

Company Registration Number 00847721

Simpson (York) Limited

Financial Statements

31 December 2012

REGISTRAR

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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 2012

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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 J Pursehouse FCA N P Silcock F C I O B A Gatenby B Sc (Hons) M 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 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 2012

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2012

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of fitting out, construction, maintenance and development

Continued growth experienced during 2012 was supported by an ongoing focus on repeat workload, coupled with the introduction of new corporate customers, wherever possible with rolling workload requirements

The SIMPSON owned York Business Park development continues to progress with further warehouse lettings. Marketing continues for either sales or leasing of the vacant respective units with plenty of interest being experienced, but with a reluctance to progress

Framework agreements are still established and current, however we have seen a reduction in turnover terms with clients holding back on development programmes

Health sector involvement and works continue with the broadening of our coverage regionally and we are currently on site at the Leeds General Infirmary carrying out a project for the Candlelighters charity

Our key account retail clients continue to provide a major source of workload and these include Marks & Spencer, Primark, Home Retail Group, HSBC, Next and Debenhams, for whom we are carrying out major refurbishment works to their flagship Oxford Street store, scheduled for completion in late 2013.

Works have concluded on our first Morrison's store where we fitted out a new unit for them at Harrow

In 2012 we completed a major project in terms of both construction and fitting out activity for Nestle on their York site for the Product Technology Centre. The project involved additional facilities for the production area as well as a three storey office and conference centre with links to the adjacent Insight Centre. This high quality attractive development has significant visibility both externally and within the Nestle organisation with the handover being safely concluded to allow an international Nestle conference to take place shortly afterwards

In addition to the works at York, we are also in the process of concluding a project for Nestle at their Halifax site, extending the geographical service that we carry out for this key account client

During the year we successfully won at tender the new Everyman Cinema complex in the Land Securities' Trinity development at Leeds. This project is currently the focus of major commitment and resources to ensure that completion is achieved to coincide with the opening of the new Trinity Place Shopping Centre

Our accreditations in terms of Quality Management (BS EN ISO 9001:2008), Environmental Management (BS EN ISO 14001:2004) and Health & Safety (OHSAS 18001), which are all part of our commitment to work safely and sustainably at all times, are still relevant in the focus of our works and we latterly have just confirmed our reaccreditation under the Investors in People programme in support of the development and growth of the people within the Simpson business

SIMPSON continue to be recognised both as a leading provider of fit out solutions to many of the major retailers as well as a construction solution provider. This, combined with our safe working practises, continuous development, business history, and commitment to sustainability and our reduced carbon footprint, is supporting our strategic growth. This in turn is underpinned by our 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 2012

FUTURE DEVELOPMENTS

Our current 2013 workload again gives us a significant geographic spread of projects on site from the south coast through to Falkirk. Consistent with previous years, again thanks to the quality enquiries we receive our forward workload is strong and balanced with workload and projects from different sectors which will help us secure further projects to continue the growth we achieved last year and maintain our planned expansion.

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

Our strategic endeavour remains to do more for our existing customers in parallel with the introduction of new long term customer relationships such as the Morrison's supermarket fit out project in Harrow.

Our investment continues in our people and their further development along with ongoing management of costs and protection of our position in what is still a competitive market place.

The Employee Share Trust, which holds 25% of the equity of the Business, enters its third 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 and communicated accordingly to allow participants to focus on and share the success, benefiting from the growth in both the medium 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 2013 so the SIMPSON business is in an even stronger position as hopefully the economy around us stabilises and improves.

