

Registration number: 04373617

# Tone Group Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2014

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## **Tone Group Limited**

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**Tone Group Limited  
Company Information**

<b>Directors</b>	Mr AS Needham Miss M Ahluwalia
<b>Company secretary</b>	Miss M Ahluwalia
<b>Registered office</b>	c/o McBrides Accountants LLP Nexus House SIDCUP Kent DA14 5DA
<b>Bankers</b>	Royal Bank of Scotland Plc Enfield Branch 30/32 London Road Enfield EN2 6DT
<b>Auditors</b>	McBrides Accountants LLP Nexus House Cray Road Sidcup Kent DA14 5DA

## **Tone Group Limited**

### **Strategic Report for the Year Ended 31 December 2014**

The directors present their strategic report for the year ended 31 December 2014.

#### **Business review**

##### ***Fair review of the business***

The operations of the group are split between the provision of contract scaffolding services and specialist structures for the television and film industry.

##### ***Contract scaffolding services***

Revenues and profitability generated by the group have seen encouraging growth in the year ended 31 December 2014 and the directors are pleased to note the improvement in the group's overall results for the year. Contract work that had been delayed during 2013 has since come on stream during 2014, helping to bolster the results for the year.

The group has continued to invest strongly in its asset base in order to support the anticipated growth in revenues and to remain at the leading edge of the provision of high quality scaffolding equipment.

##### ***Specialist structures for the television and film industry***

Whilst revenues from this area of the business did decline during the year, profitability overall improved. The group continues to retain a strong position in the sector and to provide high levels of service and bespoke solutions to its customers.

##### ***Key performance indicators***

The key performance indicators of the group are:

- (i) Profit for the period, and
- (ii) Net cashflow from operating activities.

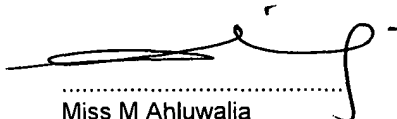
**Tone Group Limited**  
**Strategic Report for the Year Ended 31 December 2014**

..... *continued*

***Principal risks and uncertainties***

The group is susceptible to a number of economic, commercial and environmental risks and uncertainties. Some of these risks are shared with many operators within the construction industry including the state of the underlying economy and business investment confidence. The industry faces particular difficulties during an economic downturn, since construction is an area of the economy susceptible to negative sentiment and low confidence given the levels of investment required to support the industry. In addition, delays in investment decisions may result in downtime and underutilised resource, both of which could affect the group.

Approved by the Board on 12/8/15 and signed on its behalf by:

  
.....  
Miss M Ahluwalia  
Director

## **Tone Group Limited**

### **Directors' Report for the Year Ended 31 December 2014**

The directors present their report and the consolidated financial statements for the year ended 31 December 2014.

#### **Directors of the company**

The directors who held office during the year were as follows:

Mr AS Needham

Miss M Ahluwalia

#### **Financial instruments**

The group's principal financial instruments include bank overdrafts and loans, the main purpose of which is to raise finance for its operations. In addition, the group has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from operations.

The group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring it has sufficient liquid resources to meet the operating needs of the business.

The group is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on bank overdrafts and loans.

Investments of cash surpluses and borrowings are made through banks and institutions which must fulfil credit rating criteria approved by the Board. All customers who wish to trade on credit terms are subject to credit verification procedures and trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual 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 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 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; and
- 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

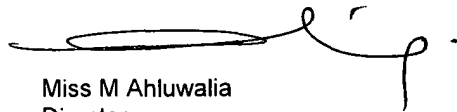
**Tone Group Limited**  
**Directors' Report for the Year Ended 31 December 2014**

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**Disclosure of information to the auditor**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditor is unaware of.

