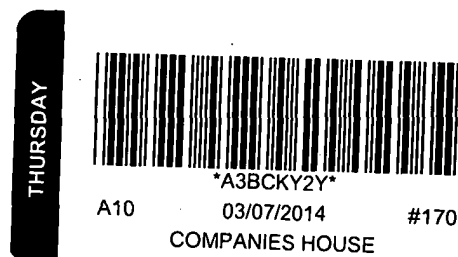


# Financial Statements Plumbs Limited

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For the year ended 31 December 2013



Registered number: 01113238

## Company Information

<b>Directors</b>	G G Plumb L K Hindle A Diamond (resigned 1 May 2014) S L Page C M Wontner-Smith J R Page R J Gatley
<b>Company secretary</b>	R J Gatley
<b>Registered number</b>	01113238
<b>Registered office</b>	Brookhouse Mill Old Lancaster Lane PRESTON PR1 7PZ
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor No 1 Whitehall Riverside LEEDS LS1 4BN
<b>Bankers</b>	HSBC Bank Plc 49A Fishergate PRESTON PR1 8BQ
<b>Solicitors</b>	DWF LLP 1 Scott Place 2 Hardman Street MANCHESTER M3 3AA

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# Directors' report

## For the year ended 31 December 2013

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

### **Principal activities**

The company is principally engaged in the production and retailing of textile goods and household furnishings.

### **Results and dividends**

The profit for the year, after taxation, amounted to £237,272 (2012 - £221,917).

The directors have recommended a dividend of £172,500 in the year (2012 - £172,500).

### **Directors**

The directors who served during the year were:

G G Plumb  
L K Hindle  
A Diamond (resigned 1 May 2014)  
S L Page  
C M Wontner-Smith  
J R Page  
R J Gatley

### **Charitable contributions**

Donations to charitable organisations amounted to £2,383 (2012 - £9,610).

### **Future developments**

The directors see the growth area of the company in its re-upholstery service which will increase its external manufacturing network, as well as the in-house production unit in Preston and its Dover factory.

The directors are aware of the changing means of advertising and the further development of e-commerce is key to getting the response from the company's customers, as well as providing an opportunity to broaden its products and range.

### **Employee involvement**

The company has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the company.

This is achieved through consultations with employee representatives on a regular basis.

# Directors' report

For the year ended 31 December 2013

## **Disabled employees**

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

## **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic report, 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

## **Disclosure 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.

**Plumbs Limited**

# Directors' report

For the year ended 31 December 2013

## **Trustee shareholding**

At 31 December 2013 Grant Thornton Trust Company Limited, a related undertaking to Grant Thornton UK LLP, the company's auditor, was a non-beneficial trustee of 5,751 (2012 - 5,751) ordinary shares in the company.

This report was approved by the board and signed on its behalf.



S L Page  
Director  
Date: 19 June 2014

## Strategic report

For the year ended 31 December 2013

### Business review

The turnover for the year ended 31 December 2013 was £27.3 million, a fall of 1.8% on last year (2012 - £27.8 million). There was a profit before tax of £253k (2012 - £247k).

The directors recognise that the company is in a key period of change. This is reflected in the change to product mix and is evidence to a shift in the customer's requirements for our products. The main growth areas continue to be our Traditional products, particularly re-upholstery and our emerging Prestige re-upholstery products.

The directors believe they are in a strong position to maximise on the growth areas of the business. This is being reflected in the change to our media spend, incorporating a significant growth in our brand building and web investment and activity. In order to deliver on this key investment area we have moved media agencies and look to develop new media opportunities as a result.

The company continues to have good liquidity which enables the directors to concentrate its efforts into maintaining a strong margin on its products, ensuring fixed and variable costs are constantly monitored and looking for areas to expand the business.

The directors monitor the progress of the company by reference to key performance indicators of the business as follows:

- Gross profit margin percentage. The result for 2013 is 19.3% compared to the 2012 result of 18.4%, an increase of 0.9%.
- Operating profit per employee. For 2013 the result is £668 compared to the 2012 figure of £959

The directors continue to see the main area for growth of the company is its re-upholstery service. In 4 years, re-upholstery sales have risen 70% from £5.0 million to £8.5 million in 2013. The directors have also increased production capacity in its external manufacturing network, as well as its in-house production units in Preston and Dover.

