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# **Houston Thornton & Co Limited**

## **Report and Financial Statements**

31 March 2012

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COMPANIES HOUSE

**Directors**

G Houston  
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

## **Directors' report**

The directors present their report and financial statements for the year ended 31 March 2012.

### **Results and dividends**

The loss for the year after taxation amounted to £35,797 (7 months ended 31 March 2011 – profit of £30,696). The directors do not recommend a final dividend (7 months ended 31 March 2011 – £nil).

### **Principal activities 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  
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.

### **Re-appointment of auditors**

In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst and Young LLP as auditor of the Company.

By order of the Board



G H Martin  
Secretary

8 November 2012

## **Statement of directors' responsibilities**

## **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 proper 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 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 19. 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 3, 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 2012 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.

A handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, flowing style.

Keith M Jess (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP (Statutory Auditor)  
Belfast  
**8 November 2012**

## Profit and loss account

for the year ended 31 March 2012

		<i>Year ended</i> <i>31 March</i> <i>2012</i>	<i>7 months</i> <i>ended</i> <i>31 March</i> <i>2011</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
<b>Income</b>	2	621,931	444,622
Net operating expenses	3	(667,908)	(400,798)
<b>Operating (loss)/profit</b>	3	(45,977)	43,824
Interest payable and similar charge		(2,403)	(621)
<b>(Loss)/profit on ordinary activities before taxation</b>		(48,380)	43,203
Tax	6	12,583	(12,507)
<b>(Loss)/profit for the financial year</b>	14	<u>(35,797)</u>	<u>30,696</u>

All amounts relate to continuing activities.

## Statement of total recognised gains and losses

for the year ended 31 March 2012

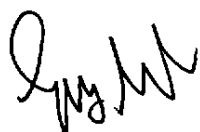
There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £35,797 in the year ended 31 March 2012 (7 months ended 31 March 2011 – profit of £30,696).

Registered No. NI604220

**Balance sheet**

at 31 March 2012

		31 March 2012	31 March 2011
	Notes	£	£
<b>Fixed assets</b>			
Tangible assets	7	11,606	9,458
<b>Current assets</b>			
Debtors	8	149,836	179,121
Cash at bank and in hand		20,210	69,292
		170,046	248,413
<b>Creditors: amounts falling due within one year</b>	9	(185,209)	(223,722)
<b>Net current (liabilities)/assets</b>		(15,163)	24,691
<b>Total assets less current liabilities</b>		(3,557)	34,149
<b>Creditors: amounts falling due after more than one year</b>	10	(1,400)	(3,267)
Provisions for liabilities and charges	12	(44)	(86)
<b>Net (liabilities)/assets</b>		(5,001)	30,796
<b>Capital and reserves</b>			
Called up share capital	13	100	100
Profit and loss account	14	(5,101)	30,696
<b>Shareholders' (deficit)/funds</b>	15	(5,001)	30,796



GH Martin

Director

8 November 2012



Registered No. NI604220

**Statement of cash flows**

for the year ended 31 March 2012

	2012	2011
Notes	£000	£000
<b>Net cash (outflow)/inflow from operating activities</b>	16(a) <u>(39,782)</u>	<u>74,820</u>
<b>Returns on investments and servicing of finance</b>		
Interest paid and similar charges	(2,201)	(571)
Interest paid on finance leases and hire purchase contracts	<u>(202)</u>	<u>(50)</u>
	(2,403)	(621)
<b>Taxation</b>		
Corporation tax repaid	<u>120</u>	<u>-</u>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	<u>(5,150)</u>	<u>(4,541)</u>
	(5,150)	(4,541)
<b>Net cash (outflow)/inflow before financing</b>	<u>(47,215)</u>	<u>69,658</u>
<b>Financing</b>		
Issue of ordinary share capital	-	100
Repayment of principal under hire purchase and finance lease agreements	<u>(1,867)</u>	<u>(466)</u>
<b>(Decrease)/increase in cash in the year</b>	16(b) <u>(49,082)</u>	<u>69,292</u>

## Notes to the financial statements

at 31 March 2012

### 1. Accounting policies

#### *Basis of preparation*

The financial statements of Houston Thornton & Co Limited were approved for issue by the Board of Directors on 8 November 2012.

These financial statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards.

#### *Fundamental accounting concept*

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. They continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### *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 exceptions:

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

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

## Notes to the financial statements

at 31 March 2012

### **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)/profit**

This is stated after charging/(crediting):

	<i>Year ended</i> <i>31 March</i> <i>2012</i> <i>£</i>	<i>7 months</i> <i>ended</i> <i>31 March</i> <i>2011</i> <i>£</i>
Auditors' remuneration	3,000	3,000
Depreciation of owned fixed assets	1,252	100
Depreciation of assets held under finance leases and hire purchase contracts	1,750	583

## Notes to the financial statements

at 31 March 2012

### Net operating expenses

	Year ended 31 March 2012 £	7 months ended 31 March 2011 £
Staff costs (note 5)	302,338	155,420
Depreciation	3,002	683
Other operating expenses	362,568	244,695
	<u>667,908</u>	<u>400,798</u>

### 4. Directors' remuneration

	Year ended 31 March 2012 £	7 months ended 31 March 2011 £
Remuneration	106,641	51,810
Company contributions paid to defined contribution pension schemes	-	-
	<u>No.</u>	<u>No.</u>
Members of defined contribution pension schemes	-	-

### 5. Staff costs

	Year ended 31 March 2012 £	7 months ended 31 March 2011 £
Wages and salaries	275,726	141,874
Social security costs	26,612	13,546
Other pension costs	-	-
	<u>302,338</u>	<u>155,420</u>