Approved by the Board on 12/8/15 and signed on its behalf by:



Miss M Ahluwalia  
Director

## **Independent Auditor's Report to the Members of Tone Group Limited**

We have audited the financial statements of Tone Group Limited for the year ended 31 December 2014, set out on pages 8 to 31. 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 auditor**

As explained more fully in the Statement of Directors' Responsibilities set out in the directors' report, 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**

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 group's and parent 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 Annual Report and Consolidated Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If 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 group's and of the parent company's affairs as at 31 December 2014 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



**Independent Auditor's Report to the Members of  
Tone Group Limited**

*..... continued*

**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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

*McBrides Accountants LLP*

Nick Paterno (Senior Statutory Auditor)  
For and on behalf of McBrides Accountants LLP, Statutory Auditor

Nexus House  
Cray Road  
Sidcup  
Kent  
DA14 5DA

Date: 12.8.15

**Tone Group Limited**  
**Consolidated Profit and Loss Account for the Year Ended 31 December 2014**

	<b>Note</b>	<b>2014 £</b>	<b>2013 £</b>
Turnover	2	14,781,235	12,711,664
Cost of sales		<u>(9,254,824)</u>	<u>(7,397,707)</u>
Gross profit		5,526,411	5,313,957
Administrative expenses		(4,611,529)	(5,411,019)
Other operating income		<u>55,604</u>	<u>38,623</u>
Group operating profit/(loss)	3	970,486	(58,439)
Interest payable and similar charges	7	<u>(119,906)</u>	<u>(106,217)</u>
Profit/(loss) on ordinary activities before taxation		850,580	(164,656)
Tax on profit/(loss) on ordinary activities	8	<u>(238,470)</u>	<u>36,230</u>
Profit/(loss) for the financial year attributable to members of the parent company	18	<u><u>612,110</u></u>	<u><u>(128,426)</u></u>

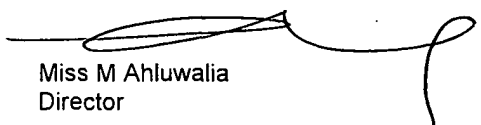
Turnover and operating profit derive wholly from continuing operations.

The group has no recognised gains or losses for the year other than the results above.

**Tone Group Limited**  
**Consolidated Balance Sheet at 31 December 2014**

	Note	2014	2013
<b>Fixed assets</b>			
Intangible fixed assets	9	140,103	231,052
Tangible fixed assets	10	3,865,315	3,762,257
Other investments	11	<u>1</u>	<u>1</u>
		<u>4,005,419</u>	<u>3,993,310</u>
<b>Current assets</b>			
Debtors	12	3,611,359	3,127,160
Cash at bank and in hand		<u>631,767</u>	<u>138,848</u>
		4,243,126	3,266,008
Creditors: Amounts falling due within one year	13	<u>(3,474,155)</u>	<u>(2,827,677)</u>
Net current assets		<u>768,971</u>	<u>438,331</u>
Total assets less current liabilities		4,774,390	4,431,641
Creditors: Amounts falling due after more than one year	14	(1,066,663)	(1,211,930)
Provisions for liabilities	15	<u>(264,445)</u>	<u>(200,739)</u>
Net assets		<u><u>3,443,282</u></u>	<u><u>3,018,972</u></u>
<b>Capital and reserves</b>			
Called up share capital	16	75,000	75,000
Profit and loss account	18	<u>3,368,282</u>	<u>2,943,972</u>
Shareholders' funds	19	<u><u>3,443,282</u></u>	<u><u>3,018,972</u></u>

