

Company Registration Number 00847721

Simpson (York) Limited

Financial Statements

31 December 2011

REGISTRAR

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05/05/2012

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COMPANIES HOUSE

Armstrong Watson
Chartered Accountants & Statutory Auditors
Central House
St Paul's Street
Leeds
West Yorkshire
LS1 2TE

SIMPSON (YORK) LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

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SIMPSON (YORK) LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors R C Gatenby F C I O B
 B Gatenby
 R C Allerton B Sc (Hons)
 I R Hildreth F C I O B F I O D
 J Pursehouse FCA
 N P Silcock F C I O B

Company secretary J Pursehouse FCA

Registered office 10 Hassacarr Close
 Chessingham Park
 Dunnington
 York
 North Yorkshire
 YO19 5SN

Auditor Armstrong Watson
 Chartered Accountants
 & Statutory Auditors
 Central House
 St Paul's Street
 Leeds
 West Yorkshire
 LS1 2TE

Bankers HSBC Plc
 Park Row
 Leeds
 LS1 1LD

 Bank of Scotland Plc
 Lisbon House
 116 Wellington Street
 Leeds
 LS1 4LT

 Yorkshire Bank
 46 Coney Street
 York
 North Yorkshire
 YO1 9NQ

SIMPSON (YORK) LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2011

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2011

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company during the year continued to be that of fitting out, construction, maintenance and development

Business activity has continued to grow during the year, brought about by a continued focus on repeat workload, coupled with introduction of new corporate customers, wherever possible with rolling workload requirements

Progress has been achieved with our own York Business Park development, with warehouse units just being completed and occupied under lease, and office units under offer. Marketing continues for either sales or leasing of respective units with, latterly, a noticeable improvement in enquiries

The framework agreements which we participate in have continued to provide a source of workload for our production teams and our key retail account trading relationships, which include Marks & Spencer, Primark, Home Retail Group, Debenhams and HSBC continue to develop

Our health sector work continues to grow with a further year of our framework agreement with the York Teaching Hospital NHS Foundation Trust as well as further projects in the Leeds area for the Community Healthcare NHS Trust

Work has commenced for Next on one of their new concept department stores at Ipswich as well as Matalan at various sites

The year saw extensive prestigious works carried out on the Westfield Stratford Olympic Retail Park where a flagship store was completed for Marks & Spencer as well as similar high profile stores for Primark and Nike. These are prominent stores in the high profile Stratford Westfield Centre with a significant level of visibility both before and after the Olympics

The year has also seen a growth in terms of our construction activity with the securing of an important project for Nestle on their York site for the Product Technology Centre, where our teams are extending the production facility and creating a three storey office and conference centre which will be linked to the adjacent Insight Centre. This facility will have significant visibility both externally and within the Nestle organisation

During the year we successfully obtained accreditation under OHSAS 18001, a part of our commitment to work safely at all times. This in conjunction with our BSEN ISO 9001 (2008) accreditation for Quality Management and BSEN ISO 14001 (2004) Environmental Management, continues to fundamentally support and guide our site activity, as does in a similar manner, our Investors in People accreditation, supporting the development and growth of the people in the Simpson team

Simpson is being recognised both as a leading provider of fit out solutions to many of the major retailers as well as a construction solution provider. All of this coupled with our safe working practises, track record and commitment to sustainability and reduced carbon footprint, is supporting our strategic growth. This continues to be underpinned by a virtually debt free position, strong balance sheet and our in house client dedicated teams

SIMPSON (YORK) LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2011

FUTURE DEVELOPMENTS

2011 has provided us with a significant geographic spread of workload with projects on site from Aberdeen through to Portsmouth on the south coast. Our forward workload is strong, and made up of projects from differing sectors, and already showing in excess of £70m for the year, which will help increase our market share and support our planned growth.

The principal business activity continues to be predominantly fit out work for our retail and financial customers but is now even further supported by construction activity in the confectionery, health, leisure and education sectors.

Our strategic endeavour remains to do more for our existing customers extending our range of services wherever possible, and geographically increasing our area of service with, in parallel, the introduction of new long term customer relationships such as the Audi forum showroom, a flagship location that we are creating in Mayfair. This is timed to be open and in operation prior to the Olympics, as well as the refurbishment to the Primark store in Oxford Street West, which again has a similar timing.

Our investment continues in our people and their further development along with ongoing selective recruitment to support our increased activity.

