

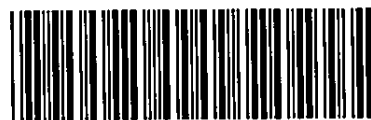
Company Registration No. SC033489 (Scotland)

Arthur McKay & Co Ltd

Directors' report and financial statements

For the year ended 31 October 2012

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COMPANIES HOUSE

Arthur McKay & Co Ltd

Company information

Directors

C Herd
PA McKay
AT Davison
D Cruickshank
G Craig
D McLean
C Morrison (Appointed 16 April 2012)

Secretary

PA McKay

Company number

SC033489

Registered office

42 Dryden Road
Bilston Industrial Estate
Loanhead
Midlothian
EH20 9LZ

Auditors

Henderson Loggie
34 Melville Street
Edinburgh
EH3 7HA

Bankers

Bank of Scotland
38 St Andrew Square
Edinburgh
EH2 2YR

The Royal Bank of Scotland
42 John Street
Penicuik
EH26 8AB

Solicitors

Brodies LLP
15 Atholl Crescent
Edinburgh
EH3 8HA

Arthur McKay & Co Ltd

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Arthur McKay & Co Ltd

Directors' report

For the year ended 31 October 2012

The directors present their report and financial statements for the year ended 31 October 2012.

Principal activities and review of the business

The principal activities of the business are in the field of building installation services, comprising electrical, mechanical, data, facility management and telephony services.

The company's principal activities consist of providing the installation and maintenance of these services within buildings along with FM services to a variety of clients. The installation services can include all or part of electrical and mechanical subcontracting together with IT and telephone networks, while the clients include national financial institutions, local authorities, educational organisations and construction companies. Our Facilities Management department provides services for direct clients, local authorities, managing agents and PPP/PFI organisations. There has been no change to these core business activities during the year, and the directors remain focused on continuing to successfully service and extend their existing customer base. During the year the general contracting market was challenging, but the directors were pleased with the company's overall performance. The company has developed a number of UK-wide FM contracts, and we anticipate continued growth for this department in 2013.

The results of the company for the year, as set out on page 6, show that turnover has increased during the year under review to £82.8m from £74.3m the previous year.

The directors have considered the current risks and uncertainties facing the industry.

The effect on the company of the continuing uncertainty in the strength of the recovery of the UK construction industry has been mitigated in part due to the breadth of the sectors in which the company operates. Thus concerns of a slowdown in public sector spending are balanced by recoveries in the business and financial sectors, both historically important areas for the company. The company's order book remains at a healthy overall level.

The company qualified as Investors in People in 2005, and has a motivated workforce due to a programme of continual training and coaching rarely seen within what is still a very traditional industry.

KPI's

The directors rely on a number of financial key performance indicators (KPI's), such as gross margin percentages, net profit percentages and debtor days which for the year under review were broadly in line with expectations. To monitor business performance, directors also use a number of non financial measurements, including customer service levels, staff turnover and health & safety reports.

Results and dividends

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

The directors declared and paid dividends during the year amounting to £546,680 on A ordinary shares. No final dividend is proposed.

Arthur McKay & Co Ltd

Directors' report (continued)

For the year ended 31 October 2012

Directors

The directors who held office during the year were:

C Herd

PA McKay

AT Davison

D Cruickshank

G Craig

G Duffy

(Resigned 30 October 2012)

MJ Gilhooly

(Resigned 26 November 2012)

D McLean

C Morrison

(Appointed 16 April 2012)

Charitable donations

2012

2011

£

£

During the year the company made the following payments:

Charitable donations

32,625

22,312

Most of the charitable donations are for overseas aid or to local charitable associations.

Employee involvement

The company has an active policy of communicating and consulting with its staff and keeping employees informed regarding its achievements and prospects. The directors are also committed to developing genuine and effective employee involvement in the company's activities.

Disabled persons

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

The environment

The company is committed to a policy which recognises environmental issues in all aspects of its business. Responsibility for compliance with environmental best practice is vested in the directors and environmentally sensitive options are integrated into the company's business at all levels of operation.