Approved by the Board and authorised for issue on 12/8/15

  
Miss M Ahluwalia  
Director

**Tone Group Limited**  
**(Registration number: 04373617)**  
**Balance Sheet at 31 December 2014**

	Note	2014 £	2013 £
<b>Fixed assets</b>			
Tangible fixed assets	10	1,740,925	1,667,315
Investments	11	<u>1,710,713</u>	<u>1,710,713</u>
		<u>3,451,638</u>	<u>3,378,028</u>
<b>Current assets</b>			
Debtors	12	3,662,868	3,093,496
Cash at bank and in hand		<u>255</u>	<u>255</u>
		3,663,123	3,093,751
Creditors: Amounts falling due within one year	13	<u>(4,289,561)</u>	<u>(3,464,712)</u>
Net current liabilities		<u>(626,438)</u>	<u>(370,961)</u>
Total assets less current liabilities		2,825,200	3,007,067
Creditors: Amounts falling due after more than one year	14	(1,066,663)	(1,211,930)
Provisions for liabilities	15	<u>(47,137)</u>	<u>(77,010)</u>
Net assets		<u><u>1,711,400</u></u>	<u><u>1,718,127</u></u>
<b>Capital and reserves</b>			
Called up share capital	16	75,000	75,000
Profit and loss account	18	<u>1,636,400</u>	<u>1,643,127</u>
Shareholders' funds	19	<u><u>1,711,400</u></u>	<u><u>1,718,127</u></u>

Approved by the Board and authorised for issue on 12/8/15

  
Miss M Ahluwalia  
Director

**Tone Group Limited**  
**Consolidated Cash Flow Statement for the Year Ended 31 December 2014**

**Reconciliation of operating profit/loss to net cash flow from operating activities**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Operating profit/(loss)	970,486	(58,439)
Depreciation, amortisation and impairment charges	871,855	980,897
Profit on disposal of fixed assets	(42,098)	(1,664)
(Increase)/decrease in debtors	(484,199)	116,331
Increase/(decrease) in creditors	373,126	(75,306)
Net cash inflow from operating activities	<u>1,689,170</u>	<u>961,819</u>

**Cash flow statement**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Net cash inflow from operating activities	<u>1,689,170</u>	<u>961,819</u>
<b>Returns on investments and servicing of finance</b>		
HP and finance lease interest	(68,670)	(47,132)
Interest paid	(51,236)	(59,085)
	<u>(119,906)</u>	<u>(106,217)</u>
Tax paid	<u>(53,146)</u>	<u>(356,288)</u>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(566,573)	(839,204)
Sale of tangible fixed assets	74,228	21,284
	<u>(492,345)</u>	<u>(817,920)</u>
Equity dividends paid	(187,800)	(317,750)
Net cash inflow/(outflow) before management of liquid resources and financing	<u>835,973</u>	<u>(636,356)</u>
<b>Financing</b>		
Value of new loans obtained during the period	-	530,364
Repayment of loans and borrowings	(144,773)	(144,772)
Repayment of capital element of finance leases and HP contracts	(392,497)	(605,967)
	<u>(537,270)</u>	<u>(220,375)</u>
Increase/(decrease) in cash	<u>298,703</u>	<u>(856,731)</u>

The notes on pages 13 to 31 form an integral part of these financial statements.

**Tone Group Limited**  
**Consolidated Cash Flow Statement for the Year Ended 31 December 2014**

..... *continued*

**Analysis of net debt**

	At 1 January 2014 £	Cash flow £	Other non-cash changes £	At 31 December 2014 £
Cash at bank and in hand	138,848	492,919	-	631,767
Bank overdraft	(187,028)	(194,216)	-	(381,244)
	<u>(48,180)</u>	<u>298,703</u>	<u>-</u>	<u>250,523</u>
Debt due within one year	(144,337)	(436)	-	(144,773)
Debt due after more than one year	(906,572)	145,209	-	(761,363)
Finance leases and hire purchase contracts	(698,481)	392,497	(349,521)	(655,505)
Net debt	<u>(1,797,570)</u>	<u>835,973</u>	<u>(349,521)</u>	<u>(1,311,118)</u>

**Reconciliation of net cash flow to movement in net debt**

	2014 £	2013 £
Increase/(decrease) in cash	298,703	(856,731)
Cash outflow from repayment of loans	144,773	144,772
Cash outflow from repayment of capital element of finance leases and hire purchase contracts	<u>392,497</u>	<u>605,967</u>
Change in net debt resulting from cash flows	835,973	(105,992)
New finance leases	<u>(349,521)</u>	<u>(762,654)</u>
Movement in net debt	486,452	(868,646)
Net debt at 1 January	<u>(1,797,570)</u>	<u>(928,924)</u>
Net debt at 31 December	<u>(1,311,118)</u>	<u>(1,797,570)</u>

**Major non-cash transactions**

During the year the company entered into new finance leases in respect of capital equipment and refinanced existing capital equipment with a total capital value at the inception of the leases of £349,521 (2013: £762,654).