The Employee Share Trust, which holds 25% of the equity of the Business, is now in its second year and continues to provide an opportunity for investment, growth and reward for key members of the Simpson team.

The Share Trust targets are directly linked to our Business Plan to allow participants to focus on and share the success and benefit from the growth in both the short and long term.

Our continuous growth and development, which is supported by our financial reserves and current order book, will be maintained through these difficult trading conditions of 2012 so the Simpson business is in an even stronger position as inflation continues to fall, particularly as we get in to 2013 when we expect the outlook for the UK to improve. This improvement should be linked to an improvement in confidence and hopefully an improvement in credit constraints to allow for an increase in retail spending, which ultimately should result in increased activity from our retail key accounts.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £964,869. Particulars of dividends paid are detailed in note 8 to the financial statements.

FINANCIAL INSTRUMENTS

The company uses a number of financial instruments. These include cash and various instruments such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these instruments is to raise funds for the company's operations and to finance its activities.

Credit risk

The company monitors credit risk closely and considers that its current policies of credit checks meets its objects of managing exposure to credit risk.

The company has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

Liquidity risk

SIMPSON (YORK) LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2011

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs

RISKS AND UNCERTAINTIES

In view of the current political and economic conditions, our low risk strategic approach to acquisition of workload continues, and our established key account relationships have continued to develop with relevant growth and activity

Our strategy will once again be to continue our focus on key accounts particularly in the sectors we have described and this should provide us with a continuing and growing workload for the year. The indications so far in terms of forward workload, are that this strategy is working well

SUMMARY

We remain passionate regarding our business objective *“to be the customer preferred choice for fit out and construction works”* which has underpinned our success in terms of customer satisfaction and repeat business

DIRECTORS

The directors who served the company during the year were as follows

R C Gatenby F C I O B
B Gatenby
R C Allerton B Sc (Hons)
I R Hildreth F C I O B F I O D
J Pursehouse FCA
N P Silcock F C I O B

B Gatenby and J Pursehouse retire by rotation and being eligible offer themselves for re-election

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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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

SIMPSON (YORK) LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2011

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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

DONATIONS

During the year the company made the following contributions

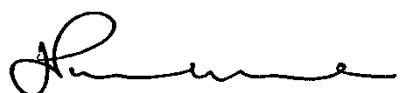
	2011	2010
	£	£
Charitable	<u>3,905</u>	<u>2,440</u>

AUDITOR

Armstrong Watson are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Registered office
10 Hassacarr Close
Chessingham Park
Dunnington
York
North Yorkshire
YO19 5SN

Signed by order of the directors



J PURSEHOUSE FCA
Company Secretary

Approved by the directors on 24 April 2012

SIMPSON (YORK) LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
SIMPSON (YORK) LIMITED

YEAR ENDED 31 DECEMBER 2011

We have audited the financial statements of Simpson (York) Limited for the year ended 31 December 2011. 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 shareholders, 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 shareholders 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 shareholders 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 set out on pages 4 to 5, 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 APB's website at 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 2011 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 MATTERS 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.

SIMPSON (YORK) LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
SIMPSON (YORK) LIMITED *(continued)*
YEAR ENDED 31 DECEMBER 2011

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

LEEDS

WILLIAM BOOTH
(Senior Statutory Auditor)
For and on behalf of
ARMSTRONG WATSON
Chartered Accountants
& Statutory Auditors

24 April 2012

SIMPSON (YORK) LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2011

	Note	2011 £	2010 £
TURNOVER	2	73,492,950	59,748,766
Cost of sales		<u>68,757,822</u>	<u>55,821,664</u>
GROSS PROFIT		4,735,128	3,927,102
Administrative expenses		<u>3,399,672</u>	<u>3,061,760</u>
OPERATING PROFIT	3	1,335,456	865,342
Interest receivable		8,153	11,314
Interest payable and similar charges	6	(15,185)	(5,178)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>1,328,424</u>	<u>871,478</u>
Tax on profit on ordinary activities	7	363,555	251,614
PROFIT FOR THE FINANCIAL YEAR		<u>964,869</u>	<u>619,864</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the
year as set out above