Arthur McKay & Co Ltd

Directors' report (continued)

For the year ended 31 October 2012

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

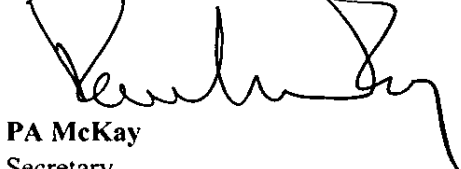
Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

Qualifying 3rd party indemnity provisions

The directors and certain employees benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

By order of the board



PA McKay

Secretary

27 February 2013

Arthur McKay & Co Ltd

Independent auditor's report

To the members of Arthur McKay & Co Ltd

We have audited the financial statements of Arthur McKay & Co Ltd for the year ended 31 October 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non financial information in the directors' report to identify material inconsistencies with the audited financial statements. Should we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 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 matter 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.

Arthur McKay & Co Ltd

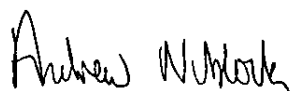
Independent auditor's report (continued)

To the members of Arthur McKay & Co Ltd

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.



**Andrew Niblock (Senior Statutory Auditor)
for and on behalf of Henderson Loggie**

27 February 2013

**Chartered Accountants
Statutory Auditors**

34 Melville Street
Edinburgh
EH3 7HA

Arthur McKay & Co Ltd

Profit and loss account For the year ended 31 October 2012

	Notes	2012 £	2011 £
Turnover	2	82,818,405	74,296,851
Other operating income		603,665	668,831
		<u>83,422,070</u>	<u>74,965,682</u>
Raw materials and other consumables		(48,772,657)	(44,183,959)
Staff and subcontractor costs		(29,281,655)	(25,770,905)
Depreciation and amortisation		(277,117)	(197,303)
Other operating charges		<u>(4,498,932)</u>	<u>(3,791,227)</u>
Operating profit	3	591,709	1,022,288
Other interest receivable and similar income	4	31,116	13,283
Movement in investment provision	5	2,769	1,998
Interest payable and similar charges	6	<u>(12,974)</u>	<u>(21,580)</u>
Profit on ordinary activities before taxation		612,620	1,015,989
Tax on profit on ordinary activities	7	<u>(179,966)</u>	<u>(295,630)</u>
Profit for the year	18	<u><u>432,654</u></u>	<u><u>720,359</u></u>

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

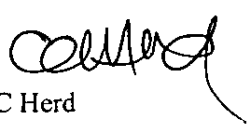
There are no recognised gains and losses other than those passing through the profit and loss account.

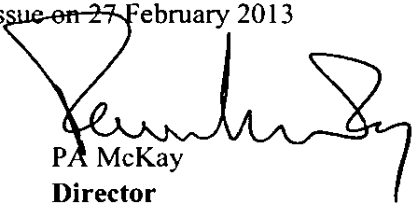
Arthur McKay & Co Ltd

Balance sheet As at 31 October 2012

	Notes	2012 £	£	2011 £	£
Fixed assets					
Tangible assets	9	3,931,009		3,949,864	
Investments	10	155,543		152,774	
		<u>4,086,552</u>		<u>4,102,638</u>	
Current assets					
Stocks	11	1,833,501	2,077,268		
Debtors	12	24,226,322	25,095,182		
Cash at bank and in hand		7,311,605	5,609,475		
		<u>33,371,428</u>	<u>32,781,925</u>		
Creditors: amounts falling due within one year	13	<u>(29,209,725)</u>	<u>(28,355,328)</u>		
Net current assets		<u>4,161,703</u>		<u>4,426,597</u>	
Total assets less current liabilities		<u>8,248,255</u>		<u>8,529,235</u>	
Creditors: amounts falling due after more than one year	14	(399,703)		(551,491)	
Provisions for liabilities	15	<u>(74,940)</u>		<u>(90,106)</u>	
		<u>7,773,612</u>		<u>7,887,638</u>	
Capital and reserves					
Called up share capital	17	4,257		4,257	
Other reserves	18	1,035		1,035	
Profit and loss account	18	7,768,320		7,882,346	
Shareholders' funds	19	<u>7,773,612</u>		<u>7,887,638</u>	

