

ARNBROOK INVESTMENTS LIMITED

GROUP REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2013

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REGISTERED IN SCOTLAND No. SC178697

ARNBROOK INVESTMENTS LIMITED

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ARNBROOK INVESTMENTS LIMITED

COMPANY INFORMATION

DIRECTOR

AJ O'Neill

SECRETARY

SV O'Neill

REGISTERED OFFICE

Seafield Road
Longman
Inverness
IV1 1SG

REGISTERED NUMBER

SC178697

AUDITOR

Scott-Moncrieff
Chartered Accountants
Statutory Auditor
25 Bothwell Street
Glasgow
G2 6NL

BANKERS

Royal Bank of Scotland Plc
29 Harbour Road
Inverness
IV1 1NU

SOLICITORS:

Dallas McMillan
Regent Court
70 West Regent Street
Glasgow
G2 2QZ

ARNBROOK INVESTMENTS LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 JANUARY 2013

The director presents his annual report and the financial statements of the group for the year ended 31 January 2013.

RESULTS AND DIVIDENDS

The results for the year and the financial position of the group are shown in the annexed financial statements. A dividend of £34,000 was paid during the year (2012: £15,000).

REVIEW OF BUSINESS

The group engages in construction and the director expects this activity to continue for the foreseeable future.

The current year is expected to present challenges due to the economic downturn in the construction sector.

KEY PERFORMANCE INDICATORS

The director regards turnover and gross profit percentage as key performance indicators. In the year under review the group's turnover increased by 24% to £10.9million and gross profit percentage remained constant at 18%.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks affecting the continuing growth of the group include the current economic downturn and the level of competition for available work.

FIXED ASSETS

The changes in fixed assets during the year are summarised in the notes to the financial statements. The director considers that the market value of land and buildings is not less than the balance sheet value.

DIRECTOR

The director of the company who served during the year was AJ O'Neill.

ARNBROOK INVESTMENTS LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 JANUARY 2013 (cont'd)

DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing those financial statements, the director is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group will continue in business.

The director is 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 group and enable them to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and group and hence to take reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO THE AUDITOR

To the knowledge and belief of the director, there is no relevant information of which the company's auditor is unaware and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information, and to establish that the company's auditor is aware of the information.

AUDITOR

The auditor, Scott-Moncrieff CA, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Signed on behalf of the board



AJ O'Neill
Director

Approved by the board on 22 October 2013

ARNBROOK INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ARNBROOK INVESTMENTS LIMITED

We have audited the financial statements of Arnbrook Investments Limited for the year ended 31 January 2013 which comprise the group profit and loss account, the group balance sheet, the company balance sheet, the group 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 group's and parent company's member 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 group's and parent company's member those matters we are required to state to him 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 group's and parent company's member, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTOR AND THE AUDITOR

As explained more fully in the director's responsibilities statement set out on page 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

BASIS FOR QUALIFIED OPINION ON FINANCIAL STATEMENTS

As disclosed in note 20 the defined benefit pension scheme of the subsidiary company closed to future accrual on 31 January 2008 and the directors have not obtained a valuation at 31 January 2013 under Financial Reporting Standard 17 Retirement Benefits (FRS 17). The subsidiary company should obtain an annual FRS 17 valuation of the pension scheme and incorporate the resultant surplus or deficit into the financial statements in accordance with FRS 17. The FRS 17 valuation obtained in the year ended 31 January 2005 was not incorporated into the subsidiary company's financial statements and an FRS 17 valuation has not been obtained since that date.

The directors of the subsidiary company obtained a full triennial valuation of the scheme as at 1 February 2011. This valuation shows a deficit of £491,000 which is not reflected in the consolidated financial statements or the financial statements of the subsidiary.

ARNBROOK INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ARNBROOK INVESTMENTS LIMITED (cont'd)

QUALIFIED OPINION ON FINANCIAL STATEMENTS

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 January 2013 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.