**Tone Group Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2014**

**1 Accounting policies**

**Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

**Basis of consolidation**

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2014.

Subsidiary undertakings are included using the acquisitions method of accounting. Under this method the group profit and loss account and statement of cashflows include the results and cashflows of subsidiaries from the date of acquisition and to the date of sale outside the group in the case of disposals of subsidiaries. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

No profit and loss account is presented for the company as permitted by Section 408 of the Companies Act 2006. Its profit for the financial year was £181,073 (2013 - £11,299).

**Turnover**

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers.

Where income is based upon the level of completion of a project in progress at the balance sheet date, it is recognised such as to reflect the accrual of the right to revenue as contract activity progresses by reference to value of the work performed.

**Goodwill**

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves or that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

**Amortisation**

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

<b>Asset class</b>	<b>Amortisation method and rate</b>
Goodwill	5% - 10% straight line

**Depreciation**

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Leasehold land and buildings	25% reducing balance

## **Tone Group Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2014**

**..... continued**

Plant and machinery	10% straight line
Fixtures, fittings and equipment	15% - 25% reducing balance
Motor vehicles	25% reducing balance

On an annual basis the directors consider the necessity of a provision for items that have been broken, scrapped or used for one-off projects and where they conclude a scrapping provision is required, items will be removed from the records in order to ensure plant and machinery is not overstated in the financial statements.

#### **Fixed asset investments**

Fixed asset investments are stated at historical cost less provision for any impairment. The directors consider the carrying value of the investments on an annual basis and reflect any changes in impairment accordingly.

#### **Stock and long term contracts**

Stock is valued at lower of cost and net realisable value. 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.

#### **Deferred tax**

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS19.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

#### **Hire purchase and leasing**

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, are capitalised in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract and represent a constant proportion of the balance of capital repayments outstanding.



## **Tone Group Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2014**

**..... continued**

#### **Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the group is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

#### **Pensions**

The group operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

**Tone Group Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2014**  
..... *continued*

**2 Turnover**

An analysis of turnover by class of business is given below:

	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>
Contract scaffolding	12,729,226	10,357,270
Hire and sales of scaffolding equipment	417,387	361,246
Provision of specialist structures	1,634,622	1,993,148
	<u>14,781,235</u>	<u>12,711,664</u>

**3 Operating profit/(loss)**

Operating profit/(loss) is stated after charging:

	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>
Operating leases - other assets	197,000	197,000
Profit on sale of tangible fixed assets	(42,098)	(1,664)
Depreciation of owned assets	780,906	889,948
Amortisation	90,949	90,949
Auditor's remuneration	<u>17,740</u>	<u>17,225</u>

**4 Auditor's remuneration**

	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>
Audit of the financial statements	<u>17,740</u>	<u>17,225</u>

£4,950 (2013 - £4,800) of the fee for auditing the financial statements relates to the company.

