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Seddon Property Services Limited
31 December 2011
No 2403551

Company information

Company registration number :	2403551
Registered office :	55 Duke Street Fenton Stoke on Trent ST4 3NN
Directors :	J S Seddon (Chairman) M Brindley (Joint Managing Director) N W Hand (Joint Managing Director) P Goodstadt A J Nixon C Walford
Secretary :	N D Washington
Bankers :	Barclays Bank plc 3 Hardman Street Manchester M3 3HF
Auditors :	Grant Thornton UK LLP Registered Auditors Chartered Accountants 4 Hardman Square Spinningfields Manchester M3 3EB

Index to the financial statements

Report of the directors	3 – 7
Report of the independent auditors	8 – 9
Principal accounting policies	10 – 12
Consolidated profit and loss account	13
Consolidated balance sheet	14
Company balance sheet	15
Consolidated cash flow statement	16
Notes to the financial statements	17 – 25

Report of the directors

The directors submit their report and audited financial statements for the year ended 31 December 2011

Principal activity

The principal activity of the group during the year was that of painting, decorating, pre–paint repair and maintenance contractors

Results and dividends

The profit for the year after taxation amounted to £2,194,000 (2010 £2,407,000) and has been transferred to reserves The directors recommended the payment of dividends of £802,000 (2010 £76,000) during the year

Review of the business

The results of the group overall show a healthy position with a strong balance sheet at the year end The group has had a respectable year's trading and produced another good set of results in a challenging marketplace Turnover for the year ended 31 December 2011 was £91 1m, an increase of 31 5% on last year (2010 £69 3m) Profit before tax was £3 1m, a decrease of 6 0% from the prior year (2010 £3 3m)

During 2011, the company transferred in the remaining payment functions from Dukfent NLR Limited (formerly J&S Seddon Limited) which previously operated as a shared services provider This has impacted on the balance sheet causing an increase in trade and social security creditors, as these liabilities were historically settled by J&S Seddon Limited with a corresponding intercompany balance between the two entities

The directors have monitored the progress of the group by reference to certain financial and non-financial key performance indicators

	2011	2010	Measure
Growth in turnover	**31 5%**	23 4%	Year on year sales growth %
Gross profit %	**8.7%**	9 9%	Gross profit / turnover
Operating profit %	**3.4%**	4 8%	Operating profit / turnover
Number of apprentices and trainees under formal education	**202**	136	

Other than general economic risks, the principal risks facing the group are those relating to specific markets we operate in and those relating to government planning and other regulations Significant levels of our current activity relate to local authorities and housing associations, all of which could be impacted by legislation or changes to government spending priorities

Awards

During 2011, the group were awarded the following

- Apprentice of the year – York College
- Johnstones regional winner
- Skillbuild regional winner

Report of the directors

Future review

Whilst the board of directors recognises the challenges posed by the current economic environment, they are confident that the group is well placed to tackle them given its strong balance sheet, credit rating and low gearing Trading in the first quarter of 2012 has been strong and ahead of 2011, and the board therefore remains confident that the group will have a profitable year in 2012

Directors

The directors who served during the year were

J S Seddon
M Brindley
N W Hand
P Goodstadt

A J Nixon was appointed as a director of the company on 1 March 2011 and C Walford was appointed as a director of the company on 1 April 2011

Financial risk management objectives and policies

The group uses financial instruments, these include cash and various items, such as trade debtors that arise directly from its operations The main purpose of these financial instruments is to raise finance for the group's operations

The existence of these financial instruments exposes the group to a number of financial risks, which are described in more detail below

- *Liquidity risk* – The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash safely and profitably Short term flexibility is achieved by a group overdraft facility
- *Interest rate risk* – The group finances its operations through retained profits The interest rate exposure of the financial assets and liabilities of the company as at 31 December 2011 is shown below The table includes trade debtors and amounts recoverable on contracts, as these do not attract interest and are therefore subject to fair value interest rate risk

	Interest rate			
	Fixed	Floating	Zero	Total
	£000	£000	£000	£000
Financial assets				
Cash	-	6,594	-	6,594
Trade debtors	-	-	111	111
Amounts recoverable on contracts	-	-	11,958	11,958
	-	6,594	12,069	18,663

