

Company Registration No. 01773699 (England and Wales)

ROBERT HEATH HEATING LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

TUESDAY



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COMPANIES HOUSE

ROBERT HEATH HEATING LIMITED

COMPANY INFORMATION

Directors

R B Heath
J S Heath
S Cocks
R Foster
M L Heath
F Corr
K Ellmore

Secretary

J S Heath

Company number

01773699

Registered office

Heath House
264 Burlington Road
New Malden
Surrey
KT3 4NN

Auditors

Ward Williams
Belgrave House
39-43 Monument Hill
Weybridge
Surrey
KT13 8RN

Bankers

National Westminster Bank plc
93 Central Road
Worcester Park
Surrey
KT4 8DZ

ROBERT HEATH HEATING LIMITED

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ROBERT HEATH HEATING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

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

Principal activity

The principal activity of the company continues to be that of installing, servicing and maintaining central heating and hot water systems within the affordable housing sector.

Review of the business

This financial year has proved to be another successful trading period for Robert Heath Heating Ltd (RHH) with the Company's earnings before tax amounting to £540k. The strong trading profits were achieved in spite of a trading loss for the first quarter resulting from adverse weather conditions, a key risk associated with the central heating industry. The remainder of the year saw RHH deliver consistent profits on a monthly basis with an annual net profit increase of circa 198%.

The on-going success of the business development team has seen the Company grow substantially throughout 2013, the most noteworthy addition being working in partnership with the Kier Group on the Circle Anglia contract. This new venture contributed an additional 25,000 properties to the client profile and represents additional revenues of over £4m per annum. As a result of this consolidation and growth RHH was responsible for circa 140,000 properties as at the year end, an increase in excess of 30% against the prior year.

Strong financial performance for the 12-month period ending 31st December 2013 combined with the Company's continuing efforts to exploit and explore new business opportunities means the Directors have forecast further organic growth for the forthcoming year.

Key Performance Indicators

The Directors use and review both financial and non-financial key performance indicators to track the Company's success against its strategic business objectives.

The 2 key financial indicators are:

	2013	2012
Sales	£24,705,994	£18,750,320
Gross Profit	£8,817,020	£6,975,676

The 32% increase and 26% increase in sales and gross profit respectively shows the company is continuing to achieve success against the pre determined financial performance indicators.

The Company's key non-financial indicators are:

- First time job completion rates
- Gas safety compliancy rates
- Customer satisfaction rates


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M L Heath

Director

23/09/14.....

ROBERT HEATH HEATING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

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

Results and dividends

The results for the year are set out on page 6.

Directors

The following directors have held office since 1 January 2013:

R B Heath

J S Heath

J Heath

(Resigned 1 October 2013)

S Cocks

R Foster

M L Heath

F Corr

K Ellmore

Employee involvement

The company's policy is to consult and discuss with employees matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Disabled persons

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Auditors

The auditors, Ward Williams, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

ROBERT HEATH HEATING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

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



M L Heath

Director

23/09/14

ROBERT HEATH HEATING LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ROBERT HEATH HEATING LIMITED

We have audited the financial statements of Robert Heath Heating Limited for the year ended 31 December 2013 set out on pages 6 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 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 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 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 Director's and Strategic Reports for the financial year for the financial statements are prepared is consistent with the financial statements.

ROBERT HEATH HEATING LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF ROBERT HEATH HEATING 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.

Ward Williams

Richard Hayward (Senior Statutory Auditor)
for and on behalf of Ward Williams

Chartered Accountants
Statutory Auditor

24 September 2014
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Belgrave House
39-43 Monument Hill
Weybridge
Surrey
KT13 8RN

ROBERT HEATH HEATING LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £	2012 £
Turnover	2	24,705,994	18,750,320
Cost of sales		(15,888,974)	(11,774,644)
Gross profit		8,817,020	6,975,676
Administrative expenses		(8,259,394)	(6,655,967)
Operating profit	3	557,626	319,709
Interest payable and similar charges	4	(18,094)	(16,266)
Profit on ordinary activities before taxation		539,532	303,443
Tax on profit on ordinary activities	5	(68,821)	(74,166)
Profit for the year	15	470,711	229,277

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

ROBERT HEATH HEATING LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 £	2012 £
Notes		
Profit for the financial year	470,711	229,277
Unrealised deficit on revaluation of properties	(106,784)	-
Total recognised gains and losses relating to the year	<u>363,927</u>	<u>229,277</u>
 Note of historical cost profits and losses		
	2013 £	2012 £
Reported profit on ordinary activities before taxation	539,532	303,443
Realisation of property revaluation gains of previous years	-	9,497
Historical cost profit on ordinary activities before taxation	<u>539,532</u>	<u>312,940</u>
Historical cost profit/(loss) for the year retained after taxation, extraordinary items and dividends	<u>139,240</u>	<u>(4,961)</u>

