

ARNBROOK INVESTMENTS LIMITED

**GROUP REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2015**

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COMPANIES HOUSE

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
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

STRATEGIC REPORT FOR THE YEAR ENDED 31 JANUARY 2015

The director presents his strategic report and the financial statements of the group for the year ended 31 January 2015.

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 £nil was paid during the year (2014: £82,000).

REVIEW OF BUSINESS & FUTURE DEVELOPMENTS

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 continuing 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 1% to £10.5million while gross profit percentage remained at 19%.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks affecting the continuing growth of the group include the prolonged 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.

Signed on behalf of the board



AJ O'Neill
Director

Approved by the board on 23 October 2015

ARNBROOK INVESTMENTS LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 JANUARY 2015

The director presents his annual report and the financial statements of the group for the year ended 31 January 2015.

The information regarding the review of business and future developments, key performance indicators, principal risks and uncertainties and fixed assets is shown in the strategic report and not the director's report.

DIRECTOR

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

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.

ARNBROOK INVESTMENTS LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 JANUARY 2015 (cont'd)

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 23 October 2015

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 2015 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

BASIS FOR QUALIFIED OPINION ON FINANCIAL STATEMENTS

As disclosed in note 21 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 2015 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 2014. This valuation shows a deficit of £150,000 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 2015 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 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: 23 October 2015

ARNBROOK INVESTMENTS LIMITED

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JANUARY 2015

	Notes	2015 £	2014 £
TURNOVER	2	10,548,767	10,450,911
Cost of sales		<u>(8,491,958)</u>	<u>(8,414,966)</u>
GROSS PROFIT		2,056,809	2,035,945
Other operating income	3	<u>64,945</u>	<u>72,141</u>
		2,121,754	2,108,086
Administrative expenses		<u>(1,711,950)</u>	<u>(1,724,789)</u>
OPERATING PROFIT	4	409,804	383,297
Interest receivable		2,723	2,258
Interest payable and similar charges	7	<u>(4,654)</u>	<u>(5,946)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		407,873	379,609
Taxation	8	<u>(85,424)</u>	<u>(86,787)</u>
PROFIT FOR THE FINANCIAL YEAR	17	<u>322,449</u>	<u>292,822</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 11 to 21 form part of these financial statements.

ARNBROOK INVESTMENTS LIMITED

GROUP BALANCE SHEET AS AT 31 JANUARY 2015

	Notes	2015 £	2014 £
FIXED ASSETS			
Tangible assets	9	1,706,110	1,695,709
Investments	10	<u>27,147</u>	<u>27,147</u>
		1,733,257	1,722,856
CURRENT ASSETS			
Stocks	11	100,363	90,073
Debtors – due within one year	12	894,163	372,990
Debtors – due after one year	12	73,322	76,574
Cash at bank and in hand		<u>2,242,204</u>	<u>2,141,885</u>
		3,310,052	2,681,522
CREDITORS			
Amounts falling due within one year	13	<u>(2,962,847)</u>	<u>(2,670,229)</u>
NET CURRENT ASSETS		<u>347,205</u>	<u>11,293</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,080,462	1,734,149
CREDITORS			
Amounts falling due more than one year	14	(29,127)	(21,538)
Provision for liabilities	15	<u>(16,275)</u>	<u>-</u>
NET ASSETS		<u>2,035,060</u>	<u>1,712,611</u>
CAPITAL AND RESERVES			
Called up share capital	16	25,200	25,200
Profit and loss account	17	<u>2,009,860</u>	<u>1,687,411</u>
SHAREHOLDER'S FUNDS	18	<u>2,035,060</u>	<u>1,712,611</u>

The financial statements were authorised for issue by the director on 23 October 2015 and signed by:


A J O'Neill
Director

Registered number: SC178697

The notes on pages 11 to 21 form part of these financial statements.

ARNBROOK INVESTMENTS LIMITED

COMPANY BALANCE SHEET AS AT 31 JANUARY 2015

	Notes	2015 £	2014 £
FIXED ASSETS			
Tangible assets	9	3,986	5,721
Investments	10	<u>833,068</u>	<u>833,068</u>
		837,054	838,789
CURRENT ASSETS			
Debtors – due within one year	12	122,238	15,674
CREDITORS			
Amounts falling due within one year	13	<u>(803,042)</u>	<u>(735,264)</u>
NET CURRENT LIABILITIES		<u>(680,804)</u>	<u>(719,590)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		156,250	119,199
Provision for liabilities	15	<u>(530)</u>	<u>-</u>
NET ASSETS		<u>155,720</u>	<u>119,199</u>
CAPITAL AND RESERVES			
Called up share capital	16	25,200	25,200
Profit and loss account	17	<u>130,520</u>	<u>93,999</u>
SHAREHOLDER'S FUNDS	18	<u>155,720</u>	<u>119,199</u>

The financial statements were authorised for issue by the director on 23 October 2015 and signed by:


A J O'Neill
 Director

Registered number: SC178697

The notes on pages 11 to 21 form part of these financial statements

ARNBROOK INVESTMENTS LIMITED

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JANUARY 2015

	Notes	2015 £	2014 £
OPERATING ACTIVITIES			
NET CASH FLOW FROM OPERATING ACTIVITIES	19a	213,576	719,171
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest element of hire purchase payments		(4,654)	(5,946)
Interest received		2,723	2,258
		<hr/>	<hr/>
Net cash flow from returns on investment and servicing of finance		(1,931)	(3,688)
TAXATION			
Corporation tax paid		(86,787)	(92,971)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(28,095)	(12,433)
Receipts from sale of tangible fixed assets		-	1,250
		<hr/>	<hr/>
Net cash flow from investing activities		(28,095)	(11,183)
		<hr/>	<hr/>
		96,763	611,329
EQUITY DIVIDENDS PAID		-	(82,000)
FINANCING			
Capital element of hire purchase contract repayments		(64,222)	(71,286)
		<hr/>	<hr/>
INCREASE IN CASH	19c	32,541	458,043

The notes on pages 11 to 21 form part of these financial statements.

ARNBROOK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JANUARY 2015

I. ACCOUNTING POLICIES

Accounting Convention

The financial statements have been prepared under the historical cost convention.

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 director's 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 2015

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, turnover represents the value of work done during the year. In the case of secured loans held by the group, this represents amounts realised on these loans during the year.

3. OTHER OPERATING INCOME

	2015 £	2014 £
Rent received	64,945	72,141

ARNBROOK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JANUARY 2015

4. OPERATING PROFIT

	2015 £	2014 £
This is stated after charging:		
Auditor's remuneration – audit fee	10,500	10,500
Depreciation of owned assets	53,375	37,647
Depreciation of assets held on hire purchase	17,897	37,011
Hire of plant and machinery	300,010	335,769
Operating lease payments	32,875	33,499
Loss/(Gain) on sale of fixed assets	3	(1,204)

5. EMPLOYEE INFORMATION

Staff costs:	2015 £	2014 £
Wages and salaries	2,253,215	2,238,395
Social security costs	222,484	222,820
Other pension costs	139,129	147,396
	<u>2,614,828</u>	<u>2,608,611</u>

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

	2015 Number	2014 Number
Operatives	45	46
Office and management	24	24
	<u>69</u>	<u>70</u>

6. DIRECTOR'S REMUNERATION

	2015 £	2014 £
Emoluments	<u>18,156</u>	<u>37,936</u>

ARNBROOK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JANUARY 2015

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £	2014 £
On obligations under hire purchase	4,654	5,946

8. TAXATION

	2015 £	2014 £
UK corporation tax	69,149	86,787
Deferred tax charge	16,275	-
	85,424	86,787

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

Profit on ordinary activities before tax	407,873	379,609
Profit on ordinary activities at standard rate of tax of 21.32% (2014: 23.16%)	86,971	87,924
Expenses not deductible for tax purposes (Capital allowances in excess of depreciation)/ depreciation in excess of capital allowances	790	904
Other short term timing differences	(8,984)	5,170
Utilisation of tax losses and other timing differences	(25)	472
Marginal relief	(8,216)	(4,814)
	(1,387)	(2,869)
	69,149	86,787

ARNBROOK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JANUARY 2015

9. TANGIBLE FIXED ASSETS

GROUP	Heritable Property £	Plant and Equipment £	Motor Vehicles £	Total £
Cost or valuation				
At 1 February 2014	1,474,287	634,599	447,241	2,556,127
Additions	-	18,717	62,959	81,676
Disposals	-	(3,974)	-	(3,974)
At 31 January 2015	1,474,287	649,342	510,200	2,633,829
Depreciation				
At 1 February 2014	-	563,472	296,946	860,418
Provision for the year	-	26,952	44,320	71,272
Adjustments for disposals	-	(3,971)	-	(3,971)
At 31 January 2015	-	586,453	341,266	927,719
Net book value				
At 31 January 2015	1,474,287	62,889	168,934	1,706,110
At 31 January 2014	1,474,287	71,127	150,295	1,695,709

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:

	2015 £	2014 £
Cost	271,141	217,561
Less: transferred to ownership in year	(123,721)	-
	147,420	217,561
Aggregate depreciation	109,525	71,008
Less: transferred to ownership in year	(69,627)	-
Aggregate depreciation	39,898	71,008
Net book value	107,522	146,553
Depreciation provided during the year	17,897	37,011

ARNBROOK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JANUARY 2015

9. TANGIBLE FIXED ASSETS (cont'd)

	Plant and Equipment £
COMPANY	
Cost or valuation	
At 1 February 2014	15,350
Additions	353
	<hr/>
At 31 January 2015	15,703
	<hr/>
Depreciation	
At 1 February 2014	9,629
Provision for the year	2,088
	<hr/>
At 31 January 2015	11,717
	<hr/>
Net book value	
At 31 January 2015	3,986
	<hr/>
At 31 January 2014	5,721
	<hr/>

10. INVESTMENTS

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Other investments at cost	27,147	27,147	27,147	27,147
Investment in subsidiary at cost	-	-	805,921	805,921
	<hr/>	<hr/>	<hr/>	<hr/>
Total investments at cost	27,147	27,147	833,068	833,068