Whilst enquiry levels are good we cannot see any improvement in outlook for the UK in 2013 but hopefully improvements start to filter through in 2014 in terms of confidence and an improvement in credit constraints to allow for an increase in retail spending which ultimately should then result in increased activity from our retail key accounts.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,200,514. Particulars of dividends paid are detailed in note 9 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

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

SIMPSON (YORK) LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2012

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
J Pursehouse FCA
N P Silcock F C I O B
A Gatenby B Sc (Hons) M C I O B

R C Allerton and N P Silcock and A Gatenby retire by rotation and being eligible offer themselves for re-election

A Gatenby B Sc (Hons) M.C I.O B was appointed as a director on 14 August 2012

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 2012

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

	2012 £	2011 £
Charitable	<u>8,335</u>	<u>3,905</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 16 April 2013

SIMPSON (YORK) LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
SIMPSON (YORK) LIMITED
YEAR ENDED 31 DECEMBER 2012

We have audited the financial statements of Simpson (York) Limited for the year ended 31 December 2012. 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 page 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 2012 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 2012

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

18 April 2013

SIMPSON (YORK) LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2012

	Note	2012 £	2011 £
TURNOVER	2	93,315,815	73,492,950
Cost of sales		88,289,838	68,757,822
GROSS PROFIT		5,025,977	4,735,128
Administrative expenses		3,415,206	3,399,672
Other operating income	3	(14,690)	—
OPERATING PROFIT	4	1,625,461	1,335,456
Interest receivable and similar income		8,963	8,153
Interest payable and similar charges	7	(12,302)	(15,185)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,622,122	1,328,424
Tax on profit on ordinary activities	8	421,608	363,555
PROFIT FOR THE FINANCIAL YEAR		1,200,514	964,869

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 22 form part of these financial statements

SIMPSON (YORK) LIMITED
Company Registration Number 00847721

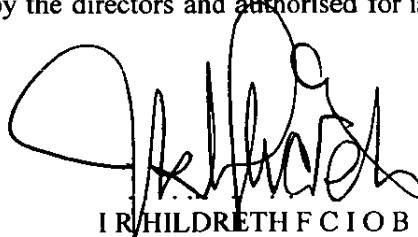
BALANCE SHEET

31 DECEMBER 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Tangible assets	10	1,149,476	732,161
Investments	11	260,000	—
		<u>1,409,476</u>	<u>732,161</u>
CURRENT ASSETS			
Stocks	12	917,493	1,931,291
Debtors	13	15,854,327	7,837,592
Cash at bank and in hand		3,870,094	4,087,695
		<u>20,641,914</u>	<u>13,856,578</u>
CREDITORS: Amounts falling due within one year	15	<u>19,661,661</u>	<u>12,329,647</u>
NET CURRENT ASSETS		<u>980,253</u>	<u>1,526,931</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,389,729</u>	<u>2,259,092</u>
CREDITORS: Amounts falling due after more than one year	16	<u>25,909</u>	<u>156,617</u>
		<u>2,363,820</u>	<u>2,102,475</u>
CAPITAL AND RESERVES			
Called-up equity share capital	22	500,000	500,000
Share options reserve	23	101,329	40,498
Profit and loss account	24	1,762,491	1,561,977
SHAREHOLDERS' FUNDS	25	<u>2,363,820</u>	<u>2,102,475</u>

These financial statements were approved by the directors and authorised for issue on 16 April 2013 and are signed on their behalf by


R C GATENBY F C I O B


I R HILDRETH F C I O B

The notes on pages 11 to 22 form part of these financial statements.

SIMPSON (YORK) LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2012

	Note	2012 £	2011 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	26	2,237,845	(2,270,686)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	26	(3,339)	(7,032)
TAXATION	26	(307,807)	(358,870)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	26	(1,019,518)	(282,133)
EQUITY DIVIDENDS PAID		(1,000,000)	(750,000)
CASH OUTFLOW BEFORE FINANCING		(92,819)	(3,668,721)
FINANCING	26	(124,782)	158,140
DECREASE IN CASH	26	<u>(217,601)</u>	<u>(3,510,581)</u>

The notes on pages 11 to 22 form part of these financial statements

SIMPSON (YORK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

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

Freehold Property	-	2% per annum
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

Investment Property

All fixed assets are initially recorded at cost and are not depreciated, in accordance with relevant accounting standards

SIMPSON (YORK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

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

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 twelve 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 2012

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.