The directors are committed to investing in our IT development and to look to maximise on technological advances via App development for Apple devices, as well as our bespoke Oracle SOP system.

Subsequent to the year end, the directors have had to make some difficult decisions after reviewing the company's cost base but are now looking to the future with increased confidence that the business is ideally placed to meet the many opportunities which will come its way.

### Principal risks and uncertainties

The company uses various financial instruments that include cash, equity instruments and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operators.

The main risks arising from the company's financial instruments are market risk, price risk and liquidity risk.

### Market risk

Turnover was derived from retailing textile goods and household furnishings direct to consumers in the United Kingdom. It is the policy of the company to expand the customer base into other areas of soft furnishings to utilise our in-house skills and plant capacity.

## Strategic report (continued)

### **Price risk**

Our direct material costs are continually monitored to ensure the company derives best value. Selling prices are continually reviewed and can be adjusted at very short notice if appropriate due to market conditions.

### **Liquidity risk**

The company seeks to manage financial risk by reviewing the position daily and ensuring sufficient liquidity is available to meet foreseeable needs. Cash is placed on deposit depending on the short-term cash flow forecast.

This report was approved by the board on 19 June 2014 and signed on its behalf.

  
**S L Page**  
**Director**



## Independent auditor's report to the members of Plumbs Limited

We have audited the financial statements of Plumbs Limited for the year ended 31 December 2013, which comprise the Profit and loss account, the Statement of total recognised gains and losses, the Balance sheet, the Cash flow statement and reconciliation of net cash flow to movement in net funds/debt and the related notes. 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 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 December 2013 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 Strategic report and 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 Plumbs 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.

*Grant Thornton UK LLP*

Richard Hobson (Senior Statutory Auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Chartered Accountants  
Statutory Auditor  
LEEDS

19 June 2014

## Profit and loss account

For the year ended 31 December 2013

	Note	2013 £	2012 £
<b>Turnover</b>	2	<b>27,278,412</b>	27,773,130
Cost of sales		<b>(22,017,661)</b>	(22,649,528)
<b>Gross profit</b>		<b>5,260,751</b>	5,123,602
Distribution costs		<b>(502,908)</b>	(445,521)
Administrative expenses		<b>(4,528,818)</b>	(4,371,271)
<b>Operating profit</b>	3	<b>229,025</b>	306,810
Interest receivable		<b>7,680</b>	8,732
Other finance income/(costs)	7	<b>16,000</b>	(69,000)
<b>Profit on ordinary activities before taxation</b>		<b>252,705</b>	246,542
Tax on profit on ordinary activities	8	<b>(15,433)</b>	(24,625)
<b>Profit for the financial year</b>	17	<b>237,272</b>	221,917

All amounts relate to continuing operations.

The notes on pages 12 to 24 form part of these financial statements.

## Statement of total recognised gains and losses

For the year ended 31 December 2013

	Note	2013 £	2012 £
<b>Profit for the financial year</b>		<b>237,272</b>	221,917
Actuarial gain/(loss) related to pension scheme	24	<b>538,000</b>	(388,000)
Deferred tax attributable to actuarial gain/(loss)	24	<b>(53,800)</b>	170,800
<b>Total recognised gains and losses relating to the year</b>		<b><u>721,472</u></b>	<b><u>4,717</u></b>

The notes on pages 12 to 24 form part of these financial statements.

## Balance sheet

As at 31 December 2013

	Note	£	2013 £	£	2012 £
<b>Fixed assets</b>					
Tangible assets	9		746,623		732,994
Investments	10		144,265		144,265
			<u>890,888</u>		<u>877,259</u>
<b>Current assets</b>					
Stocks	11	1,643,663		1,501,262	
Debtors	12	2,368,713		2,070,779	
Cash at bank and in hand		1,273,325		1,694,412	
		<u>5,285,701</u>		<u>5,266,453</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(3,999,789)</u>		<u>(3,811,884)</u>	
<b>Net current assets</b>			<u>1,285,912</u>		<u>1,454,569</u>
<b>Total assets less current liabilities</b>			<u>2,176,800</u>		<u>2,331,828</u>
Defined benefit pension scheme liability	24		<u>(861,000)</u>		<u>(1,565,000)</u>
<b>Net assets including pension scheme liability</b>			<u><u>1,315,800</u></u>		<u><u>766,828</u></u>
<b>Capital and reserves</b>					
Called up share capital	15		23,000		23,000
Share premium account	16		658,210		658,210
Profit and loss account	17		634,590		85,618
<b>Shareholders' funds</b>	18		<u><u>1,315,800</u></u>		<u><u>766,828</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 June 2014.