	Interest rate			
	Fixed	Floating	Zero	Total
	£000	£000	£000	£000
Financial liabilities				
Trade creditors	-	-	7,376	7,376

Report of the directors

Credit risk

The group's principal financial assets are cash deposits, amounts recoverable on contracts, cash and trade debtors The credit risk associated with cash is limited The directors do not consider there to be any material credit risk, as given the nature of the business, cash is received on completion of contract

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the directors 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) The financial statements are required by law to give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgments 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

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 each of the directors is aware

- there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information

Report of the directors

Environmental policy

The Seddon Group, throughout its operations, is committed to the protection and improvement of the environment, the prevention of pollution, the continuous improvement of environmental performance, the minimisation of energy and material usage and the minimisation of waste production

In pursuing these aims, the Seddon Group has successfully set up a waste station on its site at Edgefold, where waste from construction operations is sorted, recycled and disposed of The results of the waste being treated at the waste station shows a 90% reduction of waste going to landfill

Employees

The group maintains a policy of offering employment to disabled persons where practicable, and also, if an existing employee becomes disabled, every effort is made to give continuity of employment Training is given where appropriate

The group has a good health and safety record and to secure its continuity will take all reasonable measures, and provide sufficient funds, to ensure the health, safety and welfare at work of all its employees

It is a function of management to provide proper equipment and protective clothing and to plan ways to create an environment in which work may be carried out safely

Employees have a responsibility to work in a safe manner To this end, the company liaises with external accident prevention organisations and through its safety and training officers, the provision of safety courses and its safety committees, encourages staff to identify and guard against potential hazards

Our commitment to training and developing our staff continues with 72 apprentices at the year end A further 30 apprentices will be recruited in the second quarter to attend our annual intake induction in York in August As well as the apprentices, a total of 130 staff are currently undergoing training programmes, and 1,862 days of training was delivered to the workforce in the year Co-ordinated through our own dedicated training centre at head office the company invested £1 4m in training in 2011, which reflects the business' commitment to developing its staff to their maximum potential

Charitable and community contributions

Seddon believe that a responsible business is built by acting sustainably across all areas of a company's operations, in the workplace, in the marketplace, in the community and in the environment These areas have been identified as we believe they will have the most impact on improving the sustainability of our business

Each action area represents a goal i e , Demonstrate an innovative, customer focused approach within our marketplace, Support and develop our employees in the workplace, Be more environmentally sustainable and enhance the communities within which we work In 2011, we asked every Seddon contract and employee to 'pledge' and play their part in helping us achieve these goals All initiatives (i e Sustainable Projects) that took place that contributed towards these goals were recorded and communicated back across the business to share best practice and celebrate successes

Report of the directors

Each Sustainable Project that took place demonstrated a positive impact on our business performance, and contributed to improving the communities in which we work In 2011 our employees were involved in 170 Sustainability Projects that totalled an estimated £203,195 worth of 'added value' investment from Seddon Property Services This total investment included £127,000 in community volunteer projects and £32,000 fundraised and donated to community and charitable groups, making a difference to thousands of people's lives

Everyone at Seddon is very proud of our achievements during 2011 and we are committed to continually going that extra mile in the service we provide to our clients and customers and having a positive impact in the communities we work in

In 2011, the group has worked with many housing associations and local authorities in providing contributions to local schools, nursing homes and community associations The group has also hosted social events for the residents of social housing projects in which the group has been involved and has undertaken litter picks and similar events to improve the local environment

When taken together the group allocated £1 6m to training and sustainable projects, equivalent to 51% of its profit before tax, which reflects Seddon's sustainable approach to business operations

Auditors
Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with Section 485(4) of the Companies Act 2006

By order of the board

N D Washington
Secretary

4 April 2012

Report of the independent auditors to the members of Seddon Property Services Limited

We have audited the financial statements of Seddon Property Services Limited for the year ended 31 December 2011 which comprise the principal accounting policies, consolidated profit and loss account, the consolidated and parent company balance sheets, the consolidated 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 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 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 Statement of directors' responsibilities 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 group's and the parent company's affairs as at 31 December 2011 and of the group's 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

Report of the independent auditors to the members of Seddon Property Services Limited

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements

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

Grant Thornton UK LLP

Stuart Muskett
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
4 April 2012

Principal accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards The principal accounting policies are described below