Approved by the Board and authorised for issue on 27 February 2013


C Herd
Director


PA McKay
Director

Company Registration No. SC033489

Arthur McKay & Co Ltd

Cash flow statement

For the year ended 31 October 2012

	Notes	£	2012 £	£	2011 £
Net cash inflow from operating activities	25		3,147,541		2,172,784
Returns on investments and servicing of finance					
Interest received		31,116		13,283	
Interest paid		(12,974)		(21,580)	
Net cash inflow/(outflow) for returns on investments and servicing of finance			18,142		(8,297)
Taxation			(417,509)		(30,807)
Capital expenditure					
Payments to acquire tangible assets		(258,262)		(439,015)	
Net cash outflow for capital expenditure			(258,262)		(439,015)
Equity dividends paid			(546,680)		(426,000)
Net cash inflow before management of liquid resources and financing			1,943,232		1,268,665
Financing					
Repayment of long term bank loan		(151,788)		(230,287)	
Repayment of other short term loans		(89,314)		(15,210)	
Decrease in debt		(241,102)		(245,497)	
Net cash outflow from financing			(241,102)		(245,497)
Increase in cash in the year	26, 27		1,702,130		1,023,168

Arthur McKay & Co Ltd

Notes to the financial statements For the year ended 31 October 2012

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The financial statements have also been prepared on the going concern basis. Having considered the financial projections of the company, the current order books and probable future contracts, the directors believe this basis is appropriate.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover and profits

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

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold land and buildings	2% straight line
Leasehold improvements	life of lease
Plant and machinery	15% reducing balance
Computer equipment	20% reducing balance
Motor vehicles	25% reducing balance

No depreciation is provided on freehold land.

1.5 Leasing

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

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value which the directors consider to be permanent.

1.7 Stock

Stock is valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items.

Arthur McKay & Co Ltd

Notes to the financial statements (continued) For the year ended 31 October 2012

1 Accounting policies (continued)

1.8 Long term contracts

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

1.9 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.10 Taxation

The tax expense represents the sum of the corporation tax and deferred tax charge for the year.

The tax currently payable is based on taxable profit for the year. The company's liability for current tax is calculated using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on differences between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases, as used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable timing differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss accounts, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.12 Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year (other than cash), government securities and investments in money market managed funds.

2 Turnover

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

Notes to the financial statements (continued)
For the year ended 31 October 2012

11

Arthur McKay & Co Ltd

Notes to the financial statements (continued) For the year ended 31 October 2012

7	Taxation	2012	2011
		£	£
	Domestic current year tax		
	U.K. corporation tax	<u>195,132</u>	<u>418,865</u>
	Total current tax	<u>195,132</u>	<u>418,865</u>
	Deferred tax		
	Origination and reversal of timing differences	<u>(11,412)</u>	<u>(92,757)</u>
	Deferred tax adjustments arising in previous periods	<u>(3,754)</u>	<u>(30,478)</u>
		<u>(15,166)</u>	<u>(123,235)</u>
		<u>179,966</u>	<u>295,630</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>612,620</u>	<u>1,015,989</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24.83% (2011 - 26.83%)	<u>152,114</u>	<u>272,590</u>
	Effects of:		
	Non deductible expenses	27,126	30,155
	Capital allowances in excess of depreciation	24,112	(17,454)
	Other timing differences	-	133,601
	Marginal rate	(8,224)	-
	Other tax adjustments	4	(27)
		<u>43,018</u>	<u>146,275</u>
	Current tax charge for the year	<u>195,132</u>	<u>418,865</u>
8	Dividends	2012	2011
		£	£
	Ordinary interim paid	<u>546,680</u>	<u>426,000</u>

Arthur McKay & Co Ltd

Notes to the financial statements (continued)

For the year ended 31 October 2012

9 Tangible fixed assets

	Freehold land and buildings £	Leasehold improve- ments £	Plant and machinery £	Computer equipment £	Motor vehicles £	Total £
Cost						
At 1 November 2011	3,470,745	697,051	567,619	901,966	23,090	5,660,471
Additions	102,825	39,867	8,671	42,899	64,000	258,262
At 31 October 2012	3,573,570	736,918	576,290	944,865	87,090	5,918,733
Depreciation						
At 1 November 2011	522,437	349,238	403,126	430,033	5,773	1,710,607
Charge for the year	63,973	63,640	26,205	102,970	20,329	277,117
At 31 October 2012	586,410	412,878	429,331	533,003	26,102	1,987,724
Net book value						
At 31 October 2012	2,987,160	324,040	146,959	411,862	60,988	3,931,009
At 31 October 2011	2,948,308	347,813	164,493	471,933	17,317	3,949,864

Included within freehold land and buildings is land with a cost of £374,890 (2011 - £374,890).

