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# Houston Thornton & Co Limited

## Report and Financial Statements

31 March 2013

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**Directors**

G Houston (resigned 31 March 2013)  
D Houston  
R Lilburn  
D G Storey  
G H Martin

**Auditors**

Ernst & Young LLP  
Bedford House  
16 Bedford Street  
Belfast BT2 7DT

**Bankers**

Northern Bank Limited  
298 Antrim Road  
Newtownabbey  
Co Antrim BT36 5EG

**Solicitors**

Kearney Sefton  
Franklin House  
10-12 Brunswick Street  
Belfast BT2 7GE

**Registered Office**

70a Doagh Road  
Newtownabbey  
County Antrim BT37 9NY

Registered No. NI604220

## **Directors' report**

The directors present their report and financial statements for the year ended 31 March 2013.

### **Results and dividends**

The loss for the year after taxation amounted to £62,103 (2012 – loss of £35,797). The directors do not recommend a final dividend (2012 – £nil).

### **Principal activity and review of the business**

The company's principal activity during the year was building and plumbing services.

### **Future developments**

The directors are committed to long-term creation of shareholder value by increasing the company's market share through organic growth. While the incoming year is likely to be very challenging, early results are satisfactory and the directors expect another year of good progress.

### **Principal risks and uncertainties**

Performance in the sector is affected by general economic conditions and specific sectoral factors associated with the construction industry.

#### **Financial risk**

Credit risk is the risk that a party will not discharge an obligation hence causing financial loss to the company. This risk is minimised by the company due to the spread of customers and credit checks performed by the company.

#### **Liquidity risk**

Liquidity risk is the risk that an entity will have difficulty in meeting its liabilities. The company manages its cash resources so that a surplus cash balance is recognised at the year end.

### **Directors**

The directors who served the company during the year were as follows:

G Houston (resigned 31 March 2013)

D Houston

R Lilburn

D G Storey

G H Martin

### **Disclosure of information to the auditors**


So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

## Directors' report

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



G H Martin  
Director

Date: 3 December 2013

## 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 company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **Independent auditors' report**

## **to the members of Houston Thornton & Co Limited**

We have audited the financial statements of Houston Thornton & Co Limited for the year ended 31 March 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 18. 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 Directors' Responsibilities Statement set out on page 4, 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 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 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 directors' 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.

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its loss 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Independent auditors' report

to the members of Houston Thornton & Co Limited

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Ernst & Young LLP*

Keith Jess (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP (Statutory Auditor)

Belfast

Date: *3 December 2013*

**Profit and loss account**

for the year ended 31 March 2013

	Notes	2013 £	2012 £
<b>Turnover</b>	2	642,720	621,931
Net operating expenses	3	(700,275)	(667,908)
<b>Operating loss</b>	3	(57,555)	(45,977)
Interest payable and similar charges		(201)	(2,403)
<b>Loss on ordinary activities before taxation</b>		(57,756)	(48,380)
Tax	6	(4,347)	12,583
<b>Loss for the financial year</b>	14	(62,103)	(35,797)

All amounts relate to continuing activities.

**Statement of total recognised gains and losses**

for the year ended 31 March 2013


There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £62,103 in the year ended 31 March 2013 (2012 – loss of £35,797).



**Balance sheet**

at 31 March 2013

	Notes	2013 £	2012 £
<b>Fixed assets</b>			
Tangible assets	7	9,311	11,606
<b>Current assets</b>			
Debtors	8	141,784	149,836
Cash at bank and in hand		20,253	20,210
		<u>162,037</u>	<u>170,046</u>
<b>Creditors: amounts falling due within one year</b>	9	(238,452)	(185,209)
<b>Net current liabilities</b>		<u>(76,415)</u>	<u>(15,163)</u>
<b>Total assets less current liabilities</b>		<u>(67,104)</u>	<u>(3,557)</u>
<b>Creditors: amounts falling due after more than one year</b>	10	—	(1,400)
<b>Provisions for liabilities</b>	12	—	(44)
<b>Net liabilities</b>		<u>(67,104)</u>	<u>(5,001)</u>
<b>Capital and reserves</b>			
Called up share capital	13	100	100
Profit and loss account	14	(67,204)	(5,101)
<b>Shareholders' deficit</b>	15	<u>(67,104)</u>	<u>(5,001)</u>



G H Martin

Director

Date: 3 December 2013

## Notes to the financial statements

at 31 March 2013

### 1. Accounting policies

#### *Basis of preparation*

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

#### *Going concern*

The company's Balance Sheet indicates an excess of current and total liabilities over current and total assets.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future through continued support from the ultimate parent undertaking, Prestige Insurance Holdings Limited. They continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### *Statement of cash flows*

The company is exempt from preparing a statement of cash flows under FRS 1(revised) on the grounds that the company is a wholly owned subsidiary undertaking and its parent produces a group statement of cash flows

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

Fixtures and fittings	–	15-20%
Motor vehicles	–	25%

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Turnover*

Income relates to building and repair services.

Fees and other income receivable are recognised in the year to which they relate and when they can be measured with reasonable certainty.

Turnover is recognised in the profit and loss account on an accruals basis.

#### *Debtors*

Debtors are stated after all known bad debts have been written off and specific provision has been made against all debts considered doubtful of collection.

#### *Deferred taxation*

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

## Notes to the financial statements

at 31 March 2013

### 1. Accounting policies (continued)

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

#### *Leasing and hire purchase commitments*

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations 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.

Rentals paid under operating leases are charged to income on a straight-line basis over the lease term.