The directors have reviewed the accounting policies in accordance with FRS 18 and consider them to be the most appropriate to the company's circumstances

Basis of consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings drawn up to 31 December 2011 Profits or losses on intra–group transactions are eliminated in full

Turnover

Turnover represents the net amount receivable, excluding value added tax, for goods and services supplied to external customers and the value of work done during the year

Intangible fixed assets

Goodwill

Purchased goodwill arising on acquisitions is the difference between the fair value of the purchase consideration and the fair value of the group's share of the identifiable assets and liabilities of the acquired business at the date of acquisition Positive goodwill is capitalised and classified as an asset on the balance sheet and amortised over its estimated useful life up to a maximum of 20 years Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently when necessary if circumstances indicate that its carrying value may not be recoverable

Tangible fixed assets and depreciation

Depreciation on tangible fixed assets is calculated to write down their cost to their estimated residual values over the period of their estimated useful economic lives which are considered to be

Motor vehicles	between 2 and 7 years
Plant and machinery	between 2 and 10 years
Fixtures and fittings	between 2 and 10 years

Investments

Investments are included at cost less any provision for impairment

Principal accounting policies

Stock

Stocks of stores and consumables are stated at the lower of cost and net realisable value Cost is calculated on the FIFO basis

Long-term contracts

Revenue is recognised in accordance with the stage of completion of contractual obligations to the customer The stage of completion of the contract at the balance sheet date is assessed by reference to the value of work done

When the outcome of a contract can be assessed reliably, contract revenue and associated costs are recognised as revenue and costs respectively by reference to the stage of completion of the contract activity at the balance sheet date Full provision is made for losses on all contracts in the year in which the loss is first foreseen

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable, and contract costs are recognised in the period in which they are incurred

Long term contract balances included in amounts recoverable on contracts are stated at cost plus attributable profit, after provision has been made for any foreseeable losses and the deduction of applicable payments on account

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

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,
- 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

Principal accounting policies

Pension costs
The group participates in the Seddon Group Retirement Scheme, a hybrid pension scheme providing benefits on a defined benefit and money purchase basis Contributions to the scheme are charged to the profit and loss account as though the scheme was a defined contribution scheme This is in accordance with the accounting for multi-employer pension schemes whereby the assets and liabilities cannot be readily split between participating members

The group also participates in certain defined contribution schemes The pension costs charged against profits represent the contributions payable to the schemes in respect of the accounting period

Cash and liquid resources
For the purpose of the cash flow statement, cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand

Consolidated profit and loss account

For the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Turnover – continuing operations	1	**91,093**	69,283
Cost of sales		**(83,194)**	(62,428)
Gross profit		**7,899**	6,855
Administrative expenses		**(4,787)**	(3,700)
Other operating income		**5**	188
Profit on ordinary activities before taxation	1	**3,117**	3,343
Tax on profit on ordinary activities	3	**(923)**	(936)
Retained profit for the financial year	13	**2,194**	2,407

There are no recognised gains or losses other than those included in the profit and loss account

Consolidated balance sheet

As at 31 December 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Intangible assets	5	**119**	277
Tangible assets	6	**3,683**	2,877
Investments	7	**4**	4
		3,806	3,158
Current assets			
Stocks	8	**57**	41
Debtors	9	**13,530**	7,769
Cash at bank and in hand		**6,594**	830
		20,181	8,640
Creditors : amounts falling due within one year	11	**(12,947)**	(2,150)
Net current assets		**7,234**	6,490
Net assets		**11,040**	9,648
Capital and reserves			
Called up share capital	12	**1**	1
Profit and loss account	13	**11,039**	9,647
Shareholders' funds	14	**11,040**	9,648

The financial statements were approved by the Board of Directors on 4 April 2012

Signed on behalf of the board of directors

J S Seddon, Director

Seddon Property Services Limited
Company no: 2403551

Company balance sheet
As at 31 December 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Intangible assets	5	**176**	396
Tangible assets	6	**3,683**	2,877
Investments	7	**420**	420
		4,279	3,693
Current assets			
Stocks	8	**57**	41
Debtors	9	**10,981**	5,711
Cash at bank and in hand		**6,652**	791
		17,690	6,543
Creditors : amounts falling due within one year	11	**(12,280)**	(1,659)
Net current assets		**5,410**	4,884
Net assets		**9,689**	8,577
Capital and reserves			
Called up share capital	12	**1**	1
Profit and loss account	13	**9,688**	8,576
Shareholders' funds		**9,689**	8,577