G G Plumb  
 Director




S L Page  
 Director

The notes on pages 12 to 24 form part of these financial statements.

## Cash flow statement

For the year ended 31 December 2013

	Note	2013 £	2012 £
Net cash flow from operating activities	20	47,333	512,508
Returns on investments	21	7,680	8,732
Taxation		(15,669)	(57,325)
Capital expenditure	21	(287,931)	(424,931)
Equity dividends paid		(172,500)	(172,500)
<b>(Decrease)/increase in cash in the year</b>		<b>(421,087)</b>	<b>(133,516)</b>

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

For the year ended 31 December 2013

	2013 £	2012 £
(Decrease)/increase in cash in the year	(421,087)	(133,516)
<b>Movement in net funds in the year</b>	<b>(421,087)</b>	<b>(133,516)</b>
Net funds at 1 January 2013	1,694,412	1,827,928
<b>Net funds at 31 December 2013</b>	<b>1,273,325</b>	<b>1,694,412</b>

The notes on pages 12 to 24 form part of these financial statements.

# Notes to the financial statements

For the year ended 31 December 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 applicable accounting standards.

The principal accounting policies of the company are set out below. The policies have remained unchanged from the previous year.

The company's business activities and financial performance, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report and Strategic Report on pages 1 to 5. The company has significant cash reserves and the directors are confident that it will continue to generate positive operating cashflows for the foreseeable future. As a consequence the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### 1.2 Consolidation

In the opinion of the directors, the company's subsidiaries are not material for the purpose of giving a true and fair view of the results and financial position of the group. The company has therefore taken advantage of the exemption provided by Section 405 of the Companies Act 2006 not to prepare group accounts. These financial statements therefore present information about the company as an individual undertaking and not the group.

### 1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer, based on specific contract terms.

### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	4% Straight line
Plant & equipment	-	15-25% Straight line
Motor vehicles	-	25% Straight line
Fixtures & fittings	-	10% Straight line

### 1.5 Investments

Investments held as fixed assets are shown at cost.

# Notes to the financial statements

For the year ended 31 December 2013

## 1. Accounting policies (continued)

### 1.6 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

### 1.7 Stocks

Stocks are valued at the lower of cost and net realisable value.

### 1.8 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are not discounted.

### 1.9 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

The company operates a defined benefit pension scheme and the pension charge is based on a full actuarial valuation dated 1 January 2010.

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent it is recoverable by the company.

The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included in other finance costs/income. Actuarial gains and losses are reported in the statement of total recognised gains and losses.



# Notes to the financial statements

For the year ended 31 December 2013

## 2. Turnover

The turnover is attributable to the one principal activity of the company.

An analysis of turnover by class of business is as follows:

	2013 £	2012 £
United Kingdom	<u>27,278,412</u>	<u>27,773,130</u>

## 3. Operating profit

The operating profit is stated after charging/(crediting):

	2013 £	2012 £
Depreciation of tangible fixed assets:		
- owned by the company	272,323	262,575
Operating lease rentals:		
- plant and machinery	1,155	1,966
Loss/(profit) on disposal of tangible fixed assets	<u>1,979</u>	<u>(18,670)</u>

## 4. Auditor's remuneration

	2013 £	2012 £
Fees payable to the company's auditor for the audit of the company's annual accounts	29,500	29,500
Fees payable to the company's auditor in respect of:		
Taxation compliance services	<u>7,000</u>	<u>7,000</u>
	2013 £	2012 £
Fees payable to the company's auditor in connection with the company's pension scheme in respect of:		
The auditing of accounts of the scheme	<u>3,400</u>	<u>3,300</u>

## Notes to the financial statements

For the year ended 31 December 2013

### 5. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2013	2012
	£	£
Wages and salaries	7,134,837	6,900,589
Social security costs	592,782	638,882
Other pension costs (note 24)	300,549	309,494
	<u>8,028,168</u>	<u>7,848,965</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2013	2012
	No.	No.
Number of production staff	225	203
Number of office and management staff	118	117
	<u>343</u>	<u>320</u>

### 6. Directors' remuneration

	2013	2012
	£	£
Remuneration	<u>905,626</u>	<u>925,937</u>
Company pension contributions to defined contribution pension schemes	<u>41,473</u>	<u>43,685</u>
Fees	<u>15,000</u>	<u>15,000</u>

During the year retirement benefits were accruing to 4 directors (2012 - 4) in respect of defined contribution pension schemes.

