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Seddon Property Services Limited
31 December 2012
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 N Washington L Hartley
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

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The directors submit their report and audited financial statements for the year ended 31 December 2012

Principal activity

The principal activity of the group during the year was that of painting, decorating, maintenance, and refurbishment contracting

Results and dividends

The profit for the year after taxation amounted to £1,533,000 (2011 £2,194,000) and has been transferred to reserves. The directors recommended the payment of dividends of £731,000 (2011 £802,000) during the year

Review of the business

Despite challenging market conditions turnover for the year ended 31 December 2012 was £109,195,000 (2011 £91,093,000), an increase of 19.9% on last year. The company has continued to grow its market share through a focus on delivery and customer satisfaction. Profit before tax decreased in line with expectations due to cost base inflation and price pressures. The company remains in a healthy position with a strong balance sheet at the year end which comprises £11,842,000 (2011 £11,040,000) of net assets of which £5,883,000 (2011 £6,594,000) is cash deposits.

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

	2012	2011	Measure
Growth in turnover	19.9%	31.5%	Year on year sales growth %
Gross profit %	6.5%	8.7%	Gross profit / turnover
Operating profit %	1.9%	3.4%	Profit on ordinary activities before taxation / turnover
Number of apprentices and trainees under formal education	84	202	

The reduction in the number of apprentices and trainees under formal education was due to a decrease in government funding for National Vocational Qualifications

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.

Delivery

Everyone at Seddon is very proud of our achievements during 2012 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. The business recognises that in the majority of instances it is working in live environments and we pride ourselves on our ability to manage our works with the least disruption and downtime to our clients.

Health, safety & employment

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. In 2012, the business launched Target Zero, a business initiative to embed an improved health & safety culture and augmented this with the introduction of company-wide internal audits which complement the work of our external health & safety auditors.

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 58 apprentices at the year end. A further 20 apprentices will be recruited in the second quarter of 2013 to attend our annual intake induction at Keele University in August. As well as the apprentices, a total of 26 staff are currently undergoing training programmes.

Awards

During 2012, the company was awarded the following:

- UKCG Highly Commended Apprentice of the Year
- Business in the Community North West Regional Winner
- Business in the Community Game Changer Award

Future review

Whilst the board of directors recognises the challenges posed by the current economic environment, they are confident that the business is well placed to tackle them given its solid balance sheet, strong credit rating and low gearing. Trading in the first quarter of 2013 has been in line with expectations, and the board therefore remains confident that the group will have a profitable year in 2013.

Directors

The directors who served during the year, except where stated, were

J S Seddon
M Brindley
N W Hand
A J Nixon
C Walford
P Goodstadt
N Washington (appointed 1 January 2013)
L Hartley (appointed 1 January 2013)

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.

In 2012, our employees were involved in 170 Sustainability Projects that totalled an estimated £100,000 worth of 'added value' investment from Seddon Property Services Limited. This total investment included £50,000 in community volunteer projects and £20,000 fundraised and donated to community and charitable groups, making a difference to thousands of people's lives. Every Seddon Property Services' office contributed towards our Sustainable Goals.

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.

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 2012 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			Total £000
	Fixed £000	Floating £000	Zero £000	
Financial assets				
Cash	-	5,883	-	5,883
Trade debtors	-	-	27	27
Amounts recoverable on contracts	-	-	11,002	11,002
	<u>-</u>	<u>5,883</u>	<u>11,029</u>	<u>16,912</u>

	Interest rate			Total £000
	Fixed £000	Floating £000	Zero £000	
Financial liabilities				
Trade creditors	-	-	4,255	4,255
	<u>-</u>	<u>-</u>	<u>4,255</u>	<u>4,255</u>

Credit risk

The group's principal financial assets are cash deposits, amounts recoverable on contracts 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.

The directors confirm that

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

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

By order of the board



N D Washington
Secretary

8 April 2013

Report of the independent auditor 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 2012 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 7, 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 2012 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 auditor 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

9 April 2013

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 group's circumstances.