The financial statements were approved by the Board of Directors on 4 April 2012

Signed on behalf of the board of directors

J S Seddon, Director

Seddon Property Services Limited
Company no: 2403551

Consolidated cashflow statement

	Note	2011 £'000	2010 £000
Net cash inflow from operating activities	15	**9,271**	1,019
Taxation			
Corporation tax paid		**(757)**	(731)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(2,171)**	-
Proceeds from sale of tangible fixed assets		**223**	-
Settlement in respect of prior period acquisitions		**-**	170
Net cash inflow from capital expenditure and financial investment		**(1,948)**	170
Equity dividends paid	4	**(802)**	(76)
Increase in cash in the year	16	**5,764**	382

Notes to the financial statements

1 Turnover and profit on ordinary activities before taxation

The turnover and profit on ordinary activities before taxation of the group are attributable to the group's principal activities All turnover is carried out within the United Kingdom

Profit on ordinary activities before taxation is arrived at after charging/(crediting)

	2011 £'000	2010 £'000
Amortisation of goodwill and other intangibles	158	158
Hire of plant and machinery	1,784	1,117
Depreciation	1,234	-
Profit on disposal of fixed assets	(92)	-
Auditors' remuneration payable for the audit of the group accounts	13	7
Net rents receivable	(5)	(5)

Fees paid to the company's auditors for services other than the statutory audit of the company are not disclosed since the consolidated accounts of the company's ultimate parent company, Seddon Group Limited, are required to disclose non-audit fees on a consolidated basis

All of the above costs have been recovered in full from other group companies

2 Information regarding directors and employees

The remuneration of the directors including that recharged to the company from Seddon Solutions Limited (formerly Seddon BSG Limited) was as follows

	2011 £'000	2010 £'000
Emoluments	794	477
Pension contributions to money purchase pension schemes	85	43
	879	520

Retirement benefits are accruing to 4 directors (2010 3 directors) under a defined benefit pension scheme and 5 directors (2010 3 directors) under money purchase pension schemes

The amounts set out above include remuneration in respect of the highest paid director as follows

	2011 £'000	2010 £'000
Emoluments	231	238
Pension contributions to money purchase pension schemes	27	23
	258	261

The highest paid director's accrued pension at the year end was £12,000 (2010 £11,000)

The average number employed, which includes directors within each category of persons, was

	Group		Company	
	2011	2010	**2011**	2010
	Number	Number	**Number**	Number
Manufacturing, construction and installation	**633**	575	**616**	553
Technical and administration staff	**277**	220	**277**	217
	910	795	**893**	770

The costs incurred in respect of these employees were

	Group		Company	
	2011	2010	**2011**	2010
	£'000	£'000	**£'000**	£'000
Wages and salaries	**22,256**	18,220	**21,888**	17,705
Social security costs	**1,907**	1,588	**1,879**	1,545
Other pension costs	**505**	357	**504**	355
	24,668	20,165	**24,271**	19,605

3 Tax on profit on ordinary activities

Taxation is based on the profit for the year and comprises

	2011	2010
	£'000	£'000
UK corporation tax at a rate of 26 5% (2010 28%) of taxable profit		
– Current year	**840**	965
– Adjustments in respect of previous years	**(208)**	(21)
	632	944
Deferred taxation		
– Current year	**32**	(8)
– Adjustments in respect of previous years	**259**	-
	291	(8)
	923	936

Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom of 26 5% (2010 28%) The differences are explained as follows

	2011 £'000	2010 £'000
Profit on ordinary activities before taxation	3,117	3,343
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 26 5% (2010 28%)	826	936
Effect of		
Income not taxable	(8)	-
Expenses not deductible for tax purposes	22	5
Difference between capital allowances and depreciation	(10)	(7)
Other short term timing differences	10	31
Adjustment in respect of prior years	(208)	(21)
	632	944

4 Equity dividends paid

	2011 £'000	2010 £'000
Ordinary shares		
Ordinary dividend of £729 46 (2010 £69 09) per share	802	76