	2012	2011
	£	£
Fitting Out	72,164,510	60,549,309
Construction	21,151,305	12,943,641
	<u>93,315,815</u>	<u>73,492,950</u>

3. OTHER OPERATING INCOME

	2012	2011
	£	£
Rent receivable	<u>14,690</u>	<u>—</u>

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2012	2011
	£	£
Depreciation of owned fixed assets	191,826	191,919
Depreciation of assets held under hire purchase agreements	150,343	148,029
Loss/(Profit) on disposal of fixed assets	34	(46,014)
Operating lease costs		
- Other	232,141	229,636
Auditor's remuneration - audit of the financial statements	11,750	12,500
Auditor's remuneration - other fees	<u>6,250</u>	<u>7,500</u>
	2012	2011
	£	£
Auditor's remuneration - audit of the financial statements	<u>11,750</u>	<u>12,500</u>
Auditor's remuneration - other fees		
- Taxation and other services	<u>6,250</u>	<u>7,500</u>

SIMPSON (YORK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

5. PARTICULARS OF EMPLOYEES

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

	2012	2011
	No	No
Number of production staff	172	179
Number of administrative staff	27	28
	<u>199</u>	<u>207</u>

The aggregate payroll costs of the above were

	2012	2011
	£	£
Wages and salaries	9,183,971	8,402,333
Social security costs	1,120,593	1,077,260
Other pension costs	174,690	176,025
	<u>10,479,254</u>	<u>9,655,618</u>

6. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2012	2011
	£	£
Aggregate remuneration	795,049	658,113
Value of company pension contributions to money purchase schemes	25,492	25,048
	<u>820,541</u>	<u>683,161</u>

Remuneration of highest paid director:

	2012	2011
	£	£
Total remuneration (excluding pension contributions)	<u>325,986</u>	<u>238,375</u>

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

	2012	2011
	No	No
Money purchase schemes	<u>5</u>	<u>4</u>

SIMPSON (YORK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £	2011 £
Interest payable on bank borrowing	—	354
Finance charges	<u>12,302</u>	<u>14,831</u>
	<u>12,302</u>	<u>15,185</u>

8. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2012 £	2011 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 24.50% (2011 - 26.49%)	439,081	346,756
Over/under provision in prior year	—	2,106
Total current tax	<u>439,081</u>	<u>348,862</u>
Deferred tax		
Origination and reversal of timing differences	<u>(17,473)</u>	<u>14,693</u>
Tax on profit on ordinary activities	<u>421,608</u>	<u>363,555</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 24.50% (2011 - 26.49%)

	2012 £	2011 £
Profit on ordinary activities before taxation	<u>1,622,122</u>	<u>1,328,424</u>
Profit on ordinary activities by rate of tax	397,375	351,900
Expenses not deductible for tax purposes	17,511	6,929
Capital allowances for period in excess of depreciation	24,144	(9,967)
Adjustments to tax charge in respect of previous periods	51	—
Total current tax (note 8(a))	<u>439,081</u>	<u>348,862</u>

SIMPSON (YORK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

9. DIVIDENDS

Equity dividends

	2012 £	2011 £
Paid		
Dividends on equity shares	<u>1,000,000</u>	<u>750,000</u>

10. TANGIBLE FIXED ASSETS

	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST					
At 1 January 2012	–	341,878	398,277	1,968,977	2,709,132
Additions	650,000	–	19,952	89,567	759,519
Disposals	–	(2,000)	(42,093)	(12,190)	(56,283)
At 31 December 2012	<u>650,000</u>	<u>339,878</u>	<u>376,136</u>	<u>2,046,354</u>	<u>3,412,368</u>
DEPRECIATION					
At 1 January 2012	–	272,729	376,314	1,327,928	1,976,971
Charge for the year	9,750	19,016	17,625	295,778	342,169
On disposals	–	(1,999)	(42,060)	(12,189)	(56,248)
At 31 December 2012	<u>9,750</u>	<u>289,746</u>	<u>351,879</u>	<u>1,611,517</u>	<u>2,262,892</u>
NET BOOK VALUE					
At 31 December 2012	<u>640,250</u>	<u>50,132</u>	<u>24,257</u>	<u>434,837</u>	<u>1,149,476</u>
At 31 December 2011	<u>–</u>	<u>69,149</u>	<u>21,963</u>	<u>641,049</u>	<u>732,161</u>