Basis of consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings drawn up to 31 December 2012. 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.

Pre-contract costs

Contract mobilisation costs are charged to the profit and loss account in the year of contract inception.

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.

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.

Principal accounting policies

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

Stock

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

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

	Note	2012 £'000	2011 £'000
Turnover – continuing operations	1	109,195	91,093
Cost of sales		<u>(102,116)</u>	<u>(83,194)</u>
Gross profit		7,079	7,899
Administrative expenses		(5,042)	(4,787)
Other operating income		<u>5</u>	<u>5</u>
Profit on ordinary activities before taxation	1	2,042	3,117
Tax on profit on ordinary activities	3	(509)	(923)
Retained profit for the financial year	13	<u><u>1,533</u></u>	<u><u>2,194</u></u>

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

Consolidated balance sheet

As at 31 December 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Intangible assets	5	-	119
Tangible assets	6	3,900	3,683
Investments	7	-	4
		<u>3,900</u>	<u>3,806</u>
Current assets			
Stocks	8	41	57
Debtors	9	16,948	13,530
Cash at bank and in hand		5,883	6,594
		<u>22,872</u>	<u>20,181</u>
Creditors : amounts falling due within one year	11	<u>(14,930)</u>	<u>(12,947)</u>
Net current assets		<u>7,942</u>	<u>7,234</u>
Net assets		<u><u>11,842</u></u>	<u><u>11,040</u></u>
Capital and reserves			
Called up share capital	12	1	1
Profit and loss account	13	11,841	11,039
Shareholders' funds	14	<u><u>11,842</u></u>	<u><u>11,040</u></u>

The financial statements were approved by the Board of Directors on 8 April 2013

Signed on behalf of the board of directors



J S Seddon, Director

Seddon Property Services Limited
Company no: 2403551

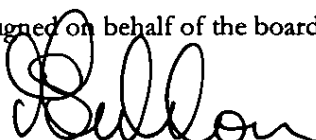
Company balance sheet

As at 31 December 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Intangible assets	5	-	176
Tangible assets	6	3,900	3,683
Investments	7	100	420
		<u>4,000</u>	<u>4,279</u>
Current assets			
Stocks	8	41	57
Debtors	9	16,948	10,981
Cash at bank and in hand		5,883	6,652
		<u>22,872</u>	<u>17,690</u>
Creditors : amounts falling due within one year	11	<u>(16,577)</u>	<u>(12,280)</u>
Net current assets		6,295	5,410
Net assets		<u>10,295</u>	<u>9,689</u>
Capital and reserves			
Called up share capital	12	1	1
Profit and loss account	13	10,294	9,688
Shareholders' funds		<u>10,295</u>	<u>9,689</u>

The financial statements were approved by the Board of Directors on 8 April 2013

Signed on behalf of the board of directors


J S Seddon, Director

Seddon Property Services Limited
Company no: 2403551

Consolidated cashflow statement

	Note	2012 £'000	2011 £'000
Net cash inflow from operating activities	15	2,271	9,271
Taxation			
Corporation tax paid		(775)	(757)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1,723)	(2,171)
Proceeds from sale of tangible fixed assets		240	223
Proceeds on sale of investments		7	-
Net cash outflow from capital expenditure and financial investment		(1,476)	(1,948)
Equity dividends paid	4	(731)	(802)
(Decrease)/increase in cash in the year	16	<u>(711)</u>	<u>5,764</u>

The accompanying accounting policies and notes form part of these financial statements.

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)

	2012 £'000	2011 £'000
Amortisation of goodwill and other intangibles	119	158
Hire of plant and machinery	2,264	1,784
Depreciation	1,406	1,234
Profit on disposal of fixed assets	(140)	(92)
Auditors' remuneration payable for the audit of the group accounts	20	13
Net rents receivable	<u>(5)</u>	<u>(5)</u>

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 was as follows:

	2012 £'000	2011 £'000
Emoluments	802	794
Pension contributions to money purchase pension schemes	81	85
	<u>883</u>	<u>879</u>

Retirement benefits are accruing to 4 directors (2011: 4 directors) under a defined benefit pension scheme and 5 directors (2011: 5 directors) under money purchase pension schemes.