**Tone Group Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2014**  
..... *continued*

**5 Particulars of employees**

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	<b>2014 No.</b>	<b>2013 No.</b>
Management and administration	44	43
Operatives	131	124
	<u>175</u>	<u>167</u>

The aggregate payroll costs were as follows:

	<b>2014 £</b>	<b>2013 £</b>
Wages and salaries	6,645,612	5,912,644
Social security costs	736,720	650,018
Staff pensions	4,872	6,032
	<u>7,387,204</u>	<u>6,568,694</u>

**6 Directors' remuneration**

The directors' remuneration for the year was as follows:

	<b>2014 £</b>	<b>2013 £</b>
Remuneration (including benefits in kind)	106,600	94,726
Company contributions paid to money purchase schemes	4,638	3,865

During the year the number of directors who were receiving benefits and share incentives was as follows:

	<b>2014 No.</b>	<b>2013 No.</b>
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>1</u>

**Tone Group Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2014**  
..... *continued*

**7 Interest payable and similar charges**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Interest on bank borrowings	51,146	58,562
Other interest payable	90	523
Finance charges	68,670	47,132
	<u>119,906</u>	<u>106,217</u>
Group interest payable and similar charges	<u>119,906</u>	<u>106,217</u>

**8 Taxation**

**Tax on profit/(loss) on ordinary activities**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
Corporation tax charge	174,215	52,615
Adjustments in respect of previous years	549	(45,032)
UK Corporation tax	174,764	7,583
<b>Deferred tax</b>		
Origination and reversal of timing differences	63,706	(43,813)
Total tax on profit/(loss) on ordinary activities	<u>238,470</u>	<u>(36,230)</u>

**Factors affecting current tax charge for the year**

Tax on profit/(loss) on ordinary activities for the year is lower than (2013 - higher than) the standard rate of corporation tax in the UK of 21% (2013 - 23%).

The differences are reconciled below:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Profit/(loss) on ordinary activities before taxation	<u>850,580</u>	<u>(164,656)</u>
Corporation tax at standard rate	178,622	(37,871)
Difference between depreciation and capital allowances	(48,879)	9,395
Small companies relief	(1,034)	(6,067)
Expenses not deductible for tax purposes	41,939	46,003
Adjustment for prior periods	549	(45,032)
Tax losses carried back	-	40,532
Changes in tax rates	3,567	623
Total current tax	<u>174,764</u>	<u>7,583</u>

**Tone Group Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2014**  
..... *continued*

**9 Intangible fixed assets**

**Group**

	<b>Goodwill £</b>	<b>Total £</b>
<b>Cost</b>		
At 1 January 2014	<u>285,739</u>	<u>285,739</u>
At 31 December 2014	<u>285,739</u>	<u>285,739</u>
<b>Amortisation</b>		
At 1 January 2014	54,687	54,687
Charge for the year	<u>90,949</u>	<u>90,949</u>
At 31 December 2014	<u>145,636</u>	<u>145,636</u>
<b>Net book value</b>		
At 31 December 2014	<u>140,103</u>	<u>140,103</u>
At 31 December 2013	<u>231,052</u>	<u>231,052</u>

**Tone Group Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2014**  
..... *continued*

**10 Tangible fixed assets**

**Group**

	Short leasehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At 1 January 2014	94,325	6,631,249	1,411,743	2,268,728	10,406,045
Additions	-	532,156	31,866	352,072	916,094
Disposals	-	(45,615)	-	(21,280)	(66,895)
At 31 December 2014	<u>94,325</u>	<u>7,117,790</u>	<u>1,443,609</u>	<u>2,599,520</u>	<u>11,255,244</u>
<b>Depreciation</b>					
At 1 January 2014	37,118	3,702,015	1,131,996	1,772,659	6,643,788
Charge for the year	14,302	534,584	73,865	158,155	780,906
Eliminated on disposals	-	(15,599)	-	(19,166)	(34,765)
At 31 December 2014	<u>51,420</u>	<u>4,221,000</u>	<u>1,205,861</u>	<u>1,911,648</u>	<u>7,389,929</u>
<b>Net book value</b>					
At 31 December 2014	<u>42,905</u>	<u>2,896,790</u>	<u>237,748</u>	<u>687,872</u>	<u>3,865,315</u>
At 31 December 2013	<u>57,207</u>	<u>2,929,234</u>	<u>279,747</u>	<u>496,069</u>	<u>3,762,257</u>

**Leased assets**

Included within the net book value of tangible fixed assets is £1,016,629 (2013 - £667,108) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £182,595 (2013 - £119,715).