Hire purchase agreements

Included within the net book value of £1,149,476 is £249,612 (2011 - £485,384) 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 £150,343 (2011 - £148,029)

11. INVESTMENTS

FREEHOLD PROPERTY INVESTMENT

	£
COST	
Additions	<u>260,000</u>
At 31 December 2012	<u>260,000</u>
NET BOOK VALUE	
At 31 December 2012	<u>260,000</u>
At 31 December 2011	<u>–</u>

SIMPSON (YORK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

12. STOCKS

	2012	2011
	£	£
Stock	<u>917,493</u>	<u>1,931,291</u>

13. DEBTORS

	2012	2011
	£	£
Trade debtors	8,943,184	3,223,820
Amounts recoverable on long term contracts	5,973,435	4,017,344
Other debtors	755,641	424,787
Prepayments and accrued income	84,247	91,294
Deferred taxation (note 14)	97,820	80,347
	<u>15,854,327</u>	<u>7,837,592</u>

14. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows

	2012	2011
	£	£
Included in debtors (note 13)	<u>97,820</u>	<u>80,347</u>

The movement in the deferred taxation account during the year was

	2012	2011
	£	£
Balance brought forward	80,347	95,040
Profit and loss account movement arising during the year	17,473	(14,693)
Balance carried forward	<u>97,820</u>	<u>80,347</u>

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

	2012	2011
	£	£
Excess of depreciation over taxation allowances	97,820	80,347
	<u>97,820</u>	<u>80,347</u>

SIMPSON (YORK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

15. CREDITORS: Amounts falling due within one year

	2012	2011
	£	£
Amounts owed on contracts	12,830,529	8,201,412
Trade creditors	3,145,490	1,221,736
Amounts owed to group undertakings	835,705	1,041,007
Corporation tax	397,254	265,980
Other taxation and social security	1,866,603	816,423
Hire purchase agreements	132,460	187,365
Other creditors	153,989	309,746
Accruals and deferred income	299,631	285,978
	<u>19,661,661</u>	<u>12,329,647</u>

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

	2012	2011
	£	£
Hire purchase agreements	<u>25,909</u>	<u>156,617</u>

17. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows

	2012	2011
	£	£
Amounts payable within 1 year	132,460	187,365
Amounts payable between 2 to 5 years	25,909	156,617
	<u>158,369</u>	<u>343,982</u>

18. SHARE-BASED PAYMENTS

Equity-settled 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

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

SIMPSON (YORK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

18. SHARE-BASED PAYMENTS *(continued)*

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 trenches

Each option is exercisable within 6 years of grant

Further details of the share options are as follows

	2012		2011	
	No	WAEP £	No	WAEP £
Outstanding at the beginning of the year	695,800.00	1.54	–	–
Granted during the year	–	–	695,800 00	1 54
Outstanding at the end of the year	695,800.00	1.54	695,800 00	1 54

No options were exercised during the period

Share options outstanding at the end of the year had an exercise price of £1 54

The weighted average remaining contractual life of the options outstanding at the end of the period was 4 34 years

The weight 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

	2012	2011
Weighted average share price - £	1.54	1 54
Weighted average exercise price - £	1.54	1 54
Expected volatility - %	34.00	34 00
Expected life - years	5.00	5 00
Expected dividend yield - %	8.00	8 00

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

SIMPSON (YORK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

19. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	2012	2011
	£	£
Operating leases which expire		
Within 2 to 5 years	13,500	61,500
After more than 5 years	234,986	181,636
	<u>248,486</u>	<u>243,136</u>

20. CONTINGENCIES

At 31 December 2012 there were contingent liabilities in respect of performance bonds arranged with the insurance company which amounted to £584,645 (2011 £1,572,890)

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

21. 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 (2011 £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 £72,205 (2011 £69,700) to Crescent Trustees Limited

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.