#### *Pensions*

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

### 2. Turnover

Turnover relates to the company's main activity which is carried out in the United Kingdom.

### 3. Operating loss

This is stated after charging/(crediting):

	2013 £	2012 £
Auditors' remuneration	5,445	3,000
Depreciation of owned fixed assets	1,696	1,252
Depreciation of assets held under finance leases and hire purchase contracts	1,750	1,750
<b>Net operating expenses</b>		
	2013 £	2012 £
Staff costs (note 5)	299,831	302,338
Depreciation	3,446	3,002
Other operating expenses	396,998	362,568
	<b>700,275</b>	<b>667,908</b>

## Notes to the financial statements

at 31 March 2013

### 4. Directors' remuneration

	2013 £	2012 £
Remuneration	106,556	106,641
Company contributions paid to defined contribution pension schemes	—	—
	<i>No.</i>	<i>No.</i>
Members of defined contribution pension schemes	—	—

### 5. Staff costs

	2013 £	2012 £
Wages and salaries	273,117	275,726
Social security costs	26,714	26,612
Other pension costs	—	—
	299,831	302,338

The average monthly number of employees during the year was made up as follows:

	<i>No.</i>	<i>No.</i>
Administration	2	2
Manufacturing	9	10
	11	12

### 6. Tax

(a) Tax on loss on ordinary activities

The tax charge/(credit) is made up as follows:

	2013 £	2012 £
<b>Current tax:</b>		
Group relief	(7,920)	(12,541)
Adjustment in respect of prior periods	12,541	—
Total current tax (note 6(b))	4,621	(12,541)
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(274)	(42)
Total deferred tax (note 6(c))	(274)	(42)
Tax on loss on ordinary activities	4,347	(12,583)

## Notes to the financial statements

at 31 March 2013

### 6. Tax (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 24% (2012 – 26%). The differences are explained below:

	2013 £	2012 £
Loss on ordinary activities before tax	(57,756)	(48,380)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 – 26%)	(13,861)	(12,579)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	10	(4)
Losses carried forward	5,657	–
Adjustment in respect of prior periods	12,541	–
Capital allowances in advance of depreciation	274	42
Current tax for the year (note 6(a))	4,621	(12,541)

(c) Deferred tax

	£
At 1 April 2012	44
Profit and loss account	(274)
At 31 March 2013	(230)

### 7. Tangible fixed assets

	Fixtures and fittings £	Motor vehicles £	Total £
Cost:			
At 1 April 2012	8,091	7,200	15,291
Additions	1,151	–	1,151
At 31 March 2013	9,242	7,200	16,442
Depreciation:			
At 1 April 2012	1,307	2,378	3,685
Charge for the year	1,646	1,800	3,446
At 31 March 2013	2,953	4,178	7,131
Net book value:			
At 31 March 2013	6,289	3,022	9,311
At 1 April 2012	6,784	4,822	11,606

The net book value of assets held under finance lease and hire purchase agreements is £2,917 (2012 – £4,667).

## Notes to the financial statements

at 31 March 2013

### 8. Debtors

	2013	2012
	£	£
Trade debtors	115,308	136,571
Prepayments	1,802	1,325
Sundry debtors	24,444	11,940
Deferred tax	230	-
	<u>141,784</u>	<u>149,836</u>

### 9. Creditors: amounts falling due within one year

	2013	2012
	£	£
Obligations under hire purchase and finance lease agreements (note 11)	1,401	1,867
Amounts owed to group undertakings	134,458	45,991
Trade creditors	60,584	97,505
Other taxes and social security costs	30,615	29,185
Sundry creditors and accruals	11,394	10,661
	<u>238,452</u>	<u>185,209</u>

### 10. Creditors: amounts falling due after more than one year:

	2013	2012
	£	£
Obligations under finance leases and hire purchase contracts (note 11)	-	1,400

### 11. Obligations under finance leases and hire purchase contracts

The maturity of these amounts is as follows:

	2013	2012
	£	£
Amounts payable:		
Within one year	1,401	1,867
In two to five years	-	1,400
	<u>1,401</u>	<u>3,267</u>

### 12. Provisions for liabilities

	2013	2012
	£	£
Deferred tax (note 6(c))	-	44

## Notes to the financial statements

at 31 March 2013

### 13. Issued share capital

	2013		2012	
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
Ordinary shares of £1 each	100	<u>100</u>	100	<u>100</u>

### 14. Movements on reserves

	<i>Profit and loss account £</i>
At 1 April 2012	(5,101)
Loss for the year	<u>(62,103)</u>
At 31 March 2013	<u>(67,204)</u>

### 15. Reconciliation of shareholders' funds

	2013 £	2012 £
Loss for the year	(62,103)	(35,797)
Opening shareholders' (deficit)/funds	<u>(5,001)</u>	30,796
Closing shareholders' deficit	<u>(67,104)</u>	<u>(5,001)</u>

### 16. Other financial commitments

There were no contingencies or financial commitments not provided for in these financial statements

### 17. Related party transactions

The directors are related parties of the company as defined by Financial Reporting Standard 8 'Related party transactions' (FRS 8).

The company's parent undertaking is Prestige Insurance Holdings Limited, which is registered in Northern Ireland.

During the year the company incurred an interest charge of £nil (2012 – £2,201) on amounts due to Prestige Insurance Holdings Limited.

### 18. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is Prestige Insurance Holdings Limited, a company incorporated in Northern Ireland. Copies of the group financial statements of Prestige Insurance Holdings Limited can be obtained from 10 Governors Place, Carrickfergus, County Antrim, BT38 7BN.