5 Intangible fixed assets

Group	**Goodwill £000**
Cost	
At 1 January 2011 and 31 December 2011	929
Amortisation	
At 1 January 2011	652
Charge for the year	158
At 31 December 2011	810
Net book value	
At 31 December 2011	119
At 31 December 2010	277

Company	Goodwill £000
Cost	
At 1 January 2011 and at 31 December 2011	616
Amortisation	
At 1 January 2011	220
Charge for the year	220
At 31 December 2011	**440**
Net book value	
At 31 December 2011	**176**
At 31 December 2010	396

6 Tangible fixed assets

Group and company	Motor vehicles £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost				
At 1 January 2011	5,681	1,188	199	7,068
Additions	1,944	217	10	2,171
Disposals	(1,224)	-	-	(1,224)
At 31 December 2011	**6,401**	**1,405**	**209**	**8,015**
Depreciation				
At 1 January 2011	2,973	1,034	184	4,191
Charge for the year	1,142	85	7	1,234
Disposals	(1,093)	-	-	(1,093)
At 31 December 2011	**3,022**	**1,119**	**191**	**4,332**
Net book amount				
At 31 December 2011	**3,379**	**286**	**18**	**3,683**
At 31 December 2010	2,708	154	15	2,877

7 Fixed asset investments

Group

	Quoted investment £'000
Cost or valuation	
At 1 January 2011 and 31 December 2011	4

Company

	Subsidiary companies £'000
Cost and net book value	
At 1 January 2011 and 31 December 2011	420

Principal group companies

Subsidiary companies	Principal activity
Cundy Anglia Limited	Painting and decorating
Seddon Maintenance Limited	Building maintenance
Seddon Painting Limited	Dormant

The above companies are incorporated in Great Britain, registered in England and Wales and wholly owned by Seddon Property Services Limited

8 Stocks

	Group		Company	
	2011 £'000	2010 £'000	**2011 £'000**	**2010 £'000**
Raw materials and consumables	**57**	41	**57**	41

9 Debtors

	Group		Company	
	2011 £'000	2010 £'000	**2011 £'000**	2010 £'000
Amounts recoverable on contracts	**11,958**	5,384	**3,577**	1,131
Trade debtors	**111**	153	**110**	153
Amounts owed by group companies	**469**	1,285	**6,300**	3,488
Deferred tax (note 10)	**295**	586	**295**	578
Other debtors	**63**	-	**63**	-
Prepayments and accrued income	**634**	361	**636**	361
	13,530	7,769	**10,981**	5,711

10 Deferred taxation

Group	Deferred taxation asset £000
At 1 January 2011	586
Charged in the year	(291)
At 31 December 2011	**295**

	2011 £'000	2010 £'000
Accelerated capital allowances	**274**	373
Other timing differences	**21**	213
	295	586

Company	Deferred taxation asset £'000
At 1 January 2011	578
Charged in the year	(283)
At 31 December 2011	**295**

	2011 £'000	2010 £'000
Accelerated capital allowances	**274**	365
Other timing differences	**21**	213
	295	578

The recoverability of the deferred tax asset is dependent on future taxable profits in excess of those arising from the reversal of deferred tax liabilities The asset is anticipated to be recoverable in more than one year

11 Creditors : amounts falling due within one year

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Trade creditors	**7,376**	-	**7,376**	-
Social security other taxes	**2,328**	-	**2,328**	-
Other creditors	**936**	-	**936**	-
Corporation tax	**840**	965	**642**	504
Accruals and deferred income	**1,467**	1,185	**998**	1,155
	12,947	2,150	**12,280**	1,659

12 Share capital

	2011 £'000	2010 £'000
Group and company		
Authorised		
100,000 Ordinary shares of £1 each	**100**	100
Issued and fully paid		
1,100 Ordinary shares of £1 each	**1**	1

13 Profit and loss account

	£'000
Group	
At 1 January 2011	9,647
Profit for the financial year	2,194
Equity dividends paid (note 4)	(802)
At 31 December 2011	**11,039**

	£'000
Company	
At 1 January 2011	8,576
Profit for the financial year	1,914
Equity dividends paid (note 4)	(802)
At 31 December 2011	**9,688**

The company has taken advantage of Section 408 of the Companies Act 2006 and consequently a profit and loss account for the company is not presented The profit after tax dealt with in the financial statements of the holding company amounted to £1,914,373 (2010 £1,142,000)