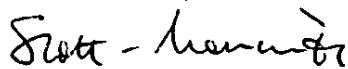
OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the director's report 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Iain D Lee (Senior Statutory Auditor)
for and on behalf of Scott-Moncrieff, Statutory Auditor
Chartered Accountants
25 Bothwell Street
Glasgow
G2 6NL

Date: 22 October 2013

ARNBROOK INVESTMENTS LIMITED

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JANUARY 2013

	Notes	2013 £	2012 £
TURNOVER	2	10,871,234	8,759,544
Cost of sales		<u>(8,877,855)</u>	<u>(7,154,444)</u>
GROSS PROFIT		1,993,379	1,605,100
Other operating income	3	<u>66,713</u>	<u>96,146</u>
		2,060,092	1,701,246
Administrative expenses		<u>(1,601,027)</u>	<u>(1,457,676)</u>
OPERATING PROFIT	4	459,065	243,570
Interest receivable		1,548	107
Interest payable and similar charges	7	<u>(4,530)</u>	<u>(3,718)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		456,083	239,959
Taxation	8	<u>(79,471)</u>	<u>(12,106)</u>
PROFIT FOR THE FINANCIAL YEAR	16	<u>376,612</u>	<u>227,853</u>

CONTINUING OPERATIONS

All disclosures relate only to continuing operations.

TOTAL RECOGNISED GAINS AND LOSSES

There were no recognised gains or losses other than the profit for the above two years.


The notes on pages 10 to 19 form part of these financial statements.

ARNBROOK INVESTMENTS LIMITED

GROUP BALANCE SHEET AS AT 31 JANUARY 2013

	Notes	2013 £	2012 £
FIXED ASSETS			
Tangible assets	9	1,757,980	1,676,354
Investments	10	<u>27,147</u>	<u>41,656</u>
		1,785,127	1,718,010
CURRENT ASSETS			
Stocks	11	85,745	80,824
Debtors – due within one year	12	263,547	1,203,540
Debtors – due after one year	12	20,399	87,507
Cash at bank and in hand		<u>1,496,585</u>	<u>1,031,506</u>
		1,866,276	2,403,377
CREDITORS			
Amounts falling due within one year	13	<u>(2,073,936)</u>	<u>(2,896,021)</u>
NET CURRENT LIABILITIES		<u>(207,660)</u>	<u>(492,644)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,577,467	1,225,366
CREDITORS			
Amounts falling due more than one year	14	<u>(75,678)</u>	<u>(66,189)</u>
NET ASSETS		<u>1,501,789</u>	<u>1,159,177</u>
CAPITAL AND RESERVES			
Called up share capital	15	25,200	25,200
Profit and loss account	16	<u>1,476,589</u>	<u>1,133,977</u>
SHAREHOLDER'S FUNDS		<u>1,501,789</u>	<u>1,159,177</u>

The financial statements were authorised for issue by the director on 22 October 2013 and signed by


AJ O'Neill
Director

Registered number: SC178697

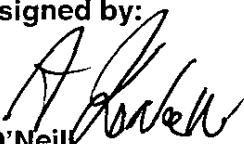
The notes on pages 10 to 19 form part of these financial statements.

ARNBROOK INVESTMENTS LIMITED

COMPANY BALANCE SHEET AS AT 31 JANUARY 2013

	Notes	2013 £	2012 £
FIXED ASSETS			
Tangible assets	9	1	25
Investments	10	<u>833,068</u>	<u>847,577</u>
		833,069	847,602
CURRENT ASSETS			
Debtors – due within one year	12	-	140,265
Cash in hand		<u>-</u>	<u>2</u>
		-	140,267
CREDITORS			
Amounts falling due within one year	13	<u>(658,686)</u>	<u>(890,481)</u>
NET CURRENT LIABILITIES		<u>(658,686)</u>	<u>(750,214)</u>
NET ASSETS		<u>174,383</u>	<u>97,388</u>
CAPITAL AND RESERVES			
Called up share capital	15	25,200	25,200
Profit and loss account	16	<u>149,183</u>	<u>72,188</u>
SHAREHOLDER'S FUNDS		<u>174,383</u>	<u>97,388</u>

The financial statements were authorised for issue by the director on 22 October 2013 and signed by:


AJ O'Neill
Director

Registered number: SC178697

The notes on pages 10 to 19 form part of these financial statements

ARNBROOK INVESTMENTS LIMITED

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JANUARY 2013

	Notes	2013 £	2012 £
OPERATING ACTIVITIES			
NET CASH FLOW FROM OPERATING ACTIVITIES	18a	898,949	461,898
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest element of hire purchase payments		(4,530)	(3,718)
Interest received		<u>1,548</u>	<u>107</u>
Net cash flow from returns on investment and servicing of finance		(2,982)	(3,611)
TAXATION			
Corporation tax recovered		1,394	-
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(68,567)	(13,222)
Receipts from sale of tangible fixed assets		154	2,350
Realisation of secured loans		<u>66,440</u>	<u>13,025</u>
Net cash flow from investing activities		(1,973)	2,153
		895,388	460,440
EQUITY DIVIDENDS PAID		(34,000)	(15,000)
FINANCING			
Capital element of finance lease repayments		(53,835)	(16,762)
INCREASE IN CASH	18c	<u>807,553</u>	<u>428,678</u>

The notes on pages 10 to 19 form part of these financial statements.