The notes on pages 11 to 23 form part of these financial statements

SIMPSON (YORK) LIMITED

Company Registration Number 00847721

BALANCE SHEET

31 DECEMBER 2011

	Note	2011 £	2010 £
FIXED ASSETS			
Tangible assets	9	<u>732,161</u>	<u>743,962</u>
CURRENT ASSETS			
Stocks	10	1,931,291	1,895,073
Debtors	11	7,837,592	10,145,485
Cash at bank		<u>4,087,695</u>	<u>7,598,276</u>
		<u>13,856,578</u>	<u>19,638,834</u>
CREDITORS: Amounts falling due within one year	13	<u>12,329,647</u>	<u>18,404,541</u>
NET CURRENT ASSETS		<u>1,526,931</u>	<u>1,234,293</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,259,092</u>	<u>1,978,255</u>
CREDITORS: Amounts falling due after more than one year	14	<u>156,617</u>	<u>131,147</u>
		<u>2,102,475</u>	<u>1,847,108</u>
CAPITAL AND RESERVES			
Called-up equity share capital	20	500,000	500,000
Share options reserve	21	40,498	—
Profit and loss account	22	<u>1,561,977</u>	<u>1,347,108</u>
SHAREHOLDERS' FUNDS	23	<u>2,102,475</u>	<u>1,847,108</u>

These financial statements were approved by the directors and authorised for issue on 24 April 2012 and are signed on their behalf by


R C GATENBY F C I O B
Chairman


I R HILDRETH F C I O B F I O D
Director

The notes on pages 11 to 23 form part of these financial statements

SIMPSON (YORK) LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2011

	Note	2011 £	2010 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	24	(2,270,686)	4,460,289
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	24	(7,032)	6,136
TAXATION	24	(358,870)	(173,728)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	24	(282,133)	(500,411)
EQUITY DIVIDENDS PAID		(750,000)	(600,000)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(3,668,721)	3,192,286
FINANCING	24	158,140	211,115
(DECREASE)/INCREASE IN CASH	24	<u>(3,510,581)</u>	<u>3,403,401</u>

The notes on pages 11 to 23 form part of these financial statements

SIMPSON (YORK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows

Plant & Machinery	- 10% per annum
Fixtures & Fittings	- 15% - 35% per annum
Motor Vehicles	- 20% - 40% per annum

Stocks

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

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on an accruals basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company in individual personal pensions. The annual contributions payable are charged to the profit and loss account.

SIMPSON (YORK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES *(continued)*

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

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

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

Trade and other debtors

Trade and other debtors are recognised and carried forward at invoiced amounts less provisions for any doubtful debts. Bad debts are written off when identified

Cash and cash equivalents

Cash and cash equivalents are included in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less

Interest-bearing loans and borrowings

All loans and borrowings are recognised initially at cost, which is the fair value of the consideration received, net of issue costs associated with the borrowing

After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. Gains or losses are recognised in the profit and loss account when liabilities are derecognised or impaired, as well as through the amortisation process

Long term contracts

Profit on contracts is calculated on a prudent basis to reflect the proportion of the work carried out at the year end. No account is taken of claims that are not agreed. Full provision is made for losses on contracts in the year the loss is first foreseeable

Full provision has been made for potential losses on contracts, and such provisions are included in costs of sales

SIMPSON (YORK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES *(continued)*

Share based payments

The accounts reflect the economic costs of awarding shares and share options to employees by recording an expense in the income statement equal to the fair value of the benefit awarded, fair value being determined by reference to option pricing models. The expense is recognised in the income statement over the vesting period of the award.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below.

	2011 £	2010 £
Fitting out	60,549,309	47,283,078
Construction	12,943,641	12,465,688
	<u>73,492,950</u>	<u>59,748,766</u>

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2011 £	2010 £
Depreciation of owned fixed assets	191,919	268,434
Depreciation of assets held under hire purchase agreements	148,029	51,737
Profit on disposal of fixed assets	(46,014)	(19,345)
Operating lease costs		
- Other	229,636	229,572
Auditor's remuneration - audit of the financial statements	12,500	12,250
Auditor's remuneration - other fees	5,500	20,000
	<u>2011</u>	<u>2010</u>
	£	£
Auditor's remuneration - audit of the financial statements	<u>12,500</u>	<u>12,250</u>
Auditor's remuneration - other fees		
- Taxation and other services	<u>5,500</u>	<u>20,000</u>

