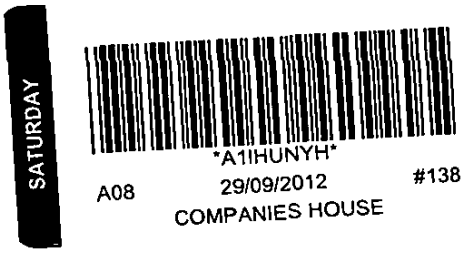
Registration number 01333821

Adstone Construction Limited

Abbreviated accounts

for the year ended 31 December 2011



Bissell & Brown Limited
Statutory Auditors &
Chartered Accountants
Charter House, 56 High Street,
Sutton Coldfield,
West Midlands, B72 1UJ.

Adstone Construction Limited

Contents

	Page
Directors' report	1 - 3
Auditors' report	4
Abbreviated profit and loss account	5
Abbreviated balance sheet	6
Cash flow statement	7
Notes to the financial statements	8 - 17

Adstone Construction Limited

Directors' report
for the year ended 31 December 2011

The directors present their report and the accounts for the year ended 31 December 2011

Principal activity and review of the business
The principle activity of the company is that of design, fabrication, shot blasting, painting and erection of structural steelwork for the construction industry

Business review
We consider that our key performance indicators are those that communicate the financial performance and strength of the company as a whole, these being retained cash at bank, turnover and profit margins

The economic downturn that we are now experiencing is challenging to our business However we feel that we are in a strong financial position to be able to tender competitively, and having made changes to try and reduce our overheads, can hopefully keep our profit margins at the level we require

With these risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforeseen future events outside of our control We will however continue to show flexibility and respond to market conditions and opportunities as they may arise

We have committed to strive for continual improvement in the quality of goods we supply and the service that we offer, within an ever increasing competitive market place and the challenges imposed by the economic recession

In November 2011, we were awarded -
Achilles Building Confidence - recognised as the standard for suppliers' excellence within the construction industry and an effective solution for managing supply chain risk by driving continuous improvement Achilles is used by many of our key clients as a procurement tool

In May 2012 we were awarded -
Factory Production Control BS EN 1090 (FPC and CE Marking Traceability) - a full manufacturing implementation process evidenced through quality systems and procedures
Welding Certificate BS EN1090 - all our welding is controlled, evidenced and recorded through a quality procedure and independently tested
ISO 9001 - A quality control management system that is effective across all elements of the business
ISO 14001 - An Environment management system which is implemented across the full scope of the business

The FPC/CE Marking and ISO 9001 were to be mandatory requirements from March 2013, hence Adstone being certified this year The EU have now moved the mandatory implementation date back to March 2014
As a company we were fully committed to implementing the systems and feel that we will be in a good position when our competitors of a similar size are struggling to comply with the legislation, Adstone will have been running the systems for almost two years

Directors' report
for the year ended 31 December 2011

continued

Results and dividends
The results for the year are set out on page 5

Financial risk management objectives and policies
The directors are not aware of any financial risks that would have a material impact on the financial performance of the company

Directors
The directors who served during the year are as stated below

R G Stevens	A L Stevens
I G Young	J A Young
G Howson	J M Pingriff

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 year In preparing these financial statements, the directors are required to

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

In so far as the directors are aware
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Directors' report
for the year ended 31 December 2011

continued

Auditors
Bissell & Brown Limited are deemed to be reappointed in accordance with Section 487(2) of the Companies Act 2006

This report was approved by the Board on 21 September 2012 and signed on its behalf by



J. A. Young
Director

Independent auditors' report to Adstone Construction Limited under Section 449 of the Companies Act 2006

We have examined the abbreviated accounts set out on pages 5 to 17 together with the financial statements of Adstone Construction Limited for the year ended 31 December 2011 prepared under Section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006 Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of the directors and the auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 445 of the Companies Act 2006 It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you

Basis of opinion

We conducted our work in accordance with Bulletin 2008/4 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with that provision

John J Taheny (senior statutory auditor)
For and on behalf of Bissell & Brown Limited
Chartered Accountants and
Statutory Auditors
Charter House,
56 High Street,
Sutton Coldfield,
West Midlands,
B72 1UJ.

21 September 2012.

Adstone Construction Limited

Abbreviated profit and loss account for the year ended 31 December 2011

	Notes	Continuing operations 2011 £	2010 £
Turnover		6,852,880	8,881,887
Gross profit		696,272	1,295,090
Administrative expenses		(994,496)	(1,116,593)
Operating (loss)/profit	2	(298,224)	178,497
Other interest receivable and similar income	4	2,311	5,484
Interest payable and similar charges	5	-	(1,157)
(Loss)/profit on ordinary activities before taxation		(295,913)	182,824
Tax on (loss)/profit on ordinary activities	8	96,094	(58,099)
(Loss)/profit for the year		(199,819)	124,725
Retained profit brought forward		3,818,054	3,693,329
Reserve Movements		(300,000)	-
Retained profit carried forward		3,318,235	3,818,054

There are no recognised gains or losses other than the profit or loss for the above two financial years

The notes on pages 8 to 17 form an integral part of these financial statements.