ARNBROOK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JANUARY 2013

1. ACCOUNTING POLICIES

Accounting Convention

The financial statements have been prepared under the historical cost convention modified to include the revaluation of investment properties.

Going Concern

The group has sufficient cash reserves and net assets to ensure that it can remain in operational existence for a period of at least 12 months from the date that these financial statements have been approved. As a consequence it is deemed appropriate to have these financial statements prepared on a going concern basis.

Preparation of group financial statements

The group financial statements consolidate on a line by line basis the accounts of Arnbrook Investments Limited and its subsidiary undertaking. No profit and loss account is presented for Arnbrook Investments Limited as permitted by section 408 of the Companies Act 2006.

When a subsidiary is acquired during the year, its results are included in the profit and loss account from the date of acquisition.

Depreciation of tangible fixed assets

Depreciation is provided on plant, equipment and vehicles at rates between 12.5% and 33.33% calculated to write off the full cost of the assets by equal annual instalments over their estimated useful lives taking account of their residual values.

The land element of heritable property is not depreciated. Buildings are estimated to have a useful life in excess of 50 years and are subject to an annual impairment review.

Investments

Investments are stated at cost less provision for diminution in value if such diminution is deemed to be permanent.

Intangible fixed assets

Negative goodwill is stated at cost and is amortised over the directors' estimate of the useful life.

Rental income

Rental income is recognised when it becomes receivable.

ARNBROOK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JANUARY 2013

1. ACCOUNTING POLICIES (cont'd)

Stock and Work in Progress

Raw materials and consumables are stated at the lower of cost and net realisable value. The net realisable value of construction work in progress, which includes attributable profit on contracts and is determined on the basis of measured work to the balance sheet date, is included in debtors. Deductions are made for net foreseeable losses and progress payments received. Payments received in excess of net realisable value on a contract are included in creditors.

Hire Purchase and Leasing Commitments

Assets obtained under hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligation is charged to profit and loss account over the period of the hire. Rentals paid under operating leases are charged against income as incurred.

Pension Fund

Pension benefits are funded by payments to trustee administered funds. The cost of providing benefits is charged to the profit and loss account annually.

2. TURNOVER

Turnover represents the value of goods and services supplied by the group, excluding value added tax, in the case of long term contracts the value of work done during the year and amounts realised on secured loans.

3. OTHER OPERATING INCOME

	2013 £	2012 £
Rent received	66,713	96,146

ARNBROOK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JANUARY 2013

4. OPERATING PROFIT

	2013 £	2012 £
This is stated after charging:		
Auditor's remuneration – audit fee	10,500	10,000
Depreciation of owned assets	54,547	78,406
Depreciation of assets held on hire purchase	26,230	7,767
Hire of plant and machinery	293,695	305,911
Operating lease payments	30,274	47,434
Gain on sale of fixed assets	(150)	(1,974)

5. EMPLOYEE INFORMATION

Staff costs:	2013 £	2012 £
Wages and salaries	2,171,855	1,989,693
Social security costs	210,028	185,735
Other pension costs	100,337	132,126
	<u>2,482,220</u>	<u>2,307,554</u>

The average number of persons employed during the year, including executive directors, was made up as follows:

	2013 Number	2012 Number
Operatives	49	46
Office and management	23	22
	<u>72</u>	<u>68</u>

6. DIRECTOR'S REMUNERATION

	2013 £	2012 £
Emoluments	<u>38,805</u>	<u>34,793</u>

ARNBROOK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JANUARY 2013

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £	2012 £
On obligations under hire purchase	4,530	1,352
Bank interest	-	2,366
	<u>4,530</u>	<u>3,718</u>

8. TAXATION

	2013 £	2012 £
UK corporation tax	79,471	12,106
Deferred tax (release)/charge	-	-
	<u>79,471</u>	<u>12,106</u>

The tax assessed for the year differs from the standard rate of tax as follows:

Profit on ordinary activities before tax	456,083	239,959
Profit on ordinary activities at standard rate of tax of 24.33% (2012: 26.32%)	110,956	47,992
Expenses not deductible for tax purposes	1,526	1,139
Income not taxable	-	(10,503)
Capital allowances in excess of depreciation	(1,315)	(10,071)
Other short term timing differences	(396)	(291)
Utilisation of tax losses and other timing differences	(26,915)	(16,160)
Marginal relief	(4,385)	-
	<u>79,471</u>	<u>12,106</u>