ROBERT HEATH HEATING LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2013

	Notes	2013		2012	
		£	£	£	£
Fixed assets					
Tangible assets	7	1,536,375		1,497,410	
Investments	8	87,798		87,798	
		<u>1,624,173</u>		<u>1,585,208</u>	
Current assets					
Stocks	9	145,218		159,751	
Debtors	10	6,018,979		4,683,659	
Cash at bank and in hand		1,444		883	
		<u>6,165,641</u>		<u>4,844,293</u>	
Creditors: amounts falling due within one year	11	<u>(5,445,742)</u>		<u>(4,140,602)</u>	
Net current assets		<u>719,899</u>		<u>703,691</u>	
Total assets less current liabilities		<u>2,344,072</u>		<u>2,288,899</u>	
Creditors: amounts falling due after more than one year	12	<u>(126,581)</u>		<u>(103,864)</u>	
		<u>2,217,491</u>		<u>2,185,035</u>	
Capital and reserves					
Called up share capital	14	1,000		1,000	
Revaluation reserve	15	304,185		410,969	
Profit and loss account	15	1,912,306		1,773,066	
Shareholders' funds	16	<u>2,217,491</u>		<u>2,185,035</u>	

Approved by the Board and authorised for issue on 23/09/13


R B Heath
Director

Company Registration No. 01773699

ROBERT HEATH HEATING LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

		2013		2012
	£	£	£	£
Net cash (outflow)/inflow from operating activities		(547,684)		341,835
Returns on investments and servicing of finance				
Interest paid	(15,008)		(16,266)	
Net cash outflow for returns on investments and servicing of finance		(15,008)		(16,266)
Taxation		(44,887)		(229,114)
Capital expenditure				
Payments to acquire tangible assets	(30,153)		(46,386)	
Net cash outflow for capital expenditure		(30,153)		(46,386)
Equity dividends paid		(331,471)		(243,735)
Net cash outflow before management of liquid resources and financing		(969,203)		(193,666)
Financing				
Repayment of long term bank loan	(82,766)		(81,543)	
Capital element of finance lease contracts	(8,166)		-	
Net cash outflow from financing		(90,932)		(81,543)
Decrease in cash in the year		(1,060,135)		(275,209)

ROBERT HEATH HEATING LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

1 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2013	2012
	£	£
Operating profit	557,626	319,709
Depreciation of tangible assets	39,067	44,169
Decrease in stocks	14,533	27,146
Increase in debtors	(1,335,320)	(723,698)
Increase in creditors within one year	176,410	674,509
Net cash (outflow)/inflow from operating activities	(547,684)	341,835

2 Analysis of net debt	1 January 2013	Cash flow	Other non-cash changes	31 December 2013
	£	£	£	£
Net cash:				
Cash at bank and in hand	883	561	-	1,444
Bank overdrafts	(681,984)	(1,060,696)	-	(1,742,680)
	(681,101)	(1,060,135)	-	(1,741,236)
Debt:				
Finance leases	-	(146,436)	-	(146,436)
Debts falling due within one year	(82,867)	(1,900)	-	(84,767)
Debts falling due after one year	(103,864)	84,605	-	(19,259)
	(186,731)	(63,731)	-	(250,462)
Net debt	(867,832)	(1,123,866)	-	(1,991,698)

3 Reconciliation of net cash flow to movement in net debt	2013	2012
	£	£
Decrease in cash in the year	(1,060,135)	(275,209)
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	(63,731)	81,543
Movement in net debt in the year	(1,123,866)	(193,666)
Opening net debt	(867,832)	(674,166)
Closing net debt	(1,991,698)	(867,832)

ROBERT HEATH HEATING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

The company meets its day to day working capital requirements through an invoice discounting facility which is repayable on demand. The nature of the company's business is such that there can be an element of inconsistency in the timing of cash inflows. The directors have prepared projected cash flow information for the period ending 12 months from the date of their approval of these financial statements. On the basis of this cash flow information and discussions with the company's bankers and financiers, the directors consider that the company will continue to operate within the facilities currently agreed and within that which they expect will be agreed on the normal renewal dates for those facilities. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis.

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

1.3 Turnover

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

1.4 Tangible fixed assets and depreciation

Buildings Freehold	Fifty years
Plant and machinery	10 years straight line
Fixtures, fittings & equipment	5 years straight line
Motor vehicles	3 years straight line

No depreciation is provided in respect of freehold land.

Following an impairment review the depreciation policy has changed from 15% reducing balance method for all asset classes in the prior year to more accurately reflect the future usage of assets in the company. This change has increased the depreciation charge by £10,227 across all assets.

1.5 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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

1.6 Investments

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

1.7 Stock

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

ROBERT HEATH HEATING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

1 Accounting policies **(Continued)**

1.8 Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

1.9 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.