Adstone Construction Limited

Abbreviated balance sheet
as at 31 December 2011

	Notes	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Tangible assets	9		826,939		903,660
Current assets					
Stocks	10	525,973		421,139	
Debtors	11	1,927,721		2,413,876	
Cash at bank and in hand		1,172,020		1,509,749	
		3,625,714		4,344,764	
Creditors: amounts falling due within one year	12	(1,129,418)		(1,418,875)	
Net current assets			2,496,296		2,925,889
Total assets less current liabilities			3,323,235		3,829,549
Provisions for liabilities	13		-		(6,495)
Net assets			3,323,235		3,823,054
Capital and reserves					
Called up share capital	15		5,000		5,000
Profit and loss account			3,318,235		3,818,054
Shareholders' funds	16		3,323,235		3,823,054

These abbreviated accounts have been prepared in accordance with the special provisions of Section 445(3) of the Companies Act 2006 relating to medium-sized companies

The abbreviated accounts were approved by the Board on 21 September 2012 and signed on its behalf by



J. A. Young
Director

Registration number 01333821

The notes on pages 8 to 17 form an integral part of these financial statements.

Adstone Construction Limited

Cash flow statement
for the year ended 31 December 2011

	Notes	2011 £	2010 £
Reconciliation of operating (loss)/profit to net cash outflow from operating activities			
Operating (loss)/profit		(298,224)	178,497
Depreciation		59,628	126,903
(Increase) in stocks		(104,834)	(54,868)
Decrease in debtors		575,754	(1,718,821)
(Decrease) in creditors		(287,035)	799,005
Net cash outflow from operating activities		(54,711)	(669,284)
Cash flow statement			
Net cash outflow from operating activities		(54,711)	(669,284)
Returns on investments and servicing of finance	19	2,311	4,327
Taxation	19	(1,152)	75,399
Capital expenditure	19	17,093	(3,364)
		(36,459)	(592,922)
Equity dividends paid		(300,000)	-
Decrease in cash in the year		(336,459)	(592,922)
Reconciliation of net cash flow to movement in net debt (Note 20)			
Decrease in cash in the year		(336,459)	(592,922)
Net funds at 1 January 2011		1,508,479	2,101,401
Net funds at 31 December 2011		1,172,020	1,508,479

Notes to the abbreviated financial statements for the year ended 31 December 2011

1. Accounting policies

1.1. Accounting convention

The accounts are prepared under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board

1.2. Turnover

Turnover represents the total value, excluding value added tax, of work carried out during the year

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows

Land and buildings	-	Straight line over fifty years
Plant and machinery	-	20% Straight line
Fixtures, fittings and equipment	-	20% Straight Line
Motor vehicles	-	20% Straight Line

1.4. Leasing

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

1.5. Stock and work in progress

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

1.6. 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 provisions 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 received on account

1.7. Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year

continued

1.8. Deferred taxation

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

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

2. Operating (loss)/profit

	2011	2010
	£	£
Operating (loss)/profit is stated after charging		
Depreciation and other amounts written off tangible assets	74,162	124,553
Loss on disposal of tangible fixed assets	-	2,350
Operating lease rentals		
- Plant and machinery	34,254	34,325
Auditors' remuneration (Note 3)	9,500	9,500
and after crediting		
Profit on disposal of tangible fixed assets	14,534	-

3. Auditors' remuneration

	2011	2010
	£	£
Auditors' remuneration - audit of the financial statements	9,500	9,500
Auditors' remuneration - other fees		
- taxation services	1,000	1,000
- preparation of statutory accounts	10,500	10,500
	11,500	11,500

continued

4. Interest receivable and similar income

	2011	2010
	£	£
Bank interest	2,311	5,188
Other interest	-	296
	2,311	5,484

5. Interest payable and similar charges

	2011	2010
	£	£
Interest payable on loans less than 1 year	-	1,157

6. Employees

Number of employees	2011	2010
The average monthly numbers of employees (including the directors) during the year were		
Production	35	28
Office and Management	11	16
	46	44

Employment costs	2011	2010
	£	£
Wages and salaries	1,341,169	1,452,500
Social security costs	161,682	169,255
Pension costs-other operating charge	21,446	24,998
	1,524,297	1,646,753

continued

6.1. Directors' remuneration

	2011	2010
	£	£
Remuneration and other emoluments	372,630	496,144
Pension contributions	21,446	24,998
Compensation for loss of office	-	30,000
	394,076	551,142

	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	4	5

Highest paid director	£	£
Amounts included above		
Emoluments and other benefits	73,213	93,848
Pension contributions	7,286	5,400
	80,499	99,248

