

Registration number 01333821

Adstone Construction Limited

Abbreviated accounts

for the year ended 31 December 2012



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

Adstone Construction Limited

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Adstone Construction Limited

Directors' report for the year ended 31 December 2012

The directors present their report and the accounts for the year ended 31 December 2012

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

The year has been a major turning point for the company in that we have now completed all of the low margin contracts entered into in 2011. These were all completed in the first six months of the year and have dramatically pulled down the overall gross profit margin

The second half of the year saw a significant increase in gross profit margins as the company has invested in new costing and quality procedures and are building more margins into contracts that it takes on

Results and dividends

The results for the year are set out on page 4

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	Resigned 11 10 2012

Adstone Construction Limited

Directors' report for the year ended 31 December 2012

continued

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.

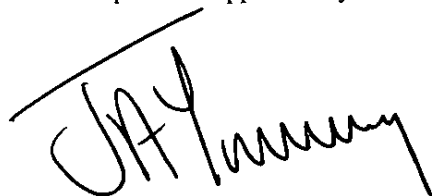
In so far as the directors are aware

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- 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.

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 12 September 2013 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 4 to 16 together with the financial statements of Adstone Construction Limited for the year ended 31 December 2012 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

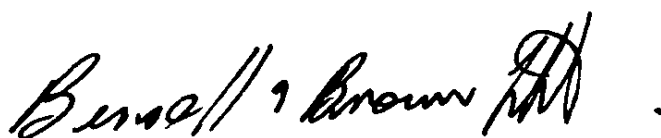
The directors are responsible for preparing the abbreviated accounts in accordance with Section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated 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.**

12 September 2013

Adstone Construction Limited

**Abbreviated profit and loss account
for the year ended 31 December 2012**

		Continuing operations	
		2012	2011
	Notes	£	£
Turnover		<u>6,681,503</u>	<u>6,852,880</u>
Gross profit		527,469	696,272
Administrative expenses		<u>(1,011,787)</u>	<u>(994,496)</u>
Operating loss	2	(484,318)	(298,224)
Other interest receivable and similar income	4	1,514	2,311
Interest payable and similar charges	5	<u>(3,184)</u>	<u>-</u>
Loss on ordinary activities before taxation		(485,988)	(295,913)
Tax on loss on ordinary activities	8	122,708	96,094
Loss for the year	16	<u>(363,280)</u>	<u>(199,819)</u>
Retained profit brought forward		3,318,235	3,818,054
Reserve Movements		-	(300,000)
Retained profit carried forward		<u>2,954,955</u>	<u>3,318,235</u>

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

The notes on pages 7 to 16 form an integral part of these financial statements.

Adstone Construction Limited

**Abbreviated balance sheet
as at 31 December 2012**

		2012		2011	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9		812,470		826,939
Current assets					
Stocks	10	785,977		525,973	
Debtors	11	1,796,717		1,927,721	
Cash at bank and in hand		1,464,705		1,172,020	
		<u>4,047,399</u>		<u>3,625,714</u>	
Creditors: amounts falling due within one year	12	<u>(1,899,914)</u>		<u>(1,129,418)</u>	
Net current assets			2,147,485		2,496,296
Net assets			<u>2,959,955</u>		<u>3,323,235</u>
Capital and reserves					
Called up share capital	15		5,000		5,000
Profit and loss account	16		2,954,955		3,318,235
Shareholders' funds	17		<u>2,959,955</u>		<u>3,323,235</u>

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 12 September 2013 and signed on its behalf by



J. A. Young
Director

Registration number 01333821

The notes on pages 7 to 16 form an integral part of these financial statements.

Adstone Construction Limited

Cash flow statement for the year ended 31 December 2012

	Notes	2012 £	2011 £
Reconciliation of operating loss to net cash inflow from operating activities			
Operating loss		(484,318)	(298,224)
Depreciation		37,511	59,628
(Increase) in stocks		(260,004)	(104,834)
Decrease in debtors		253,712	575,754
Increase in creditors		756,305	(287,035)
Net cash inflow from operating activities		<u>303,206</u>	<u>(54,711)</u>

Cash flow statement

Net cash inflow from operating activities		303,206	(54,711)
Returns on investments and servicing of finance	20	(1,670)	2,311
Taxation	20	-	(1,152)
Capital expenditure	20	(8,851)	17,093
		<u>292,685</u>	<u>(36,459)</u>
Equity dividends paid		-	(300,000)
Increase in cash in the year		<u>292,685</u>	<u>(336,459)</u>