1.10 Deferred taxation

The accounting policy in respect of deferred tax is to reflect the requirements of FRS19. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

2 Turnover

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

3 Operating profit	2013	2012
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	39,067	44,169
Operating lease rentals		
- Plant and machinery	703,518	557,423
Auditors' remuneration (including expenses and benefits in kind)	9,750	9,750
	<u> </u>	<u> </u>

4 Interest payable	2013	2012
	£	£
On bank loans and overdrafts	648	63
On other loans wholly repayable within five years	3,534	4,696
Lease finance charges	3,086	-
Other interest	10,826	11,507
	<u> </u>	<u> </u>
	<u>18,094</u>	<u>16,266</u>

ROBERT HEATH HEATING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

5	Taxation	2013	2012
		£	£
	Domestic current year tax		
	U.K. corporation tax	68,821	74,166
	Total current tax	<u>68,821</u>	<u>74,166</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>539,532</u>	<u>303,443</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23.25% (2012 - 24.50%)	<u>125,423</u>	<u>74,344</u>
	Effects of:		
	Non deductible expenses	5,639	11,574
	Depreciation add back	9,082	10,820
	Capital allowances	(18,401)	(17,726)
	Tax losses utilised	(49,361)	-
	Other tax adjustments	(3,561)	(4,846)
		<u>(56,602)</u>	<u>(178)</u>
	Current tax charge for the year	<u>68,821</u>	<u>74,166</u>
6	Dividends	2013	2012
		£	£
	Ordinary interim paid	<u>331,471</u>	<u>243,735</u>

ROBERT HEATH HEATING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

7 Tangible fixed assets

	Buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 January 2013	1,500,000	19,592	198,776	2,499	1,720,867
Additions	-	-	30,153	154,663	184,816
Revaluation	(200,000)	-	-	-	(200,000)
At 31 December 2013	1,300,000	19,592	228,929	157,162	1,705,683
Depreciation					
At 1 January 2013	93,216	17,546	111,195	1,500	223,457
Revaluation	(93,216)	-	-	-	(93,216)
Charge for the year	-	2,046	26,903	10,118	39,067
At 31 December 2013	-	19,592	138,098	11,618	169,308
Net book value					
At 31 December 2013	1,300,000	-	90,831	145,544	1,536,375
At 31 December 2012	1,406,784	2,046	87,581	999	1,497,410

The freehold property acquired at a cost of £1,228,759 was valued on 10th October 2013 by external valuers, Cluttons LLP commercial property surveyors, on an open market value existing use basis to the sum of £1,300,000.

Comparable historical cost for the land and buildings included at valuation:

	£
Cost	
At 1 January 2013 & at 31 December 2013	1,228,759
Depreciation based on cost	
At 1 January 2013	232,796
Charge for the year	21,575
At 31 December 2013	254,371
Net book value	
At 31 December 2013	974,388
At 31 December 2012	995,963

ROBERT HEATH HEATING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

7 Tangible fixed assets (Continued)

Included above are assets held under finance leases or hire purchase contracts as follows:

	Motor vehicles £
Net book values	
At 31 December 2013	145,544
	<u> </u>
Depreciation charge for the year	
At 31 December 2013	9,119
	<u> </u>

8 Fixed asset investments

	Unlisted investments £
Cost or valuation	
At 1 January 2013 & at 31 December 2013	87,798
	<u> </u>
Net book value	
At 31 December 2013	87,798
	<u> </u>
At 31 December 2012	87,798
	<u> </u>

9 Stocks	2013 £	2012 £
Finished goods and goods for resale	145,218	159,751
	<u> </u>	<u> </u>

ROBERT HEATH HEATING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

10 Debtors	2013 £	2012 £
Trade debtors	4,569,468	3,295,441
Amounts recoverable on long term contracts	307,978	238,425
Amounts owed by subsidiary undertakings	668,629	801,773
Other debtors	3,545	10,128
Prepayments and accrued income	469,359	337,892
	<u>6,018,979</u>	<u>4,683,659</u>

11 Creditors: amounts falling due within one year	2013 £	2012 £
Bank loans and overdrafts	1,827,447	764,851
Net obligations under finance leases	39,114	-
Trade creditors	2,381,856	1,736,505
Corporation tax	151,588	127,654
Other taxes and social security costs	904,087	911,848
Other creditors	17,092	413,079
Accruals and deferred income	124,558	186,665
	<u>5,445,742</u>	<u>4,140,602</u>

The bank loan is secured by a first legal mortgage over freehold at 264 Burlington Road, New Malden, Surrey.

The invoice discounting facility is secured by a debenture being a fixed charge over the fixed and current assets of the company together with a second mortgage over 264 Burlington Road, New Malden, Surrey and personal guarantees from the directors.