During the year retirement benefits were accruing to 3 directors (2012 - 3) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £269,478 (2012 - £266,532).

## Notes to the financial statements

For the year ended 31 December 2013

### 7. Other finance income/(costs)

	2013	2012
	£	£
Expected return on pension scheme assets	639,000	534,000
Interest on pension scheme liabilities	(623,000)	(603,000)
	<u>16,000</u>	<u>(69,000)</u>

### 8. Taxation

	2013	2012
	£	£
<b>Analysis of tax (credit)/charge in the year</b>		
<b>Current tax (see note below)</b>		
UK corporation tax charge on profit for the year	15,100	39,000
Adjustments in respect of prior periods	(23,162)	(175)
<b>Total current tax</b>	<u>(8,062)</u>	<u>38,825</u>
<b>Deferred tax (see note 14)</b>		
Origination and reversal of timing differences (note 14)	23,495	(14,200)
<b>Tax on profit on ordinary activities</b>	<u>15,433</u>	<u>24,625</u>

#### Factors affecting tax charge/(credit) for the year

The tax assessed for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 20% (2012 - 20%). The differences are explained below:

	2013	2012
	£	£
Profit on ordinary activities before tax	<u>252,705</u>	<u>246,542</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2012 - 20%)	50,541	49,308
<b>Effects of:</b>		
Expenses not deductible for tax purposes	4,716	6,474
Capital allowances for year in excess of depreciation	(10,387)	(5,997)
Adjustments to tax charge in respect of prior periods	(23,162)	(175)
Short term timing difference leading to a decrease in taxation	(29,770)	(10,785)
<b>Current tax (credit)/charge for the year (see note above)</b>	<u>(8,062)</u>	<u>38,825</u>

## Notes to the financial statements

For the year ended 31 December 2013

### 9. Tangible fixed assets

	Freehold land and buildings £	Plant, fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 January 2013	503,794	5,166,983	624,515	6,295,292
Additions	-	126,283	201,180	327,463
Disposals	-	-	(62,648)	(62,648)
At 31 December 2013	503,794	5,293,266	763,047	6,560,107
<b>Depreciation</b>				
At 1 January 2013	466,163	4,814,247	281,888	5,562,298
Charge for the year	6,902	118,461	146,960	272,323
On disposals	-	-	(21,137)	(21,137)
At 31 December 2013	473,065	4,932,708	407,711	5,813,484
<b>Net book value</b>				
At 31 December 2013	30,729	360,558	355,336	746,623
At 31 December 2012	37,631	352,736	342,627	732,994

The gross amount of freehold land and buildings on which depreciation has been provided is £492,094 (2012 - £492,094)

### 10. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost and net book value</b>	
At 1 January 2013 and 31 December 2013	144,265

#### Subsidiary undertakings

As at 31 December 2013 the company held more than 10% of the allotted share capital of the following companies registered in England & Wales

Name	Principal activity	Holding
Plumbs (Manufacturing) Limited	Inactive	100%
Heritage Covers Limited	Inactive	100%
Plumbs (Mail Order) Limited	Inactive	100%

# Notes to the financial statements

For the year ended 31 December 2013

## 10. Fixed asset investments (continued)

The aggregate of the share capital and reserves as at 31 December 2013 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Plumbs (Manufacturing) Limited	144,265	-
Heritage Covers Limited	(164,619)	-
Plumbs (Mail Order) Limited	100	-
	<u>144,746</u>	<u>-</u>

## 11. Stocks

	2013 £	2012 £
Raw materials	1,641,499	1,497,811
Finished goods	2,164	3,451
	<u>1,643,663</u>	<u>1,501,262</u>

