



## Independent Auditor's Report to the Members of Naismiths Limited

We have audited the financial statements of Naismiths Limited for the year ended 31 March 2013, which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' responsibilities statement, 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 (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **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 March 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, 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.



## Independent Auditor's Report to the Members of Naismiths 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, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a strategic report

A handwritten signature in black ink, appearing to read "David White".

David White (Senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Chartered Accountants  
Statutory Auditor  
Birmingham  
Date

20/12/13

# Profit and Loss Account

For the year ended 31 March 2013

	Note	Before goodwill amortisation £	Goodwill amortisation £	2013 Total £	2012 Total £
Turnover	1	2,967,946	-	2,967,946	3,187,267
Cost of sales		(2,180,956)	-	(2,180,956)	(2,200,078)
<b>Gross profit</b>		<b>786,990</b>	<b>-</b>	<b>786,900</b>	<b>987,189</b>
Amortisation of goodwill		-	(400,416)	(400,416)	(400,416)
Administrative expenses		(732,831)	-	(732,831)	(782,112)
Total administrative expenses		(732,831)	(400,416)	(1,133,247)	(1,182,528)
<b>Operating (loss) / profit</b>	2	<b>54,159</b>	<b>(400,416)</b>	<b>(346,257)</b>	<b>(195,339)</b>
Interest payable and similar charges				(19,847)	(9,449)
<b>Loss on ordinary activities before taxation</b>				<b>(366,104)</b>	<b>(204,788)</b>
Tax on loss on ordinary activities				-	-
<b>Loss for the financial year</b>	11			<b>(366,104)</b>	<b>(204,788)</b>

The notes on pages 7 to 11 form part of these financial statements



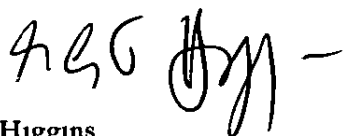
## Balance Sheet

As at 31 March 2013

	Note	£	2013 £	£	2012 £
<b>Fixed assets</b>					
Intangible assets	4		2,802,880		3,203,296
Tangible assets	5		9,691		6,355
			<u>2,812,571</u>		<u>3,209,651</u>
<b>Current assets</b>					
Work in progress		71,700		97,972	
Debtors	6	867,510		873,526	
		<u>939,210</u>		<u>971,498</u>	
<b>Creditors</b> amounts falling due within one year	7	(1,096,432)		(1,279,696)	
<b>Net current liabilities</b>			(157,222)		(308,198)
<b>Total assets less current liabilities</b>			<u>2,655,349</u>		<u>2,901,453</u>
<b>Creditors:</b> amounts falling due after more than one year	8		(3,020,000)		(2,900,000)
<b>Net (liabilities)/assets</b>			<u>(364,651)</u>		<u>1,453</u>
<b>Capital and reserves</b>					
Called up share capital	10		500,000		500,000
Investment in own shares	11		(160,000)		(160,000)
Profit and loss account	11		(704,651)		(338,547)
<b>Shareholders' (deficit)/funds</b>			<u>(364,651)</u>		<u>1,453</u>

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 December 2013



**M Higgins**  
Director

The notes on pages 7 to 11 form part of these financial statements

# Notes to the Financial Statements

For the year ended 31 March 2013

## 1. Accounting Policies

### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

### 1.2 Going concern

The company has recorded a loss for the period EBITDA for the period was £63,147 (2012 £219,259) and at an operational level the business is profitable. The directors have a close day to day involvement in the operations of the business and they regularly review all the financial information available. The directors have prepared forecasts covering the period to 31 December 2014, which indicate that the business can continue to operate within its available facilities, and based on this information the directors believe that it is reasonable to prepare the accounts on a going concern basis.

### 1.3 Work in progress

Work in progress is valued at the lower of cost and net realisable value. Cost includes direct labour and an attributable proportion of overheads based on normal level of activity.

Full provision is made for losses on contracts in the year in which the loss is first foreseen. Costs in respect of conditional or contingent fee engagements are fully provided for as incurred to the extent they exceed any agreed minimum fee. Once the conditional or contingent event occurs the associated revenue is recognised.

### 1.4 Turnover and income recognition

Turnover represents amounts chargeable to clients for professional services provided during the period including recoverable expenses but excluding value added tax. The company recognises income at the point where it obtains the right to consideration. The excess of the right to consideration over invoiced amounts is shown within accrued income.

### 1.5 Goodwill

Purchased goodwill is capitalised and amortised by equal annual instalments over its useful economic life, which is considered to be 10 years.