7. Pension costs

The company operates a defined contribution pension scheme in respect of the directors The scheme and its assets are held by independent managers The pension charge represents contributions due from the company and amounted to £21,446 (2010 - £24,998)

continued

8. Tax on (loss)/profit on ordinary activities

Analysis of charge in period	2011 £	2010 £
Current tax		
UK corporation tax at 20 00% (2010 - 21 00%)	-	1,152
Total current tax charge	-	1,152
Deferred tax		
Timing differences, origination and reversal	(96,094)	56,947
Total deferred tax	(96,094)	56,947
Tax on (loss)/profit on ordinary activities	(96,094)	58,099

Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (28 00%) The differences are explained below

	2011 £	2010 £
(Loss)/profit on ordinary activities before taxation	(295,913)	182,824
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28 00% (31 December 2010 28 00%)	(82,856)	51,191
Effects of:		
Expenses not deductible for tax purposes	567	563
Capital allowances for period in excess of depreciation	(4,074)	-
Utilisation of tax losses	86,363	(65,503)
Adjustment for small companies relief	-	(384)
Depreciation for period in excess of capital allowances	-	15,285
Current tax charge for period	-	1,152

continued

9. Tangible fixed assets	Land and buildings freehold £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2011	945,655	1,638,616	135,256	455,316	3,174,843
Additions	-	-	5,180	14,555	19,735
Disposals	-	-	-	(128,552)	(128,552)
At 31 December 2011	945,655	1,638,616	140,436	341,319	3,066,026
Depreciation					
At 1 January 2011	177,596	1,618,486	129,679	345,422	2,271,183
On disposals	-	-	-	(106,258)	(106,258)
Charge for the year	16,221	9,802	2,828	45,311	74,162
At 31 December 2011	193,817	1,628,288	132,507	284,475	2,239,087
Net book values					
At 31 December 2011	751,838	10,328	7,929	56,844	826,939
At 31 December 2010	768,059	20,130	5,577	109,894	903,660

10. Stocks	2011 £	2010 £
Raw materials and consumables	398,034	373,039
Work in progress	127,939	48,100
	525,973	421,139

11. Debtors	2011 £	2010 £
Trade debtors	12,589	18,408
Amounts recoverable on long term contracts	1,658,115	2,311,244
Other debtors	85,400	-
Prepayments and accrued income	82,018	84,224
Deferred tax (Note 14)	89,599	-
	1,927,721	2,413,876

continued

12. Creditors: amounts falling due within one year	2011 £	2010 £
Bank overdraft	-	1,270
Trade creditors	639,114	1,021,915
Corporation tax	-	1,152
Other taxes and social security costs	373,687	263,644
Directors' accounts	39,218	38,219
Other creditors	120	821
Accruals and deferred income	77,279	91,854
	1,129,418	1,418,875

13. Provisions for liabilities	Deferred taxation (Note 14) £	Total £
At 1 January 2011	6,495	6,495
Movements in the year	(96,094)	(96,094)
At 31 December 2011	(89,599)	(89,599)

14. Provision for deferred taxation	2011 £	2010 £
Accelerated capital allowances	29,876	40,098
Tax losses carried forward	(119,475)	(33,603)
Provision for deferred tax	(89,599)	6,495

Provision at 1 January 2011	6,495
Deferred tax credit in profit and loss account	(96,094)
Provision at 31 December 2011	(89,599)

continued

15. Share capital

	2011 £	2010 £
Authorised		
5,000 Ordinary shares of £1 each	5,000	5,000
Allotted, called up and fully paid		
5,000 Ordinary shares of £1 each	5,000	5,000
Equity Shares		
5,000 Ordinary shares of £1 each	5,000	5,000

16. Reconciliation of movements in shareholders' funds

	2011 £	2010 £
(Loss)/profit for the year	(199,819)	124,725
Dividends	(300,000)	-
	(499,819)	124,725
Opening shareholders' funds	3,823,054	3,698,329
Closing shareholders' funds	3,323,235	3,823,054

17. Financial commitments

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

	Other	
	2011 £	2010 £
Expiry date:		
Within one year	13,158	34,325

continued

18. Related party transactions

	2011 £	2010 £
During the year the company paid dividends to the following persons		
R G Stevens	102,000	-
A L Stevens	54,000	-
I G Young	30,000	-
J A Young	15,000	-
G Howson	15,000	-
T. J Smith	42,000	-
J L Tipping	42,000	-
	300,000	-

The company also sold a vehicle to Mrs A L Stevens at an open market value of £20,000

19. Gross cash flows

	2011 £	2010 £
Returns on investments and servicing of finance		
Interest received	2,311	5,484
Interest paid	-	(1,157)
	2,311	4,327
Taxation		
Corporation tax paid	(1,152)	-
Corporation tax repaid	-	75,399
	(1,152)	75,399
Capital expenditure		
Payments to acquire tangible assets	(19,735)	(11,859)
Receipts from sales of tangible assets	36,828	8,495
	17,093	(3,364)

continued

20. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	1,509,749	(337,729)	1,172,020
Overdrafts	(1,270)	1,270	-
Net funds	1,508,479	(336,459)	1,172,020