SIMPSON (YORK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to

	2011 No	2010 No
Number of production staff	179	158
Number of administrative staff	28	29
	<u>207</u>	<u>187</u>

The aggregate payroll costs of the above were

	2011 £	2010 £
Wages and salaries	9,055,280	7,668,243
Social security costs	1,077,260	850,662
Other pension costs	176,025	159,478
	<u>10,308,565</u>	<u>8,678,383</u>

5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2011 £	2010 £
Aggregate remuneration	658,113	573,749
Value of company pension contributions to money purchase schemes	25,048	23,528
	<u>683,161</u>	<u>597,277</u>

Remuneration of highest paid director:

	2011 £	2010 £
Total remuneration (excluding pension contributions)	<u>238,375</u>	<u>211,780</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2011 No	2010 No
Money purchase schemes	<u>4</u>	<u>4</u>

SIMPSON (YORK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £	2010 £
Interest payable on bank borrowing	354	8
Finance charges	<u>14,831</u>	<u>5,170</u>
	<u>15,185</u>	<u>5,178</u>

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2011 £	2010 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 26.49% (2010 - 28%)	346,756	222,764
Over/under provision in prior year	<u>2,106</u>	<u>-</u>
Total current tax	<u>348,862</u>	<u>222,764</u>
Deferred tax		
Origination and reversal of timing differences	<u>14,693</u>	<u>28,850</u>
Tax on profit on ordinary activities	<u>363,555</u>	<u>251,614</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 26.49% (2010 - 28%)

	2011 £	2010 £
Profit on ordinary activities before taxation	<u>1,328,424</u>	<u>871,478</u>
Profit on ordinary activities by rate of tax	351,900	244,014
Expenses not deductible for tax purposes	6,929	7,600
Capital allowances for period in excess of depreciation	<u>(9,967)</u>	<u>(28,850)</u>
Total current tax (note 7(a))	<u>348,862</u>	<u>222,764</u>

SIMPSON (YORK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

8. DIVIDENDS

Equity dividends

	2011 £	2010 £
Paid		
Dividends on equity shares	<u>750,000</u>	<u>600,000</u>

9. TANGIBLE FIXED ASSETS

	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST				
At 1 January 2011	341,878	393,181	1,968,534	2,703,593
Additions	–	5,096	338,937	344,033
Disposals	–	–	(338,494)	(338,494)
At 31 December 2011	<u>341,878</u>	<u>398,277</u>	<u>1,968,977</u>	<u>2,709,132</u>
DEPRECIATION				
At 1 January 2011	246,293	347,908	1,365,430	1,959,631
Charge for the year	26,436	28,406	285,106	339,948
On disposals	–	–	(322,608)	(322,608)
At 31 December 2011	<u>272,729</u>	<u>376,314</u>	<u>1,327,928</u>	<u>1,976,971</u>
NET BOOK VALUE				
At 31 December 2011	<u>69,149</u>	<u>21,963</u>	<u>641,049</u>	<u>732,161</u>
At 31 December 2010	<u>95,585</u>	<u>45,273</u>	<u>603,104</u>	<u>743,962</u>

Hire purchase agreements

Included within the net book value of £732,161 is £485,384 (2010 - £322,028) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £148,029 (2010 - £51,737).

10. STOCKS

	2011 £	2010 £
Stock	<u>1,931,291</u>	<u>1,895,073</u>

SIMPSON (YORK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

11. DEBTORS

	2011 £	2010 £
Trade debtors	3,223,820	7,016,135
Amounts recoverable on long term contracts	4,017,344	2,855,321
Other debtors	424,787	12,735
Prepayments and accrued income	91,294	166,254
Deferred taxation (note 12)	80,347	95,040
	<u>7,837,592</u>	<u>10,145,485</u>

12. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows

	2011 £	2010 £
Included in debtors (note 11)	<u>80,347</u>	<u>95,040</u>

The movement in the deferred taxation account during the year was

	2011 £	2010 £
Balance brought forward	95,040	123,890
Profit and loss account movement arising during the year	(14,693)	(28,850)
Balance carried forward	<u>80,347</u>	<u>95,040</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of.