## 12. Debtors

	2013 £	2012 £
Trade debtors	1,832,301	1,474,228
Other debtors	44,929	10,034
Prepayments and accrued income	383,778	401,517
Deferred tax asset (see note 14)	107,705	185,000
	<u>2,368,713</u>	<u>2,070,779</u>

## Notes to the financial statements

For the year ended 31 December 2013

### 13. Creditors: amounts falling due within one year

	2013	2012
	£	£
Trade creditors	1,501,178	1,075,123
Amounts owed to subsidiary undertakings	144,265	144,265
Corporation tax	15,269	39,000
Other taxation and social security	948,600	992,691
Proposed dividend	172,500	172,500
Accruals and deferred income	1,217,977	1,388,305
	<u>3,999,789</u>	<u>3,811,884</u>

### 14. Deferred tax asset

	2013	2012
	£	£
At beginning of year	185,000	-
Charged in the profit & loss account in the year (note 8)	(23,495)	14,200
Charged in the statement of recognised gains and losses	(53,800)	170,800
	<u>107,705</u>	<u>185,000</u>

The deferred tax asset is made up as follows:

	2013	2012
	£	£
Accelerated capital allowances	5,105	15,400
Short term timing differences	16,500	13,100
Pension liability	86,100	156,500
	<u>107,705</u>	<u>185,000</u>

A further deferred tax asset of £86,100 (2012 - £156,500) has not been recognised on the balance sheet. This amount is in relation to the FRS 17 defined benefit pension scheme deficit and is not recognised due to uncertainty over the timing of it being unwound.

## Notes to the financial statements

For the year ended 31 December 2013

### 15. Share capital

	2013 £	2012 £
<b>Authorised</b>		
27,500 Ordinary shares of £1 each	<u>27,500</u>	<u>27,500</u>
<b>Allotted, called up and fully paid</b>		
23,000 Ordinary shares of £1 each	<u>23,000</u>	<u>23,000</u>

### 16. Share premium account

There was no movement on the share premium account during the financial year.

### 17. Reserves

	Share premium account £	Profit and loss account £
At 1 January 2013	658,210	85,618
Profit for the financial year	-	237,272
Dividends: Equity capital	-	(172,500)
Other recognised gains and losses during the year	-	484,200
At 31 December 2013	<u>658,210</u>	<u>634,590</u>

The closing balance on the Profit and loss account includes a £861,000 (2012 - £1,565,000) debit, stated after deferred taxation of £NIL (2012 - £NIL), in respect of pension scheme liabilities of the company pension scheme.

### 18. Reconciliation of movement in shareholders' funds

	2013 £	2012 £
Opening shareholders' funds	766,828	934,611
Profit for the financial year	237,272	221,917
Dividends (note 19)	(172,500)	(172,500)
Actuarial gain/(loss) on pension scheme, net of deferred tax	484,200	(217,200)
Closing shareholders' funds	<u>1,315,800</u>	<u>766,828</u>

## Notes to the financial statements

For the year ended 31 December 2013

### 19. Dividends

	2013	2012
	£	£
Dividends payable on equity capital	172,500	172,500

### 20. Net cash flow from operating activities

	2013	2012
	£	£
Operating profit	229,025	306,810
Depreciation of tangible fixed assets	272,323	262,575
Loss/(profit) on disposal of tangible fixed assets	1,979	(18,670)
Increase in stocks	(142,401)	(52,066)
Increase in debtors	(375,231)	(513,852)
Increase in creditors	211,638	660,711
Defined benefit pension scheme contributions paid	(150,000)	(133,000)
<b>Net cash inflow from operating activities</b>	<b>47,333</b>	<b>512,508</b>

### 21. Analysis of cash flows for headings netted in cash flow statement

	2013	2012
	£	£
<b>Returns on investments</b>		
Interest received	7,680	8,732
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(327,463)	(474,691)
Sale of tangible fixed assets	39,532	49,760
<b>Net cash outflow from capital expenditure</b>	<b>(287,931)</b>	<b>(424,931)</b>



# Notes to the financial statements

For the year ended 31 December 2013

## 22. Analysis of changes in net funds

	1 January 2013	Cash flow	Other non-cash changes	31 December 2013
	£	£	£	£
Cash at bank and in hand	1,694,412	(421,087)	-	1,273,325
<b>Net funds</b>	<b>1,694,412</b>	<b>(421,087)</b>	<b>-</b>	<b>1,273,325</b>

## 23. Contingent liabilities

There were no contingent liabilities at 31 December 2013 (2012 - nil).