ROBERT HEATH HEATING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

12 Creditors: amounts falling due after more than one year	2013 £	2012 £
Bank loans	19,259	103,864
Net obligations under finance leases	107,322	-
	<u>126,581</u>	<u>103,864</u>
Analysis of loans		
Wholly repayable within five years	104,026	186,731
	<u>104,026</u>	<u>186,731</u>
Included in current liabilities	(84,767)	(82,867)
	<u>19,259</u>	<u>103,864</u>
Loan maturity analysis		
In more than one year but not more than two years	19,259	84,792
In more than two years but not more than five years	-	19,102
	<u>19,259</u>	<u>103,894</u>
Net obligations under finance leases		
Repayable within one year	39,114	-
Repayable between one and five years	107,322	-
	<u>146,436</u>	<u>-</u>
Included in liabilities falling due within one year	(39,114)	-
	<u>107,322</u>	<u>-</u>

The company has one loan outstanding at the year end, it is fully repayable by May 2015 and for which capital repayments commenced in September 2005. The interest rate charged is 2% above the bank's base rate.

13 Pension and other post-retirement benefit commitments

Defined contribution

	2013 £	2012 £
Contributions payable by the company for the year	<u>31,519</u>	<u>37,389</u>

ROBERT HEATH HEATING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

14 Share capital	2013	2012
	£	£
Allotted, called up and fully paid 1,000 Ordinary shares of £1 each	1,000	1,000

15 Statement of movements on reserves

	Revaluation reserve	Profit and loss account
	£	£
Balance at 1 January 2013	410,969	1,773,066
Profit for the year	-	470,711
Dividends paid	-	(331,471)
Revaluation during the year	(106,784)	-
Balance at 31 December 2013	304,185	1,912,306

16 Reconciliation of movements in shareholders' funds

	2013	2012
	£	£
Profit for the financial year	470,711	229,277
Dividends	(331,471)	(243,735)
	139,240	(14,458)
Other recognised gains and losses	(106,784)	-
Net addition to/(depletion in) shareholders' funds	32,456	(14,458)
Opening shareholders' funds	2,185,035	2,199,493
Closing shareholders' funds	2,217,491	2,185,035

17 Contingent liabilities

The company is, from time to time, required to provide performance bonds in accordance with the terms of contract entered into in its normal course of business. The amount of these bonds as at 31 December 2013 were £nil (2012: £120,000). A bank terminable indemnity, secured under the same terms as the bank loan and overdraft, guarantees these performance bonds.

ROBERT HEATH HEATING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

18 Financial commitments

At 31 December 2013 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2014:

	Other 2013 £	2012 £
Operating leases which expire:		
Within one year	647,176	147,382
Between two and five years	642,588	405,166
	<u>1,289,764</u>	<u>552,548</u>

19 Directors' remuneration

	2013 £	2012 £
Remuneration for qualifying services	741,604	754,098
Company pension contributions to defined contribution schemes	7,350	15,000
	<u>748,954</u>	<u>769,098</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2012 - 6).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	165,314	177,858
Company pension contributions to defined contribution schemes	700	12,000
	<u>166,014</u>	<u>189,858</u>

ROBERT HEATH HEATING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

20 Employees

Number of employees

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

	2013 Number	2012 Number
Management and administration	106	84
Service and installation	202	158
	<u>308</u>	<u>242</u>

Employment costs

	2013 £	2012 £
Wages and salaries	10,147,849	7,946,139
Social security costs	982,943	798,976
Other pension costs	31,519	37,389
	<u>11,162,311</u>	<u>8,782,504</u>

21 Control

The ultimate parent company is Robert Heath Group Limited, a company registered in England and Wales. The consolidated financial statements of Robert Heath Group Limited can be obtained from Heath House, 264 Burlington Road, New Malden, Surrey, KT3 4NN.

The ultimate controlling party is R B Heath, a director of all group companies.

ROBERT HEATH HEATING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

22 Related party relationships and transactions

Other transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

The company sponsors Team Heath a Limited company under the control of James Heath, son of Robert Heath. James Heath is a professional golfer and the company sponsor him in this capacity. During the year sponsorship amounted to £23,885 (2012: £18,765).

Within cost of sales are goods and subcontracted labour made available to directors totalling £6,774 (2012: £46,904); Robert Heath £3,027 (2012: £41,522), Michael Heath £3,412 (2012: £2,741) and Jennifer Heath £335 (2012: £2,642) these are included as Directors' remuneration in note 20.

During the year purchases of £532,422 (2012: £411,537) were made from Manor IT Solutions Ltd where K. Ellmore, a director of Robert Heath Heating Ltd, is also a director. At the year end £203,335 (2012: £112,337) was owed to Manor IT Solutions Ltd.