ARNBROOK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JANUARY 2013

9. TANGIBLE FIXED ASSETS

GROUP	Heritable Property £	Plant and Equipment £	Motor Vehicles £	Total £
Cost or valuation				
At 1 February 2012	1,474,287	604,317	397,486	2,476,090
Additions	-	48,297	114,110	162,407
Disposals	-	(10,435)	-	(10,435)
At 31 January 2013	1,474,287	642,179	511,596	2,628,062
Depreciation				
At 1 February 2012	-	532,734	267,002	799,736
Provision for the year	-	32,453	48,324	80,777
Adjustments for disposals	-	(10,431)	-	(10,431)
At 31 January 2013	-	554,756	315,326	870,082
Net book value				
At 31 January 2013	1,474,287	87,423	196,270	1,757,980
At 31 January 2012	1,474,287	71,583	130,484	1,676,354

The director has carried out an impairment review of buildings at the year end and concluded that no adjustment is required to the carrying value above.

Included in the amounts for plant and equipment and motor vehicles are the following amounts relating to assets held at the year end under hire purchase contracts:

	2013 £	2012 £
Cost	217,561	123,721
Aggregate depreciation	33,997	7,767
Net book value	183,564	115,954
Depreciation provided during the year	26,230	7,767

ARNBROOK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JANUARY 2013

9. TANGIBLE FIXED ASSETS (cont'd)

	Plant and Equipment £
COMPANY	
Cost or valuation	
At 1 February 2012 and 31 January 2013	<u>9,293</u>
Depreciation	
At 1 February 2012	9,268
Provision for the year	<u>24</u>
At 31 January 2013	<u>9,292</u>
Net book value	
At 31 January 2013	<u>1</u>
At 31 January 2012	<u>25</u>

10. INVESTMENTS

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Other investments at cost	41,656	44,947	41,656	44,947
Less costs of disposal	<u>14,509</u>	<u>3,291</u>	<u>14,509</u>	<u>3,291</u>
	27,147	41,656	27,147	41,656
Investment in subsidiary at cost	<u>-</u>	<u>-</u>	<u>805,921</u>	<u>805,921</u>
Total investments at cost	<u>27,147</u>	<u>41,656</u>	<u>833,068</u>	<u>847,577</u>

Other investments comprise loans due to the group and secured over residential properties. A loan is repayable when a property is sold.

The investment in subsidiary comprises a 100% holding in the ordinary share capital of McGregor Construction (Highlands) Limited, a company incorporated in Great Britain and engaged in construction.

11. STOCKS

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Raw materials and consumables	<u>85,745</u>	<u>80,824</u>	<u>-</u>	<u>-</u>

ARNBROOK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JANUARY 2013

12. DEBTORS

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Amounts falling due within one year				
Amounts recoverable on contracts	117,357	912,660	-	-
Trade debtors	78,097	219,300	-	-
Prepayments and accrued income	26,797	69,237	-	501
Amounts due from subsidiary	-	-	-	139,764
Other debtors	41,296	2,343	-	-
	<u>263,547</u>	<u>1,203,540</u>	<u>-</u>	<u>140,265</u>
Amounts falling due after more than one year				
Amounts recoverable on contracts	20,399	87,507	-	-

13. CREDITORS: Amounts falling due within one year

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Bank overdraft	548,007	890,481	548,007	890,481
Trade creditors	1,214,784	1,770,511	-	-
Obligations under hire purchase contracts	71,286	40,770	-	-
Other taxation and social security costs	62,887	91,527	-	-
Accruals	84,001	90,626	-	-
Amounts due to subsidiary	-	-	110,679	-
Corporation tax	92,971	12,106	-	-
	<u>2,073,936</u>	<u>2,896,021</u>	<u>658,686</u>	<u>890,481</u>
Secured creditors	<u>619,293</u>	<u>931,251</u>	<u>548,007</u>	<u>890,481</u>

The bank has an unlimited inter-company guarantee by the parent company and the subsidiary supported by a bond and floating charge over both companies and a standard security by the subsidiary over property owned by it.