	2011 £	2010 £
Excess of depreciation over taxation allowances	<u>80,347</u>	<u>95,040</u>
	<u>80,347</u>	<u>95,040</u>

SIMPSON (YORK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

13. CREDITORS: Amounts falling due within one year

	2011 £	2010 £
Amounts owed on contracts	8,201,412	13,536,034
Trade creditors	1,221,736	1,699,222
Amounts owed to group undertakings	1,041,007	130,651
Corporation tax	265,980	275,988
Other taxation and social security	816,423	1,848,670
Hire purchase agreements	187,365	95,193
Other creditors	309,746	301,181
Accruals and deferred income	285,978	517,602
	<u>12,329,647</u>	<u>18,404,541</u>

HSBC plc holds a fixed charge over book debts, goodwill, uncalled capital and intellectual property and a floating charge over all other assets of the company

There are unlimited cross guarantees between Simpson (York) Limited and Simpson (York) Holdings Limited in favour of HSBC plc

14. CREDITORS: Amounts falling due after more than one year

	2011 £	2010 £
Hire purchase agreements	<u>156,617</u>	<u>131,147</u>

15. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows

	2011 £	2010 £
Amounts payable within 1 year	187,365	95,193
Amounts payable between 2 to 5 years	156,617	131,147
	<u>343,982</u>	<u>226,340</u>

16. SHARE-BASED PAYMENTS

The only share based payments that existed during the period were options over ordinary shares in Simpson (York) Holdings Limited

The options were granted on 2 May 2011

SIMPSON (YORK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

16. SHARE-BASED PAYMENTS *(continued)*

These options are exercisable in accordance with the following rules

- 1) One third of the options are exercisable if
 Company's audited consolidated accounts for the year ending 31 December 2014 show both
 - (i) turnover exceeding that in the previous financial year, and
 - (ii) profit before interest and tax exceeding 3% of that turnover
- 2) A further one third (or two thirds if the above conditions are not met) of the options are exercisable if
 Company's audited consolidated accounts for the year ending 31 December 2015 show both
 - (i) turnover exceeding that in the previous financial year, and
 - (ii) profit before interest and tax exceeding 3% of that turnover
- 3) Any remaining options are exercisable if
 Company's audited consolidated accounts for the year ending 31 December 2016 show both
 - (i) turnover exceeding that in the previous financial year, and
 - (ii) profit before interest and tax exceeding 3% of that turnover

Based on the company forecasts we have assumed that the conditions for each vesting period will be met, therefore the options will become exercisable in 3 equal tranches.

Each option is exercisable within 6 years of grant

Further details of the share options are as follows

	2011		2010	
	No	WAEP £	No	WAEP £
Granted during the year	<u>695,800</u>	<u>1.54</u>	—	—
Outstanding at the end of the year	<u>695,800</u>	<u>1.54</u>	—	—

No options were exercised during the year

Share options outstanding at the end of the year has an exercise price of £1.54

The weighted average remaining contractual life of the options outstanding at the end of the period was 5.34 years

The weighted average fair value of the share options granted during the period at their date of grant is £0.46 per share

The option pricing model used to estimate the options' fair value is the Black Scholes model
 Relevant inputs to the model include

	2011	2010
Weighted average share price - £	1.54	—
Weighted average exercise price - £	1.54	—
Expected volatility - %	34.00	—
Expected life - years	5.00	—
Expected dividend yield - %	8.00	—
Weighted average risk free interest rate - %	2.08	—

SIMPSON (YORK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

16. SHARE-BASED PAYMENTS *(continued)*

In establishing the option life, it is assumed that the relevant targets will be met and options will be exercised on 30 April 2015, 30 April 2016 and 30 April 2017

Determination of Expected Volatility

The share values previously established for the period 2000-2011 have been used to calculate the volatility of the price in shares in Simpson (York) Holdings Limited.

These have therefore been used as an indication of volatility, with the changes in price assumed to take place on a linear basis between each actual valuation

No other features were incorporated into the measurement of fair value

17. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	2011	2010
	£	£
Operating leases which expire		
Within 1 year	-	4,455
Within 2 to 5 years	61,500	48,000
After more than 5 years	181,636	181,636
	<u>243,136</u>	<u>234,091</u>

18. CONTINGENCIES

At 31 December 2011 there were contingent liabilities in respect of performance bonds arranged with the insurance company which amounted to £1,572,890 (2010 £2,366,791)

19. RELATED PARTY TRANSACTIONS

Simpson (York) Limited rent their offices from R C & B Gatenby for £159,936 per annum. In the current year rent of £159,936 (2010: £159,936) was paid

The company rent the joiners shop and units C2A and C2B from Crescent Trustees Limited. Crescent Trustees Limited are the trustees of R C & B Gatenby's pension funds. During the year the company paid rent of £69,700 (2010: £69,700) to Crescent Trustees Limited.