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	
	2015	2014	2015	2014
	£	£	£	£
Raw materials and consumables	100,363	90,073	-	-

ARNBROOK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JANUARY 2015

12. DEBTORS

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Amounts falling due within one year				
Amounts recoverable on contracts	647,730	243,222	-	-
Trade debtors	189,435	78,358	-	-
Prepayments and accrued income	43,498	37,910	-	-
Amounts due from subsidiary	-	-	122,238	15,674
Other debtors	13,500	13,500	-	-
	<u>894,163</u>	<u>372,990</u>	<u>122,238</u>	<u>15,674</u>
Amounts falling due after more than one year				
Amounts recoverable on contracts	73,322	76,574	-	-

13. CREDITORS: Amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank overdraft	803,042	735,264	803,042	735,264
Trade creditors	1,873,841	1,605,502	-	-
Obligations under hire purchase contracts	35,910	54,140	-	-
Other taxation and social security costs	86,821	96,926	-	-
Accruals	94,084	91,610	-	-
Corporation tax	69,149	86,787	-	-
	<u>2,962,847</u>	<u>2,670,229</u>	<u>803,042</u>	<u>735,264</u>
Secured creditors	<u>838,952</u>	<u>789,404</u>	<u>803,042</u>	<u>735,264</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.

ARNBROOK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JANUARY 2015

14. CREDITORS: Amounts falling due more than one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Obligations under hire purchase contracts	29,127	21,538	-	-
Secured creditors	29,127	21,538	-	-
Amounts are due within the following periods:				
Between one and two years	15,906	21,538	-	-
Between two and five years	13,221	-	-	-
	29,127	21,538	-	-

15. PROVISION FOR LIABILITIES

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Deferred tax provided in the accounts comprises:				
Accelerated capital allowances	17,454	-	566	-
Short term timing differences	(1,179)	-	(36)	-
	16,275	-	530	-

16. CALLED UP SHARE CAPITAL

	2015	2014
	£	£
Allotted, called up and fully paid		
25,200 ordinary shares of £1 each	25,200	25,200

17. PROFIT AND LOSS ACCOUNT

	Group	Company
	£	£
At 1 February 2014	1,687,411	93,999
Profit for the year	322,449	36,521
At 31 January 2015	2,009,860	130,520

ARNBROOK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JANUARY 2015

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Profit for the year	322,449	292,822	36,521	26,816
Dividend paid	-	(82,000)	-	(82,000)
Shareholder's funds at 1 February 2014	1,712,611	1,501,789	119,199	174,383
Shareholder's funds at 31 January 2015	2,035,060	1,712,611	155,720	119,199

19. NOTES TO THE CASH FLOW STATEMENT

a) Reconciliation of operating profit to net cash inflow from operating activities	2015	2014
	£	£
Operating profit	409,804	383,297
Depreciation charges	71,272	74,658
Loss/(profit) on sale of fixed assets	3	(1,204)
Increase in stock	(10,290)	(4,328)
Increase in debtors	(517,921)	(165,618)
Increase in creditors	260,708	432,366
Net cash inflow from operating activities	213,576	719,171

b) Analysis of change in net funds

	Brought forward	Cash flows	Other Changes	Carried forward
	£	£	£	£
Cash at bank and in hand	2,141,885	100,319	-	2,242,204
Bank overdraft	(735,264)	(67,778)	-	(803,042)
	1,406,621	32,541	-	1,439,162
Debt due within one year	(54,140)	64,222	(45,992)	(35,910)
Debt due after more than one year	(21,538)	-	(7,589)	(29,127)
	1,330,943	96,763	(53,581)	1,374,125

c) Reconciliation of net cash flow to movement in funds

	2015	2014
	£	£
Net increase in cash	32,541	458,043
Change in debt financing	64,222	71,286
Inception of hire purchase contracts	(53,581)	-
Changes in net funds	43,182	529,329
Net funds at 1 February 2014	1,330,943	801,614
Net funds at 31 January 2015	1,374,125	1,330,943

ARNBROOK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JANUARY 2015

20. 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.

21. 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 2014. On that date the value of the scheme assets was £8.067m and the value of liabilities was £8.217m, giving a funding level of 98%. The principal assumptions used in the valuation were as follows:

Discount interest rate (pre-retirement)	5.75%
Discount interest rate (post-retirement)	5.75%
PPI Inflation increases	3.00%

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 £139,129 (2014: £147,396).

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.

22. PAYMENTS DUE WITHIN ONE YEAR UNDER OPERATING LEASES

	2015 £	2014 £
Leases of plant, equipment and vehicles which expire:		
Within one year	2,306	5,304
Between two and five years	18,898	23,543
	<u>21,204</u>	<u>28,847</u>

ARNBROOK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JANUARY 2015

23. RELATED PARTIES

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

The group has previously carried out work on behalf of Alan O'Neill, director, on normal commercial terms. The balance at the year-end due to the group is £54,000 (2014: £54,000).

24. 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.