Reconciliation of net cash flow to movement in net funds (Note 21)

Increase in cash in the year	292,685	(336,459)
New finance leases and hire purchase contracts	(14,191)	-
Movement in net funds in the year	<u>278,494</u>	<u>(336,459)</u>
Net funds at 1 January 2012	<u>1,172,020</u>	<u>1,508,479</u>
Net funds at 31 December 2012	<u>1,450,514</u>	<u>1,172,020</u>

Adstone Construction Limited

Notes to the abbreviated financial statements for the year ended 31 December 2012

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 and hire purchase commitments

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

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

Adstone Construction Limited

Notes to the abbreviated financial statements for the year ended 31 December 2012

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	2012 £	2011 £
Operating loss is stated after charging		
Depreciation and other amounts written off tangible assets	51,840	74,162
Operating lease rentals		
- Plant and machinery	7,658	34,254
Auditors' remuneration (Note 3)	9,500	9,500
and after crediting		
Profit on disposal of tangible fixed assets	14,329	14,534

3. Auditors' remuneration

	2012 £	2011 £
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
- accountancy services	5,750	-
	17,250	11,500

Adstone Construction Limited

**Notes to the abbreviated financial statements
for the year ended 31 December 2012**

continued

4. Interest receivable and similar income	2012	2011
	£	£
Bank interest	<u>1,514</u>	<u>2,311</u>
5. Interest payable and similar charges	2012	2011
	£	£
Interest payable on loans less than 1 year	396	-
Hire purchase interest	<u>2,788</u>	<u>-</u>
	<u>3,184</u>	<u>-</u>
6. Employees		
Number of employees	2012	2011
The average monthly numbers of employees (including the directors) during the year were:		
Production	38	35
Office and Management	<u>12</u>	<u>11</u>
	<u>50</u>	<u>46</u>
Employment costs	2012	2011
	£	£
Wages and salaries	1,389,947	1,341,169
Social security costs	152,847	161,682
Pension costs-other operating charge	<u>21,446</u>	<u>21,446</u>
	<u>1,564,240</u>	<u>1,524,297</u>

Adstone Construction Limited

**Notes to the abbreviated financial statements
for the year ended 31 December 2012**

continued

6.1. Directors' remuneration

	2012	2011
	£	£
Remuneration and other emoluments	273,142	372,630
Pension contributions	21,446	21,446
	<u>294,588</u>	<u>394,076</u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>4</u>	<u>4</u>
Highest paid director	£	£
Amounts included above		
Emoluments and other benefits	73,175	73,213
Pension contributions	7,286	7,286
	<u>80,461</u>	<u>80,499</u>

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 (2011 - £21,446).

Adstone Construction Limited

**Notes to the abbreviated financial statements
for the year ended 31 December 2012**

continued

8. Tax on loss on ordinary activities

Analysis of charge in period	2012	2011
	£	£
Deferred tax		
Timing differences, origination and reversal	(122,708)	(96,094)
	<u>(122,708)</u>	<u>(96,094)</u>
Tax on loss on ordinary activities	<u>(122,708)</u>	<u>(96,094)</u>

Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (24.50%)
The differences are explained below

	2012	2011
	£	£
Loss on ordinary activities before taxation	<u>(485,988)</u>	<u>(295,913)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.50% (31 December 2011: 28.00%)	(119,067)	(82,856)
Effects of:		
Expenses not deductible for tax purposes	837	567
Capital allowances for period in excess of depreciation	(4,436)	(4,074)
Utilisation of tax losses	122,666	86,363
	<u>-</u>	<u>-</u>
Current tax charge for period	<u>-</u>	<u>-</u>

Adstone Construction Limited

**Notes to the abbreviated financial statements
for the year ended 31 December 2012**

continued

9. Tangible fixed assets	Land and buildings freehold £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2012	945,655	1,638,616	140,436	341,319	3,066,026
Additions	-	-	-	52,842	52,842
Disposals	-	-	-	(155,477)	(155,477)
At 31 December 2012	945,655	1,638,616	140,436	238,684	2,963,391
Depreciation					
At 1 January 2012	193,817	1,628,288	132,507	284,475	2,239,087
On disposals	-	-	-	(140,006)	(140,006)
Charge for the year	16,221	6,503	2,948	26,168	51,840
At 31 December 2012	210,038	1,634,791	135,455	170,637	2,150,921
Net book values					
At 31 December 2012	735,617	3,825	4,981	68,047	812,470
At 31 December 2011	751,838	10,328	7,929	56,844	826,939