**Tone Group Limited**

**Notes to the Financial Statements for the Year Ended 31 December 2014**

..... *continued*

**Company**

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 January 2014	4,116,837	868,838	2,189,665	7,175,340
Additions	189,038	-	352,072	541,110
Disposals	(115)	-	(21,280)	(21,395)
At 31 December 2014	<u>4,305,760</u>	<u>868,838</u>	<u>2,520,457</u>	<u>7,695,055</u>
<b>Depreciation</b>				
At 1 January 2014	3,019,857	772,791	1,715,377	5,508,025
Charge for the year	287,525	25,036	152,710	465,271
Eliminated on disposals	-	-	(19,166)	(19,166)
At 31 December 2014	<u>3,307,382</u>	<u>797,827</u>	<u>1,848,921</u>	<u>5,954,130</u>
<b>Net book value</b>				
At 31 December 2014	<u>998,378</u>	<u>71,011</u>	<u>671,536</u>	<u>1,740,925</u>
At 31 December 2013	<u>1,096,980</u>	<u>96,047</u>	<u>474,288</u>	<u>1,667,315</u>

**Leased assets**

Included within the net book value of tangible fixed assets is £1,016,629 (2013 - £667,108) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £182,595 (2013 - £119,715).

**Tone Group Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2014**  
..... *continued*

**11 Investments held as fixed assets**

**Other investments**

	Unlisted investments £	Total £
<b>Cost</b>		
At 1 January 2014	42,000	42,000
At 31 December 2014	42,000	42,000
<b>Provision for impairment</b>		
At 1 January 2014	41,999	41,999
<b>Net book value</b>		
At 31 December 2014	<u>1</u>	<u>1</u>

**Company**

	2014 £	2013 £
Shares in group undertakings and participating interests	<u>1,710,713</u>	<u>1,710,713</u>

**Shares in group undertakings and participating interests**

	Subsidiary undertakings £	Total £
<b>Cost</b>		
At 1 January 2014	1,710,713	1,710,713
At 31 December 2014	1,710,713	1,710,713
<b>Net book value</b>		
At 31 December 2014	<u>1,710,713</u>	<u>1,710,713</u>
At 31 December 2013	<u>1,710,713</u>	<u>1,710,713</u>

**Details of undertakings**

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are as follows:



**Tone Group Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2014**  
..... *continued*

Undertaking	Holding	Proportion of voting rights and shares held	Principal activity
<b>Subsidiary undertakings</b>			
Tone Scaffolding Services Limited	Ordinary	100%	Contract scaffolding
Media Structures Limited	Ordinary	100%	Provider of specialist structures
Tone Hire and Sales Limited	Ordinary	100%	Dormant
AME National Rigging Limited	Ordinary	100%	Dormant

**12 Debtors**

	<b>Group</b>		<b>Company</b>	
	<b>2014 £</b>	<b>2013 £</b>	<b>2014 £</b>	<b>2013 £</b>
Trade debtors	3,394,073	2,833,390	1,342	1,341
Amounts owed by group undertakings	-	-	3,660,485	3,092,155
Other debtors	26,877	28,541	1,041	-
Prepayments and accrued income	190,409	265,229	-	-
	<u>3,611,359</u>	<u>3,127,160</u>	<u>3,662,868</u>	<u>3,093,496</u>

Amounts owed by group undertakings include £nil (2013: £500,000) due after more than one year.