Arthur McKay & Co Ltd

Notes to the financial statements (continued) For the year ended 31 October 2012

10 Fixed asset investments

	Listed investments £	Shares in group undertakings £	Total £
Cost			
At 1 November 2011 & at 31 October 2012	184,260	800	185,060
Provisions for diminution in value			
At 1 November 2011	31,486	800	32,286
Release for the year	(2,769)	-	(2,769)
At 31 October 2012	28,717	800	29,517
Net book value			
At 31 October 2012	155,543	-	155,543
At 31 October 2011	152,774	-	152,774
	Market value £		Market value £
At 31 October 2012	186,238		186,238
At 31 October 2011	175,437		175,437

The company owns 100% of the issued share capital of Arthur McKay (Support Services) Limited. This company has been dormant since 31 October 2002 and has net assets of £nil.

Arthur McKay & Co Ltd

Notes to the financial statements (continued) For the year ended 31 October 2012

11 Stocks	2012	2011
	£	£
Raw materials and consumables	94,368	31,222
Long term contract balances:		
Work in progress - cost	1,999,450	2,165,750
Less: Payments on account	(260,317)	(119,704)
	<u>1,833,501</u>	<u>2,077,268</u>

Payments received on individual contracts in excess of the cost of the work done are included in creditors.

12 Debtors	2012	2011
	£	£
Trade debtors	8,747,419	6,802,129
Amounts recoverable on long term contracts	15,310,048	17,748,034
Prepayments and accrued income	168,855	545,019
	<u>24,226,322</u>	<u>25,095,182</u>

13 Creditors: amounts falling due within one year	2012	2011
	£	£
Bank loans and overdrafts	163,250	252,564
Payments received on account	1,716,216	2,343,934
Trade creditors	3,527,088	3,827,102
Corporation tax	195,132	417,509
Other taxes and social security costs	2,456,278	1,643,710
Other creditors	1,161,415	1,049,715
Accruals and deferred income	19,990,346	18,820,794
	<u>29,209,725</u>	<u>28,355,328</u>

Arthur McKay & Co Ltd

Notes to the financial statements (continued)

For the year ended 31 October 2012

14 Creditors: amounts falling due after more than one year	2012 £	2011 £
Bank loans	<u>399,703</u>	<u>551,491</u>
Analysis of loans		
Wholly repayable within five years	<u>562,953</u>	<u>804,055</u>
	<u>562,953</u>	<u>804,055</u>
Included in current liabilities	<u>(163,250)</u>	<u>(252,564)</u>
	<u>399,703</u>	<u>551,491</u>
Loan maturity analysis		
In more than one year but not more than two years	<u>163,250</u>	<u>163,250</u>
In more than two years but not more than five years	<u>236,453</u>	<u>388,241</u>

The bank loan is secured by a bond and floating charge over the assets together with a standard security over the company's property. The loan is repayable in installments and the facility expires in April 2018. The other loan was fully repaid during the year.

15 Provisions for liabilities

	Deferred tax liability £
Balance at 1 November 2011	90,106
Profit and loss account	<u>(15,166)</u>
Balance at 31 October 2012	<u>74,940</u>

The deferred tax liability is made up as follows:

	2012 £	2011 £
Accelerated capital allowances	74,940	210,106
Other timing differences	<u>-</u>	<u>(120,000)</u>
	<u>74,940</u>	<u>90,106</u>

Arthur McKay & Co Ltd

Notes to the financial statements (continued)

For the year ended 31 October 2012

16 Pension and other Post-Retirement benefit commitments

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2012 £	2011 £
Contributions payable by the company for the year	<u>411,849</u>	<u>245,149</u>

17 Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
4,000 A ordinary shares of £1 each	4,000	4,000
257 B ordinary shares of £1 each	<u>257</u>	<u>257</u>
	<u>4,257</u>	<u>4,257</u>

The B ordinary shares do not have any voting rights or any rights to participate in the profits or assets of the company except for those rights set out in the Articles of the company.