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

Asset description	2012		2011	
	Net book value	Depreciation charge	Net book value	Depreciation charge
	£	£	£	£
Motor vehicles	34,765	5,082	-	-
10. Stocks			2012	2011
			£	£
Raw materials and consumables			354,719	398,034
Work in progress			431,258	127,939
			785,977	525,973

Adstone Construction Limited

**Notes to the abbreviated financial statements
for the year ended 31 December 2012**

continued

11. Debtors	2012	2011
	£	£
Trade debtors	5,196	12,589
Amounts recoverable on long term contracts	1,498,888	1,658,115
Other debtors	797	85,400
Prepayments and accrued income	79,529	82,018
Deferred tax (Note 14)	212,307	89,599
	<u>1,796,717</u>	<u>1,927,721</u>
12. Creditors: amounts falling due within one year	2012	2011
	£	£
Net obligations under finance leases and hire purchase contracts	14,191	-
Trade creditors	1,269,855	639,114
Other taxes and social security costs	220,311	373,687
Directors' accounts	332,011	39,218
Other creditors	1,009	120
Accruals and deferred income	62,537	77,279
	<u>1,899,914</u>	<u>1,129,418</u>
13. Provisions for liabilities	Deferred taxation (Note 14)	Total
	£	£
At 1 January 2012	(89,599)	(89,599)
Movements in the year	<u>89,599</u>	<u>89,599</u>
At 31 December 2012	<u>-</u>	<u>-</u>

Adstone Construction Limited

**Notes to the abbreviated financial statements
for the year ended 31 December 2012**

continued

14. Provision for deferred taxation	2012	2011
	£	£
Accelerated capital allowances	(17,001)	29,876
Tax losses carried forward	(195,306)	(119,475)
Provision for deferred tax	<u>(212,307)</u>	<u>(89,599)</u>
Provision at 1 January 2012	(89,599)	
Deferred tax credit in profit and loss account	<u>(122,708)</u>	
Provision at 31 December 2012	<u>(212,307)</u>	
15. Share capital	2012	2011
	£	£
Authorised		
5,000 Ordinary shares of 1 each	<u>5,000</u>	<u>5,000</u>
Allotted, called up and fully paid		
5,000 Ordinary shares of 1 each	<u>5,000</u>	<u>5,000</u>
Equity Shares		
5,000 Ordinary shares of 1 each	<u>5,000</u>	<u>5,000</u>
16. Equity Reserves	Profit and loss account	Total
	£	£
At 1 January 2012	3,318,235	3,318,235
Loss for the year	<u>(363,280)</u>	<u>(363,280)</u>
At 31 December 2012	<u>2,954,955</u>	<u>2,954,955</u>

Adstone Construction Limited

**Notes to the abbreviated financial statements
for the year ended 31 December 2012**

continued

17. Reconciliation of movements in shareholders' funds	2012	2011
	£	£
Loss for the year	(363,280)	(199,819)
Dividends	-	(300,000)
	<u>(363,280)</u>	<u>(499,819)</u>
Opening shareholders' funds	3,323,235	3,823,054
Closing shareholders' funds	<u><u>2,959,955</u></u>	<u><u>3,323,235</u></u>

18. Financial commitments

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

	2012	Other 2011
	£	£
Expiry date:		
Within one year	-	13,158
	<u>-</u>	<u>13,158</u>

19. Related party transactions	2012	2011
	£	£
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
	<u>-</u>	<u>300,000</u>
	<u><u>-</u></u>	<u><u>300,000</u></u>

Adstone Construction Limited

**Notes to the abbreviated financial statements
for the year ended 31 December 2012**

continued

20. Gross cash flows

	2012	2011
	£	£
Returns on investments and servicing of finance		
Interest received	1,514	2,311
Interest paid	(3,184)	-
	<u>(1,670)</u>	<u>2,311</u>
Taxation		
Corporation tax paid	-	(1,152)
	<u>-</u>	<u>(1,152)</u>
Capital expenditure		
Payments to acquire tangible assets	(38,651)	(19,735)
Receipts from sales of tangible assets	29,800	36,828
	<u>(8,851)</u>	<u>17,093</u>

21. Analysis of changes in net funds

	Opening balance	Cash flows	Other changes	Closing balance
	£	£	£	£
Cash at bank and in hand	1,172,020	292,685		1,464,705
Finance leases and hire purchase contracts	-	-	(14,191)	(14,191)
Net funds	<u>1,172,020</u>	<u>292,685</u>	<u>(14,191)</u>	<u>1,450,514</u>