During the year, the company sold goods to N P Silcock, a director, totalling £20,551 (2010: £nil). Included with trade debtors was an amount outstanding from N P Silcock of £11,211 (2010: £nil).

The Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

SIMPSON (YORK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

20. SHARE CAPITAL

Allotted and called up:

	2011	£	2010	£
	No		No	
250,000 Ordinary A shares fully paid of £1 each	250,000	250,000	250,000	250,000
250,000 Ordinary B shares fully paid of £1 each	250,000	250,000	250,000	250,000
	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>

21. SHARE OPTIONS RESERVE

	2011	2010
	£	£
Capital contribution from parent company	40,498	—
Balance carried forward	<u>40,498</u>	<u>—</u>

22. PROFIT AND LOSS ACCOUNT

	2011	2010
	£	£
Balance brought forward	1,347,108	1,327,244
Profit for the financial year	964,869	619,864
Equity dividends	(750,000)	(600,000)
Balance carried forward	<u>1,561,977</u>	<u>1,347,108</u>

23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011	2010
	£	£
Profit for the financial year	964,869	619,864
Equity dividends	(750,000)	(600,000)
Capital contribution from parent company	40,498	—
Net addition to shareholders' funds	255,367	19,864
Opening shareholders' funds	1,847,108	1,827,244
Closing shareholders' funds	<u>2,102,475</u>	<u>1,847,108</u>

SIMPSON (YORK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

24. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2011 £	2010 £
Operating profit	1,335,456	865,342
Depreciation	339,948	320,171
Profit on disposal of fixed assets	(46,014)	(19,345)
(Increase)/decrease in stocks	(36,218)	175,780
Decrease/(increase) in debtors	2,293,200	(4,221,183)
(Decrease)/increase in creditors	(6,157,058)	7,339,524
Net cash (outflow)/inflow from operating activities	<u>(2,270,686)</u>	<u>4,460,289</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2011 £	2010 £
Interest received	8,153	11,314
Interest paid	(354)	(8)
Interest element of hire purchase	(14,831)	(5,170)
Net cash (outflow)/inflow from returns on investments and servicing of finance	<u>(7,032)</u>	<u>6,136</u>

TAXATION

	2011 £	2010 £
Taxation	<u>(358,870)</u>	<u>(173,728)</u>

CAPITAL EXPENDITURE

	2011 £	2010 £
Payments to acquire tangible fixed assets	(344,033)	(535,347)
Receipts from sale of fixed assets	61,900	34,936
Net cash outflow from capital expenditure	<u>(282,133)</u>	<u>(500,411)</u>

FINANCING

	2011 £	2010 £
Issue of equity share capital	40,498	—
Capital element of hire purchase	117,642	211,115
Net cash inflow from financing	<u>158,140</u>	<u>211,115</u>

SIMPSON (YORK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

24. NOTES TO THE CASH FLOW STATEMENT *(continued)*

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2011 £	2010 £
(Decrease)/increase in cash in the period	(3,510,581)	3,403,401
Cash outflow in respect of hire purchase	<u>(117,642)</u>	<u>(211,115)</u>
	(3,628,223)	3,192,286
Change in net funds	(3,628,223)	3,192,286
Net funds at 1 January 2011	<u>7,371,936</u>	<u>4,179,650</u>
Net funds at 31 December 2011	<u>3,743,713</u>	<u>7,371,936</u>

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2011 £	Cash flows £	At 31 Dec 2011 £
Net cash			
Cash in hand and at bank	<u>7,598,276</u>	<u>(3,510,581)</u>	<u>4,087,695</u>
Debt			
Hire purchase agreements	<u>(226,340)</u>	<u>(117,642)</u>	<u>(343,982)</u>
Net funds	<u>7,371,936</u>	<u>(3,628,223)</u>	<u>3,743,713</u>

25. ULTIMATE PARENT COMPANY

The ultimate parent company is Simpson (York) Holdings Limited, a company incorporated in England and Wales

SIMPSON (YORK) LIMITED
MANAGEMENT INFORMATION
YEAR ENDED 31 DECEMBER 2011

**The following pages do not form part of the statutory financial statements
which are the subject of the independent auditor's report on pages 6 to 7**