**Tone Group Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2014**

..... *continued*

**13 Creditors: Amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade creditors	1,372,079	939,821	16,061	17,592
Bank loans and overdrafts	526,017	331,365	526,017	331,365
Obligations under finance lease and hire purchase contracts	350,205	393,123	350,205	393,123
Amounts owed to group undertakings	-	-	3,208,021	2,486,793
Corporation tax	129,201	7,583	79,419	25,398
Other taxes and social security	820,106	761,765	9,559	134,849
Other creditors	52,842	82,631	332	718
Directors' current accounts	82,268	55,973	82,268	55,973
Accruals and deferred income	141,437	255,416	17,679	18,901
	<u>3,474,155</u>	<u>2,827,677</u>	<u>4,289,561</u>	<u>3,464,712</u>

Creditors amounts falling due within one year includes the following liabilities, on which security has been given by the group/company:

**Group**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	526,017	331,365
Obligations under finance leases and hire purchase contracts	350,205	393,123
	<u>876,222</u>	<u>724,488</u>

The bank loans and overdrafts are secured by a fixed and floating charge over all the current and future assets of the group, and a guarantee provided by A S Needham, a director.

Obligations under hire purchase contracts are secured over the assets concerned.

**Company**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	526,017	331,365
Obligations under finance leases and hire purchase contracts	350,205	393,123
	<u>876,222</u>	<u>724,488</u>

## Tone Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

The bank loans and overdrafts are secured by a fixed and floating charge over all the current and future assets of the company, and a guarantee provided by A S Needham, a director.

Obligations under hire purchase contracts are secured over the assets concerned.

#### 14 Creditors: Amounts falling due after more than one year

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
Bank loans and overdrafts	761,363	906,572	761,363	906,572
Obligations under finance lease and hire purchase contracts	<u>305,300</u>	<u>305,358</u>	<u>305,300</u>	<u>305,358</u>
	<u>1,066,663</u>	<u>1,211,930</u>	<u>1,066,663</u>	<u>1,211,930</u>

Creditors amounts falling due after more than one year includes the following liabilities, on which security has been given by the group/company:

#### Group

	2014 £	2013 £
Bank loans	761,363	906,572
Obligations under finance leases and hire purchase contracts	<u>305,300</u>	<u>305,358</u>
	<u>1,066,663</u>	<u>1,211,930</u>

The bank loans and overdrafts are secured by a fixed and floating charge over all the current and future assets of the group, and a guarantee provided by A S Needham, a director.

Obligations under hire purchase contracts are secured over the assets concerned.

#### Company

	2014 £	2013 £
Bank loans	761,363	906,572
Obligations under finance leases and hire purchase contracts	<u>305,300</u>	<u>305,358</u>
	<u>1,066,663</u>	<u>1,211,930</u>

The bank loans and overdrafts are secured by a fixed and floating charge over all the current and future assets of the company, and a guarantee provided by A S Needham, a director.

Obligations under hire purchase contracts are secured over the assets concerned.

Included in the creditors are the following amounts due after more than five years:

**Tone Group Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2014**  
..... *continued*

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
After more than five years by instalments	<u>182,272</u>	<u>329,659</u>	<u>182,272</u>	<u>329,659</u>

**Obligations under finance leases and HP contracts**

**Amounts repayable:**

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
In one year or less on demand	350,205	393,123	350,205	393,123
Between one and two years	125,775	205,553	125,775	205,553
Between two and five years	<u>179,525</u>	<u>99,805</u>	<u>179,525</u>	<u>99,805</u>
	<u>655,505</u>	<u>698,481</u>	<u>655,505</u>	<u>698,481</u>

**15 Provisions**

**Group**

	<b>Deferred tax</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
At 1 January 2014	200,739	200,739
Charged to the profit and loss account	<u>63,706</u>	<u>63,706</u>
At 31 December 2014	<u>264,445</u>	<u>264,445</u>

**Analysis of deferred tax**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	<u>264,445</u>	<u>200,739</u>

**Tone Group Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2014**  
..... *continued*

**Company**

	<b>Deferred tax £</b>	<b>Total £</b>
At 1 January 2014	77,010	77,010
Credited to the profit and loss account	<u>(29,873)</u>	<u>(29,873)</u>
At 31 December 2014	<u>47,137</u>	<u>47,137</u>