14 Reconciliation of movements in shareholders' funds

	2011 £'000	2010 £'000
Profit for the financial year	**2,194**	2,407
Equity dividends paid (note 4)	**(802)**	(76)
	1,392	2,331
Opening shareholders' funds	**9,648**	7,317
Closing shareholders' funds	**11,040**	9,648

15 Reconciliation of operating profit to net cash inflow from operating activities

	2011	2010
	£'000	£'000
Group		
Operating profit	**3,117**	3,343
Amortisation of intangible fixed assets	**158**	158
Depreciation of tangible fixed assets	**1,234**	-
Profit on disposal of tangible fixed assets	**(92)**	-
(Increase)/decrease in stocks	**(16)**	110
(Increase)/decrease in amounts recoverable on contracts	**(6,572)**	694
Decrease/(increase) in debtors	**520**	(3,048)
Increase/(decrease) in creditors	**10,922**	(238)
Net cash inflow from operating activities	**9,271**	1,019

16 Movement in net debt

	2011	2010
	£'000	£'000
Increase in cash	**5,764**	382
Opening net funds	**830**	448
Closing net funds	**6,594**	830

17 Analysis of net funds

	At 1 January 2011	Cashflows	Non Cash	**At 31 December 2011**
	£000	£000	£'000	**£000**
Group				
Cash at bank and in hand	830	5,764	-	**6,594**

18 Contingent liabilities

There is a bank cross guarantee and set off arrangement between the group and company and other members of the group of companies headed by Seddon Group Limited At 31 December 2011, the maximum potential liability guaranteed of the group and company amounted to £nil (2010 £nil)

A contingent liability exists at 31 December 2011, in respect of counter indemnities given in connection with performance bonds totalling £487,000 (2010 £443,000)

The Group enters into long term contracts in the normal course of business These contracts have been reviewed and provision has been made for the Directors' best estimate of known legal claims

On 29 March 2011, the company and certain other subsidiaries of Seddon Group Limited entered into a guarantee in respect of the current and future obligations and liabilities of those companies currently participating in the Seddon Group Retirement Scheme The maximum amount of the guarantee is that which will be sufficient to bring the scheme's funding level up to 105% of its liabilities, calculated in accordance with section 179 of the Pensions Act 2004

19 Pension arrangements

Seddon Group Limited (the group) operates a hybrid scheme whose assets are held in independently managed funds separate from those of the group Within the final salary section of the scheme, annual contributions are paid on the recommendation of independent qualified actuaries following triennial actuarial valuations, the latest of which was at 1 November 2010 The valuation method used is the Defined Accrued Benefits method and the principal assumptions made by the actuary were

Investment rate of return	- Pre-retirement	5 5% per annum
	- Post-retirement	5 5% per annum
Salary growth		In line with price inflation
Price inflation		2 7% per annum
Pension increases		As guaranteed

At 1 November 2010, the market value of the scheme's assets was £16,809,000 which was sufficient to cover 78% of the benefits that had accrued to members

This company is unable to identify its own share of the underlying assets and liabilities of the defined benefit scheme The pension costs charged against operating profit are the contributions payable to the scheme in respect of the accounting period At 31 December 2011, the scheme showed a deficit under the revised method (required under FRS 17 Retirement Benefits), which must be used to discount the scheme liabilities which fall due after the valuation date Full disclosures required under the provisions of FRS 17 Retirement Benefits are disclosed in the financial statements of Seddon Group Limited

Defined contribution schemes

During the year, the group also operated a number of defined contribution pension schemes, the assets of which are held in independently administered funds

20 Related party transactions

During the year, the group paid rent of £156,000 (2010 £134,000) on its trading premises to a related company, Seddon Estates Limited, a company related by virtue of its holding company having directors in common with Seddon Group Limited

21 Ultimate and immediate parent companies

The ultimate parent company is Seddon Group Limited and the immediate parent company is Seddon Solutions Limited (previously Seddon BSG Limited), both of which are registered in England & Wales

The smallest group in which the company is consolidated is Seddon Property Services Limited, which is registered in England and Wales The largest group in which the company is consolidated is Seddon Group Limited which is registered in England & Wales

Copies of the parent company's financial statements are available from Companies House