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

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

## Notes to the financial statements

at 31 March 2012

### 6. Tax

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

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

	<i>Year ended 31 March 2012</i>	<i>7 months ended 31 March 2011</i>
	<i>£</i>	<i>£</i>
<b>Current tax:</b>		
UK corporation tax on the (loss)/profit for the year	(12,541)	12,421
Total current tax (note 6(b))	(12,541)	12,421
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(42)	86
Total deferred tax	(42)	86
Tax on (loss)/profit on ordinary activities	<u>(12,583)</u>	<u>12,507</u>

(b) Factors affecting tax (credit)/charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 26% (7 months ended 31 March 2011 – 28%). The differences are explained below:

	<i>Year ended 31 March 2012</i>	<i>7 months ended 31 March 2011</i>
	<i>£</i>	<i>£</i>
(Loss)/profit on ordinary activities before tax	(48,380)	43,203
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (7 months ended 31 March 2011 – 28%)	(12,579)	12,097
<b>Effects of:</b>		
Expenses not deductible for tax purposes	(4)	410
Capital allowances in advance of depreciation	42	(86)
Current tax for the year (note 6(a))	<u>(12,541)</u>	<u>12,421</u>

(c) Deferred tax

	<i>£</i>
At 1 April 2011	86
Profit and loss account	(42)
At 31 March 2012	<u>44</u>

## Notes to the financial statements

at 31 March 2012

### 7. Tangible fixed assets

	<i>Fixtures and fittings</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£
Cost:			
At 1 April 2011	3,141	7,000	10,141
Additions	4,950	200	5,150
At 31 March 2012	8,091	7,200	15,291
Depreciation:			
At 1 April 2011	99	584	683
Charge for the year	1,208	1,794	3,002
At 31 March 2012	1,307	2,378	3,685
Net book value:			
At 31 March 2012	6,784	4,822	11,606
At 1 April 2011	3,042	6,416	9,458

The net book value of assets held under finance lease and hire purchase agreements is £4,667 (2011:£6,417).

### 8. Debtors

	<i>31 March 2012</i>	<i>31 March 2011</i>
	£	£
Trade debtors	136,571	172,735
Prepayments	1,325	3,840
Sundry debtors	11,940	2,546
	149,836	179,121

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

	<i>31 March 2012</i>	<i>31 March 2011</i>
	£	£
Obligations under hire purchase and finance lease agreements (note 11)	1,867	1,867
Amounts owed to group undertakings	45,991	80,571
Trade creditors	97,505	81,551
Corporation tax	–	12,421
Other tax and social security costs	29,185	31,489
Sundry creditors and accruals	10,661	15,823
	185,209	223,722

## Notes to the financial statements

at 31 March 2012

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

	31 March 2012	31 March 2011
	£	£
Obligations under finance leases and hire purchase contracts (note 11)	<u>1,400</u>	<u>3,267</u>

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

The maturity of these amounts is as follows:

	31 March 2012	31 March 2011
	£	£
Amounts payable:		
Within one year	1,867	1,867
In two to five years	<u>1,400</u>	<u>3,267</u>
	<u>3,267</u>	<u>5,134</u>

### 12. Provisions for liabilities

	31 March 2012	31 March 2011
	£	£
Deferred tax (note 6(c))	<u>44</u>	<u>86</u>

### 13. Issued share capital

	31 March 2012	31 March 2011
	No.	No.
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

### 14. Movements on reserves

	Profit and loss account £
At 1 April 2011	30,696
Loss for the year	(35,797)
At 31 March 2012	<u>(5,101)</u>

## Notes to the financial statements

at 31 March 2012

### 15. Reconciliation of shareholders' funds

	31 March 2012 £	31 March 2011 £
(Loss)/profit for the year	(35,797)	30,696
Shares issued	–	100
Net movement during the year	(35,797)	30,796
Opening shareholders' funds	30,796	–
Closing shareholders' (deficit)/funds	(5,001)	30,796

### 16. Notes to the statement of cash flows

#### (a) Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	2012 £000	2011 £000
Operating (loss)/profit	(45,977)	43,824
Depreciation charge (note 7)	3,002	683
Decrease/(increase) in debtors	29,285	(179,121)
(Decrease)/increase in creditors	(26,092)	209,434
Net cash (outflow)/inflow from operating activities	(39,782)	74,820

#### (b) Analysis of net funds

	At 1 April 2011 £000	Cash flow £000	Non-cash changes £000	Exchange difference £000	At 31 March 2012 £000
Cash at bank and in hand	69,292	(49,082)	-	-	20,210
	69,292	(49,082)	-	-	20,210
Hire purchase obligations (note 11)	(5,134)	1,867	-	-	(3,267)
	(5,134)	1,867	-	-	(3,267)
Net funds	64,158	(47,215)	-	-	16,943



## Notes to the financial statements

at 31 March 2012

### 16. Notes to the statement of cash flows (continued)

(c) Reconciliation of net cash flow to movement in net funds

	2012 £000	2011 £000
(Decrease)/increase in cash in financial year	(49,082)	69,292
Repayments of capital elements of finance lease rentals	1,867	-
Change in net funds resulting from cash flows	(47,215)	69,292
New hire purchase obligations	-	(5,600)
Movement in net funds in the year	(47,215)	64,158
Net funds at beginning of year	64,158	-
Net funds at end of year	16,943	64,158

### 17. Other financial commitments

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

### 18. 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 £2,201 (2011:£571) on amounts due to Prestige Insurance Holdings Limited.

### 19. 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.