22. SHARE CAPITAL

Allotted and called up:

	2012		2011	
	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>

SIMPSON (YORK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

23. SHARE OPTIONS RESERVE

	2012	2011
	£	£
Balance brought forward	40,498	–
Capital contribution from parent company	60,831	40,498
Balance carried forward	<u>101,329</u>	<u>40,498</u>

24. PROFIT AND LOSS ACCOUNT

	2012	2011
	£	£
Balance brought forward	1,561,977	1,347,108
Profit for the financial year	1,200,514	964,869
Equity dividends	(1,000,000)	(750,000)
Balance carried forward	<u>1,762,491</u>	<u>1,561,977</u>

25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012	2011
	£	£
Profit for the financial year	1,200,514	964,869
Equity dividends	(1,000,000)	(750,000)
Capital contribution from parent company	60,831	40,498
Net addition to shareholders' funds	<u>261,345</u>	<u>255,367</u>
Opening shareholders' funds	2,102,475	1,847,108
Closing shareholders' funds	<u>2,363,820</u>	<u>2,102,475</u>

26. NOTES TO THE CASH FLOW STATEMENT

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

	2012	2011
	£	£
Operating profit	1,625,461	1,335,456
Depreciation	342,169	339,948
Loss/(Profit) on disposal of fixed assets	34	(46,014)
Decrease/(increase) in stocks	1,013,798	(36,218)
(Increase)/decrease in debtors	(7,999,262)	2,293,200
Increase/(decrease) in creditors	7,255,645	(6,157,058)
Net cash inflow/(outflow) from operating activities	<u>2,237,845</u>	<u>(2,270,686)</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2012	2011
	£	£
Interest received	8,963	8,153
Interest paid	–	(354)
Interest element of hire purchase	<u>(12,302)</u>	<u>(14,831)</u>
Net cash outflow from returns on investments and servicing of finance	<u>(3,339)</u>	<u>(7,032)</u>

SIMPSON (YORK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

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

TAXATION

	2012 £	2011 £
Taxation	<u>(307,807)</u>	<u>(358,870)</u>

CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2012 £	2011 £
Payments to acquire tangible fixed assets	(759,519)	(344,033)
Receipts from sale of fixed assets	1	61,900
Acquisition of fixed asset investments	<u>(260,000)</u>	<u>–</u>
Net cash outflow for capital expenditure and financial investment	<u>(1,019,518)</u>	<u>(282,133)</u>

FINANCING

	2012 £	2011 £
Issue of equity share capital	60,831	40,498
Capital element of hire purchase	<u>(185,613)</u>	<u>117,642</u>
Net cash (outflow)/inflow from financing	<u>(124,782)</u>	<u>158,140</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2012 £	2011 £
Decrease in cash in the period	(217,601)	(3,510,581)
Cash outflow in respect of hire purchase	<u>185,613</u>	<u>(117,642)</u>
	<u>(31,988)</u>	<u>(3,628,223)</u>
Change in net funds	<u>(31,988)</u>	<u>(3,628,223)</u>
Net funds at 1 January 2012	3,743,713	7,371,936
Net funds at 31 December 2012	<u>3,711,725</u>	<u>3,743,713</u>

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2012 £	Cash flows £	At 31 Dec 2012 £
Net cash			
Cash in hand and at bank	4,087,695	<u>(217,601)</u>	<u>3,870,094</u>
Debt			
Hire purchase agreements	<u>(343,982)</u>	185,613	<u>(158,369)</u>
Net funds	<u>3,743,713</u>	<u>(31,988)</u>	<u>3,711,725</u>

27. 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 2012

**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**