### 1.6 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 of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office furniture	-	25% on cost
Office equipment	-	25% on cost
Computer equipment	-	33% on cost

### 1.7 Money purchase pension policies

The company accounts for its contributions to the individual money purchase policies of employees and all contributions charged relate to the current period.

# Notes to the Financial Statements

For the year ended 31 March 2013

## 1. Accounting Policies (continued)

### 1.8 Employee benefit trust

Assets held by the company's Employee Benefit Trust (EBT) are included in the company's balance sheet under the appropriate heading. Shares in the company held by the EBT are disclosed as a deduction from shareholders' (deficit)/funds and dividend income is excluded in arriving at loss before tax and deducted from aggregate dividends paid and proposed.

### 1.9 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

## 2. Operating loss

The operating loss is stated after charging

	2013 £	2012 £
Amortisation	400,416	400,416
Depreciation of tangible fixed assets		
- owned by the company	8,988	14,182
Reversal of impairment of fixed assets	-	(1,200)
Auditor's remuneration	8,400	8,400
Auditor's remuneration - non-audit	1,800	1,200
Pension costs	42,273	49,705
Operating leases - property	143,005	94,937

## 3. Directors' remuneration

	2013 £	2012 £
Aggregate remuneration	175,891	312,250

# Notes to the Financial Statements

For the year ended 31 March 2013

## 4. Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At 1 April 2012 and 31 March 2013	4,004,124
<b>Amortisation</b>	
At 1 April 2012	800,828
Charge for the year	400,416
At 31 March 2013	1,201,244
<b>Net book value</b>	
At 31 March 2013	2,802,880
At 31 March 2012	3,203,296

## 5. Tangible fixed assets

	Computer equipment £	Office furniture £	Office equipment £	Total £
<b>Cost</b>				
At 1 April 2012	76,483	24,574	18,236	119,293
Additions	11,463	249	612	12,324
At 31 March 2013	87,946	24,823	18,848	131,617
<b>Depreciation</b>				
At 1 April 2012	74,554	20,148	18,236	112,938
Charge for the year	5,436	3,399	153	8,988
At 31 March 2013	79,990	23,547	18,389	121,926
<b>Net book value</b>				
At 31 March 2013	7,956	1,276	459	9,691
At 31 March 2012	1,929	4,426	-	6,355

# Notes to the Financial Statements

For the year ended 31 March 2013

## 6. Debtors

	2013	2012
	£	£
Trade debtors	506,155	605,616
Prepayments	113,947	106,687
Accrued income	232,301	158,723
Tax recoverable	15,107	2,500
	<u>867,510</u>	<u>873,526</u>

## 7. Creditors:

### Amounts falling due within one year

	2013	2012
	£	£
Bank overdraft	220,555	190,756
Loan notes	280,000	520,000
Trade creditors	129,321	116,549
Amounts owed related parties	-	60,000
Other taxation and social security	149,148	150,719
Pension contributions	8,950	10,564
Accruals and other creditors	308,458	231,108
	<u>1,096,432</u>	<u>1,279,696</u>

The bank overdraft and loan notes are secured by fixed and floating charges over the assets of the company

## 8. Creditors:

### Amounts falling due after more than one year

	2013	2012
	£	£
Loan notes	2,940,000	2,900,000
Amounts owed to directors	80,000	-
	<u>3,020,000</u>	<u>2,900,000</u>

The loan notes are secured by fixed and floating charges over the assets of the company

# Notes to the Financial Statements

For the year ended 31 March 2013

## 9. Operating lease commitments

At 31 March 2013 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings			Other
	2013	2012	2013	2012
	£	£	£	£
Expiry date				
Between 2 and 5 years	<u>141,386</u>	<u>61,386</u>	<u>-</u>	<u>-</u>

## 10. Share capital

	2013	2012
	£	£
Allotted, called up and fully paid		
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

## 11. Reserves

	Investment in own shares	Profit and loss account
	£	£
At 1 April 2012	(160,000)	(338,547)
Loss for the year	-	(366,104)
At 31 March 2013	<u>(160,000)</u>	<u>(704,651)</u>

## 12. Capital commitments

There were no capital commitments at 31 March 2013 (2012 £Nil)

## 13. Contingent liabilities

There were no contingent liabilities at 31 March 2013 (2012 £Nil)

## 14. Related party transactions

At 31 March 2013, £1,390,000 is payable to J Johnson, £1,390,000 is payable to A Pearson, and £440,000 is payable to J Bees, all of whom were directors of the company during the year, in respect of the acquisition of the business from Naismiths LLP. During the year interest of £163,339 was waived in respect of these loans (2012 £180,584).