18 Statement of movements on reserves

	Capital redemption reserve £	Profit and loss account £
Balance at 1 November 2011	1,035	7,882,346
Profit for the year	-	432,654
Dividends paid	-	<u>(546,680)</u>
Balance at 31 October 2012	<u>1,035</u>	<u>7,768,320</u>

Arthur McKay & Co Ltd

Notes to the financial statements (continued) For the year ended 31 October 2012

19 Reconciliation of movements in shareholders' funds	2012 £	2011 £
Profit for the financial year	432,654	720,359
Dividends	(546,680)	(426,000)
Cancellation of issued shares	-	(35)
Movements on other reserves	-	35
Net (depletion in)/addition to shareholders' funds	(114,026)	294,359
Opening shareholders' funds	7,887,638	7,593,279
Closing shareholders' funds	7,773,612	7,887,638

20 Financial commitments

At 31 October 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 October 2013:

	Land and buildings		Other	
	2012 £	2011 £	2012 £	2011 £
Operating leases which expire:				
Within one year	-	-	50,066	116,438
Between two and five years	59,018	59,018	668,617	399,182
In over five years	71,850	71,850	-	-
	130,868	130,868	718,683	515,620

21 Capital commitments

There were no capital commitments contracted for but not provided in the financial statements at the year end or the previous year end.

Arthur McKay & Co Ltd

Notes to the financial statements (continued)

For the year ended 31 October 2012

22 Directors' remuneration	2012 £	2011 £
Remuneration for qualifying services	1,204,875	843,325
Company pension contributions to defined contribution schemes	144,652	91,643
	<u>1,349,527</u>	<u>934,968</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 10 (2011 - 8).

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

Remuneration for qualifying services	231,888	173,102
Company pension contributions to defined contribution schemes	<u>50,000</u>	<u>33,902</u>

23 Employees

Number of employees

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

	2012 Number	2011 Number
Office and management	213	192
Installation and repair	405	374
Other operational staff	219	-
	<u>837</u>	<u>566</u>

Employment costs	2012 £	2011 £
Wages and salaries	23,705,192	19,612,570
Social security costs	2,468,474	2,060,759
Other pension costs	411,849	245,149
	<u>26,585,515</u>	<u>21,918,478</u>

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Notes to the financial statements (continued) For the year ended 31 October 2012

24 Control

The company is controlled by two of the directors who each hold 50% of the issued A Ordinary shares.

25 Reconciliation of operating profit to net cash inflow from operating activities	2012	2011
	£	£
Operating profit	591,709	1,022,288
Depreciation of tangible assets	277,117	197,303
Decrease/(increase) in stocks	243,767	(753,847)
Decrease/(increase) in debtors	868,860	(6,908,381)
Increase in creditors within one year	1,166,088	8,615,421
Net cash inflow from operating activities	3,147,541	2,172,784

26 Analysis of net funds	1 November 2011	Cash flow	Other non-cash changes	31 October 2012
	£	£	£	£
Net cash:				
Cash at bank and in hand	5,609,475	1,702,130	-	7,311,605
Debt:				
Debts falling due within one year	(252,564)	89,314	-	(163,250)
Debts falling due after one year	(551,491)	151,788	-	(399,703)
	(804,055)	241,102	-	(562,953)
Net funds	4,805,420	1,943,232	-	6,748,652

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Notes to the financial statements (continued) For the year ended 31 October 2012

27	Reconciliation of net cash flow to movement in net funds	2012 £	2011 £
	Increase in cash in the year	1,702,130	1,023,168
	Cash outflow from decrease in debt	241,102	245,497
	Movement in net funds in the year	1,943,232	1,268,665
	Opening net funds	4,805,420	3,536,755
	Closing net funds	6,748,652	4,805,420