**Analysis of deferred tax**

	<b>2014 £</b>	<b>2013 £</b>
Accelerated capital allowances	<u>47,137</u>	<u>77,010</u>

**16 Share capital**

**Allotted, called up and fully paid shares**

	<b>2014</b>		<b>2013</b>	
	<b>No.</b>	<b>£</b>	<b>No.</b>	<b>£</b>
Ordinary shares of £1 each	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>

**17 Dividends**

	<b>2014 £</b>	<b>2013 £</b>
<b>Dividends paid</b>		
Current year interim dividend paid	<u>187,800</u>	<u>317,750</u>

**Tone Group Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2014**  
..... *continued*

**18 Reserves**

**Group**

	<b>Profit and loss account £</b>	<b>Total £</b>
At 1 January 2014	2,943,972	2,943,972
Profit for the year	612,110	612,110
Dividends	<u>(187,800)</u>	<u>(187,800)</u>
At 31 December 2014	<u><u>3,368,282</u></u>	<u><u>3,368,282</u></u>

**Company**

	<b>Profit and loss account £</b>	<b>Total £</b>
At 1 January 2014	1,643,127	1,643,127
Profit for the year	181,073	181,073
Dividends	<u>(187,800)</u>	<u>(187,800)</u>
At 31 December 2014	<u><u>1,636,400</u></u>	<u><u>1,636,400</u></u>

**Tone Group Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2014**  
..... *continued*

**19 Reconciliation of movement in shareholders' funds**

**Group**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Profit/(loss) attributable to the members of the group	612,110	(128,426)
Dividends	<u>(187,800)</u>	<u>(317,750)</u>
Net addition/(reduction) to shareholders' funds	424,310	(446,176)
Shareholders' funds at 1 January 2014	<u>3,018,972</u>	<u>3,465,148</u>
Shareholders' funds at 31 December 2014	<u><u>3,443,282</u></u>	<u><u>3,018,972</u></u>

**Company**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Profit attributable to the members of the company	181,073	11,299
Dividends	<u>(187,800)</u>	<u>(317,750)</u>
Net reduction to shareholders' funds	(6,727)	(306,451)
Shareholders' funds at 1 January 2014	<u>1,718,127</u>	<u>2,024,578</u>
Shareholders' funds at 31 December 2014	<u><u>1,711,400</u></u>	<u><u>1,718,127</u></u>

**20 Pension schemes**

**Defined contribution pension scheme**

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £4,872 (2013 - £6,032).

**21 Contingent liabilities**

The company has entered into an unlimited multilateral guarantee dated 22 June 2006 with its subsidiary companies in respect of borrowing facilities provided by The Royal Bank of Scotland Plc, which are secured by a fixed and floating charge over all current and future assets of the company.

## **Tone Group Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2014**

**..... continued**

#### **22 Commitments**

##### **Operating lease commitments**

##### **Group**

As at 31 December 2014 the group had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Land and buildings</b>		
Within one year	42,000	42,000
Within two and five years	<u>155,000</u>	<u>155,000</u>
	<u>197,000</u>	<u>197,000</u>

#### **23 Post balance sheet events**

On 13 May 2015, the company acquired the entire share capital of Austen Lewis Limited for consideration payable over a three year period.

#### **24 Related party transactions**

##### **Other related party transactions**

During the year the group made the following related party transactions:

##### **A S Needham**

(Director)

- the group paid rent totalling £253,333 (2013: £247,100) to A S Needham in respect of premises occupied by the company.

- A S Needham received dividends totalling £187,800 (2013: £317,750) from the company.

- A S Needham advanced £392,000 to the company (2013: £184,300) and the company made repayments of £365,704 (2013: £49,112) to A S Needham. At the balance sheet date the amount due to A S Needham was £82,268 (2013 - £55,973).

The company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the group.



**Tone Group Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2014**  
**..... continued**

**25 Control**

The company is controlled by a director of the company, A S Needham, throughout the previous and the current period by virtue of his 100% shareholding.