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

	2012 £'000	2011 £'000
Emoluments	226	231
Pension contributions to money purchase pension schemes	24	27
	<u>250</u>	<u>258</u>

The highest paid director's accrued pension at the year end was £13,000 (2011: £12,000).

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

	Group	
	2012	2011
	Number	Number
Manufacturing, construction and installation	636	633
Technical and administration staff	300	277
	<u>936</u>	<u>910</u>

The costs incurred in respect of these employees were

	Group	
	2012	2011
	£'000	£'000
Wages and salaries	23,974	22,256
Social security costs	2,010	1,907
Other pension costs	605	505
	<u>26,589</u>	<u>24,668</u>

3 Tax on profit on ordinary activities

Taxation is based on the profit for the year and comprises

	2012	2011
	£'000	£'000
UK corporation tax at a rate of 24.5% (2011: 26.5%) of taxable profit		
– Current year	547	840
– Adjustments in respect of previous years	(65)	(208)
	<u>482</u>	<u>632</u>
Deferred taxation		
– Current year	(19)	32
– Adjustments in respect of previous years	46	259
	<u>27</u>	<u>291</u>
	<u>509</u>	<u>923</u>

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 24.5% (2011 26.5%). The differences are explained as follows

	2012 £'000	2011 £'000
Profit on ordinary activities before taxation	<u>2,042</u>	<u>3,117</u>
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 24.5% (2011 26.5%)	500	826
Effect of		
Income not taxable	(78)	(8)
Expenses not deductible for tax purposes	84	22
Difference between capital allowances and depreciation	39	(10)
Other short term timing differences	2	10
Adjustment in respect of prior years	<u>(65)</u>	<u>(208)</u>
	<u>482</u>	<u>632</u>

4 Equity dividends paid

	2012 £'000	2011 £'000
Ordinary shares		
Ordinary dividend of £664.36 (2011 £729.46) per share	<u>731</u>	<u>802</u>

5 Intangible fixed assets

	Goodwill £'000
Group	
Cost	
At 1 January 2012 and 31 December 2012	<u>929</u>
Amortisation	
At 1 January 2012	810
Charge for the year	<u>119</u>
At 31 December 2012	<u>929</u>
Net book value	
At 31 December 2012	<u>-</u>
At 31 December 2011	<u>119</u>

	Goodwill £000
Company	
Cost	
At 1 January 2012 and at 31 December 2012	<u>616</u>
Amortisation	
At 1 January 2012	440
Charge for the year	<u>176</u>
At 31 December 2012	<u>616</u>
Net book value	
At 31 December 2012	<u>-</u>
At 31 December 2011	<u>176</u>

6 Tangible fixed assets

Group and company	Motor vehicles £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost				
At 1 January 2012	6,401	1,405	209	8,015
Additions	1,617	106	-	1,723
Disposals	(1,330)	-	-	(1,330)
At 31 December 2012	<u>6,688</u>	<u>1,511</u>	<u>209</u>	<u>8,408</u>
Depreciation				
At 1 January 2012	3,022	1,119	191	4,332
Charge for the year	1,258	142	6	1,406
Disposals	(1,230)	-	-	(1,230)
At 31 December 2012	<u>3,050</u>	<u>1,261</u>	<u>197</u>	<u>4,508</u>
Net book amount				
At 31 December 2012	<u>3,638</u>	<u>250</u>	<u>12</u>	<u>3,900</u>
At 31 December 2011	<u>3,379</u>	<u>286</u>	<u>18</u>	<u>3,683</u>

7 Fixed asset investments

Group	Quoted investment £'000
Cost and valuation	
At 1 January 2012	4
Disposals	(4)
At 31 December 2012	-
Company	Subsidiary companies £'000
Cost and net book value	
At 1 January 2012	420
Impairment	(320)
At 31 December 2012	100