14. CREDITORS: Amounts falling due more than one year

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Obligations under hire purchase contracts	75,678	66,189	-	-
Secured creditors	<u>75,678</u>	<u>66,189</u>	<u>-</u>	<u>-</u>

ARNBROOK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JANUARY 2013

15. CALLED UP SHARE CAPITAL

	2013 £	2012 £
Allotted, called up and fully paid		
25,200 ordinary shares of £1 each	25,200	25,200

16. PROFIT AND LOSS ACCOUNT

	Group £	Company £
At 1 February 2012	1,133,977	72,188
Profit for the year	376,612	110,995
Dividend paid during year	(34,000)	(34,000)
At 31 January 2013	1,476,589	149,183

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Profit for the year	376,612	227,853	110,995	5,932
Dividend paid	(34,000)	(15,000)	(34,000)	(15,000)
Shareholder's funds at 1 February 2012	1,159,177	946,324	97,388	106,456
Shareholder's funds at 31 January 2013	1,501,789	1,159,177	174,383	97,388

18. NOTES TO THE CASH FLOW STATEMENT

a) Reconciliation of operating profit to net cash inflow from operating activities	2013 £	2012 £
Operating profit	459,065	243,570
Depreciation charges	80,777	86,173
Amortisation of negative goodwill	-	(52,512)
Profit on sale of fixed assets	(150)	(1,974)
Profit on realisation of secured loans	(51,931)	(9,734)
Increase in stock	(4,921)	(5,655)
Decrease/(increase) in debtors	1,007,101	(480,503)
(Decrease)/increase in creditors	(590,992)	682,533
Net cash inflow from operating activities	898,949	461,898

ARNBROOK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JANUARY 2013

18. NOTES TO THE CASH FLOW STATEMENT (cont'd)

b) Analysis of change in net funds

	Brought forward £	Cash flows £	Other Changes £	Carried forward £
Cash at bank and in hand	1,031,506	465,079	-	1,496,585
Bank overdraft	(890,481)	342,474	-	(548,007)
	141,025	807,553	-	948,578
Debt due within one year	(40,770)	53,835	(84,351)	(71,286)
Debt due after more than one year	(66,189)	-	(9,489)	(75,678)
	34,066	861,388	(93,840)	801,614

c) Reconciliation of net cash flow to movement in funds

	2013 £	2012 £
Net increase in cash	807,553	428,678
Change in debt financing	53,835	16,762
Inception of hire purchase contracts	(93,840)	(123,721)
Changes in net funds	767,548	321,719
Net funds/(debt) at 1 February 2012	34,066	(287,653)
Net funds at 31 January 2013	801,614	34,066

19. CONTINGENT LIABILITIES

Guarantee bonds have been issued by a bondsman on behalf of the subsidiary company. In consideration of this there is a floating charge on the assets of the subsidiary and a general agreement of indemnity by each of the group companies in favour of the bondsman.

20. PENSION SCHEME

For a number of years the subsidiary company has operated a pension scheme providing benefits based on final pensionable salary. That scheme closed to future accrual on 31 January 2008. As the scheme is governed by trust deed, the scheme's assets are held separately from those of the subsidiary company. On 1 February 2006 a replacement scheme for former active members of the old scheme was introduced and benefits are money purchase based. Both the subsidiary company and member employees contribute to this new scheme.

The last completed triennial actuarial valuation of the old scheme was carried out as at 1 February 2011. On that date the value of the scheme assets was £7.731m and the value of liabilities was £8.822m, giving a funding level of 94%. The principal assumptions used in the valuation were as follows:

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20. PENSION SCHEME (cont'd)

Discount interest rate (pre-retirement)	5.75%
Discount interest rate (post-retirement)	5.25%
PPI Inflation increases	3.25%

Post retirement pensions accrued in respect of service after 6 April 1997 are increased in line with RPI subject to a maximum of 5.0% per annum.

The pension cost charged to the profit and loss account of the subsidiary company for the year was £100,337 (2012: £132,126).

The directors felt that a valuation under Financial Reporting Standard "FRS 17 Retirement Benefits" at the balance sheet date would not provide an accurate or relevant summary of the funding position of the scheme. Therefore a FRS 17 valuation was not carried out.

The subsidiary company continues to make contributions to the closed scheme in line with the Schedule of Contributions as certified by the scheme actuary.

21. PAYMENTS DUE WITHIN ONE YEAR UNDER OPERATING LEASES

	2013 £	2012 £
Leases of plant, equipment and vehicles which expire:		
Within one year	528	6,006
Between two and five years	28,640	18,316
	<u>29,168</u>	<u>24,322</u>

22. RELATED PARTIES

As permitted under FRS 8, transactions with other companies in the group have not been disclosed as related party transactions.

The group carried out work during the year on behalf of Alan O'Neill, director on normal commercial terms. The transactions totalled £4,000 (2012: £32,000) and the balance at the year-end due to the group is £54,000 (2012: £50,000).

23. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Alan O'Neill, director, due to his owning 100% of the issued share capital in the company.