## 24. Pension commitments

The company operates a defined contribution pension scheme for the benefit of all qualifying employees. Contributions of £342,022 (2012 - £309,494) were made to this scheme during the year.

The company operates a closed defined benefit pension scheme.

The assets of the scheme are administered by trustees in a fund independent from those of the company. Assets and liabilities of the scheme are based on actuarial valuations. The latest full actuarial valuation was carried out as at 29 January 2014 by a qualified independent actuary. The actuary has updated this valuation to the FRS 17 effective date, taking into account the number of active members in the scheme, the payment of benefits and the actuarial assumptions. This is in accordance with FRS 17.

The amounts recognised in the balance sheet are as follows:

	2013	2012
	£	£
Present value of funded obligations	(14,622,000)	(13,716,000)
Fair value of scheme assets	13,761,000	12,151,000
<b>Net liability</b>	<b>(861,000)</b>	<b>(1,565,000)</b>

The amounts recognised in the profit and loss account are as follows:

	2013	2012
	£	£
Interest on scheme liabilities	(623,000)	(603,000)
Expected return on scheme assets	639,000	534,000
<b>Total</b>	<b>16,000</b>	<b>(69,000)</b>
Actual return on scheme assets	1,784,000	1,079,000

## Notes to the financial statements

For the year ended 31 December 2013

### 24. Pension commitments (continued)

Movements in the present value of the defined benefit obligation were as follows:

	2013	2012
	£	£
Opening defined benefit obligation	13,716,000	12,444,000
Interest cost	623,000	603,000
Actuarial losses	607,000	933,000
Benefits paid	(324,000)	(264,000)
	<u>14,622,000</u>	<u>13,716,000</u>

Changes in the fair value of scheme assets were as follows:

	2013	2012
	£	£
Opening fair value of scheme assets	12,151,000	11,203,000
Expected return on assets	639,000	534,000
Actuarial gains	1,145,000	545,000
Contributions by employer	150,000	133,000
Benefits paid	(324,000)	(264,000)
	<u>13,761,000</u>	<u>12,151,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £NIL (2012 - £NIL).

The company expects to contribute £180,000 to its closed defined benefit pension scheme in 2014.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2013	2012
Equities	71.50 %	69.80 %
Gilts	13.40 %	2.70 %
Bonds	10.70 %	13.50 %
Property	2.50 %	13.80 %
Cash	1.90 %	0.20 %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2013	2012
Discount rate at 31 December	4.50 %	4.60 %
Expected return on scheme assets at 31 December	5.80 %	5.30 %
Future pension increases	5.00 %	5.00 %
Inflation	3.40 %	2.90 %

## Notes to the financial statements

For the year ended 31 December 2013

### 24. Pension commitments (continued)

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2013	2012	2011	2010	2009
	£	£	£	£	£
Defined benefit obligation	(14,622,000)	(13,716,000)	(12,444,000)	(11,637,000)	(10,792,000)
Scheme assets	13,761,000	12,151,000	11,203,000	11,710,000	10,596,000
(Deficit)/surplus	<u>(861,000)</u>	<u>(1,565,000)</u>	<u>(1,241,000)</u>	<u>73,000</u>	<u>(196,000)</u>
Experience adjustments on scheme liabilities	(607,000)	(574,000)	(149,000)	343,000	148,000
Experience adjustments on scheme assets	<u>1,145,000</u>	<u>545,000</u>	<u>(1,121,000)</u>	<u>639,000</u>	<u>1,211,000</u>

### 25. Related party transactions

Mr G G Plumb and members of his close family are together the company's controlling related party by virtue of their shareholdings in the company.

Mr G G Plumb, a director and shareholder of Plumbs Limited, along with his wife, are partners in Orchard House, an organisation with which trading has occurred during the year.

	2013	2012
	£	£
Purchases by Orchard House during the year	181,803	191,305
Amounts due from Orchard House at the balance sheet date	<u>20,166</u>	<u>6,681</u>