During the year, the investment in Cundy Anglia Limited was written down, as this company has now ceased to trade

Subsidiary companies	Principal activity
Cundy Anglia Limited	Dormant
Seddon Maintenance Limited	Dormant
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

	2012 £'000	Group 2011 £'000	2012 £'000	Company 2011 £'000
Raw materials and consumables	<u>41</u>	<u>57</u>	<u>41</u>	<u>57</u>

9 Debtors

	2012 £'000	Group 2011 £'000	2012 £'000	Company 2011 £'000
Amounts recoverable on contracts	11,002	11,958	11,002	3,577
Trade debtors	27	111	27	110
Amounts owed by group companies	4,868	469	4,868	6,300
Amounts owed by related parties	5	-	5	-
Deferred tax (note 10)	268	295	268	295
Other debtors	74	63	74	63
Prepayments and accrued income	704	634	704	636
	<u>16,948</u>	<u>13,530</u>	<u>16,948</u>	<u>10,981</u>

10 Deferred taxation

Group and company	Deferred taxation asset £'000	
At 1 January 2012	295	
Charged in the year	(27)	
At 31 December 2012	268	
	2012	2011
	£'000	£'000
Accelerated capital allowances	247	274
Other timing differences	21	21
	268	295

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

	2012	Group	2012	Company
	£'000	2011	£'000	2011
		£'000		£'000
Trade creditors	4,255	7,376	4,255	7,376
Social security and other taxes	2,253	2,328	2,253	2,328
Other creditors	364	936	364	936
Corporation tax	547	840	546	642
Accruals and deferred income	2,286	1,467	2,286	998
Amount owed to group companies	5,225	-	6,873	-
	14,930	12,947	16,577	12,280

12 Share capital

	2012	2011
	£'000	£'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 2012	11,039
Profit for the financial year	1,533
Equity dividends paid (note 4)	<u>(731)</u>
At 31 December 2012	<u>11,841</u>
	£'000
Company	
At 1 January 2012	9,688
Profit for the financial year	1,337
Equity dividends paid (note 4)	<u>(731)</u>
At 31 December 2012	<u>10,294</u>

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 £1,337,000 (2011 £1,914,000)

14 Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Profit for the financial year	1,533	2,194
Equity dividends paid (note 4)	<u>(731)</u>	<u>(802)</u>
	802	1,392
Opening shareholders' funds	11,040	9,648
Closing shareholders' funds	<u>11,842</u>	<u>11,040</u>

15 Reconciliation of profit on ordinary activities before taxation to net cash inflow from operating activities

	2012 £'000	2011 £'000
Group		
Profit on ordinary activities before taxation	2,042	3,117
Amortisation of intangible fixed assets	119	158
Depreciation of tangible fixed assets	1,406	1,234
Profit on disposal of tangible fixed assets	(140)	(92)
Profit on disposal of trade investments	(3)	-
Decrease/(increase) in stocks	16	(16)
Decrease/(increase) in amounts recoverable on contracts	956	(6,572)
(Increase)/decrease in debtors	(4,401)	520
Increase in creditors	2,276	10,922
Net cash inflow from operating activities	2,271	9,271

16 Movement in net debt

	2012 £'000	2011 £'000
(Decrease)/increase in cash	(711)	5,764
Opening net funds	6,594	830
Closing net funds	5,883	6,594

17 Analysis of net funds

	At 1 January 2012 £'000	Cashflows £'000	At 31 December 2012 £'000
Group			
Cash at bank and in hand	6,594	(711)	5,883

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 2012, the maximum potential liability guaranteed of the group and company amounted to £Nil (2011 £Nil).

A contingent liability exists at 31 December 2012, in respect of counter indemnities given in connection with performance bonds totalling £637,000 (2011 £487,000).

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 2012, 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 £164,000 (2011: £156,000) 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, both of which are registered in England & Wales.

The smallest group in which the company is consolidated is Seddon Property Services Limited. The largest group in which the company is consolidated is Seddon Group Limited.

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