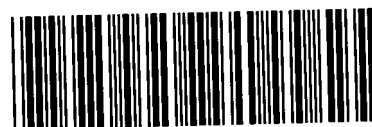


**P N DALY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

Company Registration Number 00871763

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P N DALY LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2013

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P N DALY LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 30 SEPTEMBER 2013

The board of directors	P N Daly J A Daly F P Daly C P Foynes N D Price F A Daly P J Daly
Company secretary	J A Daly
Business address	See registered office
Registered office	Butterworth Hall Works Charles Lane Milnrow Rochdale Lancashire OL16 3PA
Auditor	Baker Tilly UK Audit LLP Chartered Accountants 3 Hardman Street Manchester M3 3HF
Bankers	National Westminster Bank Plc Town Hall Square Rochdale Lancashire OL16 1LL

P N DALY LIMITED
STRATEGIC REPORT
YEAR ENDED 30 SEPTEMBER 2013

Review of the business

The trading environment in 2013 has continued to be challenging in the sectors in which the business operates.

During the year the company turnover has increased by 7.9% to £24.3M.

At the year end the company had shareholders funds of £11.5M compared to £10.5M the previous year. The directors believe the company's position to be satisfactory with net current assets of £11.2M.

Matters of strategic importance

The business continues to focus on providing innovative solutions and a first class service to its customer base.

Performance and development during the year including key performance indicators

The directors monitor performance through production of detailed management accounts that cover all trading divisions in the company and comparison of actual performances against prior year and expectations.

Key performance indicators:

	2013		2012	
	£	£	£	£
Turnover		24,267,621		22,501,245
Operating profit		982,848		755,769
Net current assets		11,170,860		10,431,606

The directors are satisfied with the performance of the business during the year. The business continued to be profitable and cash generative.

Principal risks and uncertainties

The company's major customers are concentrated in the civil engineering and utilities markets. General uncertainties can arise through economic conditions and expenditure on capital projects. The market remains competitive.

The directors carry out a regular review of the risk environment in which the company operates. The board believes that the company has adequate procedures and processes in place to ensure that these risks are monitored and managed appropriately. The main areas of risk identified by the board are:

P N DALY LIMITED
STRATEGIC REPORT *(continued)*
YEAR ENDED 30 SEPTEMBER 2013

Internal control risk:

The board regularly reviews the system of internal controls, both financial and non-financial, operated by the company. These include controls designed to ensure that the company's assets are safeguarded and that proper accounting records are maintained.


The company finances its operations through a mixture of retained profits and loans from the directors. The management's objectives are to:

- retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds;
- match the repayment schedule of any external borrowings or overdrafts with the expected future cash flows expected to arise from the company's trading activities.

Signed by order of the directors

J A Daly
Company Secretary

Approved by the directors on


12 June 2014

P N DALY LIMITED
DIRECTORS' REPORT
YEAR ENDED 30 SEPTEMBER 2013

The directors present their report and the financial statements of the company for the year ended 30 September 2013.

Principal activities

The principal activity of the company during the year has continued to be that of civil engineering contractors.

Results and dividends

The profit for the year, after taxation, amounted to £974,620. The directors have not recommended a dividend.

Research and development

The company continues to conduct research and development activities to develop innovative solutions in undertaking its activities.

Directors

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

P N Daly
J A Daly
F P Daly
C P Foynes
N D Price
F A Daly
P J Daly

Directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

P N DALY LIMITED
DIRECTORS' REPORT *(continued)*
YEAR ENDED 30 SEPTEMBER 2013

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.

In so far as the directors are, individually, aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Donations

During the year the company made charitable donations to various charities, totalling £7,020 (2012: £9,730).

Disabled employees

Disabled persons are employed by the company when they appear to be suited to a particular vacancy. Where an existing employee becomes disabled every effort is made to continue to provide suitable employment, either in the same or in an alternative position.

Employee involvement

The company places considerable value on the involvement of its employees and has continued its existing practice of keeping them informed on matters affecting them as employees and on various matters affecting the performance of the company.

Strategic report

The following information that was previously included in the Directors' report is now disclosed in the Strategic Report:

- Review of the business
- Performance and development during the year including key performance indicators
- Principle risks and uncertainties

Auditor


RSM Tenon Audit Limited changed its name to Baker Tilly Audit Limited on 30 September 2013. Baker Tilly Audit Limited ceased trading on 31 March 2014. The directors having been notified of the cessation of trade of Baker Tilly Audit Limited, appointed Baker Tilly UK Audit LLP as Auditor on 1 April 2014 to fill the casual vacancy. Baker Tilly UK Audit LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

P N DALY LIMITED
DIRECTORS' REPORT *(continued)*
YEAR ENDED 30 SEPTEMBER 2013

Signed by order of the directors

J A Daly
Company Secretary

Approved by the directors on


12 June 2014

P N DALY LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF P N
DALY LIMITED

YEAR ENDED 30 SEPTEMBER 2013

We have audited the financial statements of P N Daly Limited for the year ended 30 September 2013 on pages 9 to 21. 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 pages 4 to 5, 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

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2013 and of its 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 matters prescribed by the Companies Act 2006

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

P N DALY LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF P N
DALY LIMITED (continued)**

YEAR ENDED 30 SEPTEMBER 2013

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.

Anthony Steiner, Senior Statutory Auditor
For and on behalf of

Baker Tilly UK Audit LLP

Baker Tilly UK Audit LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

Prior to 30 September 2013 Baker Tilly Audit Limited was named RSM Tenon Audit Limited. Baker Tilly Audit Limited ceased trading on 31 March 2014. The directors having been notified of the cessation of trade of Baker Tilly Audit Limited, appointed Baker Tilly UK Audit LLP as Auditor on 1 April 2014 to fill the casual vacancy.

24 June 2014

P N DALY LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 SEPTEMBER 2013

		2013 £	2012 £
Turnover	Note 2	24,267,621	22,501,245
Cost of sales		(20,301,907)	(19,069,827)
Gross profit		<u>3,965,714</u>	<u>3,431,418</u>
Administrative expenses		(2,982,866)	(2,675,649)
Operating profit	3	<u>982,848</u>	<u>755,769</u>
Interest receivable		242,542	289,053
Interest payable and similar charges	6	(10,500)	(10,577)
Profit on ordinary activities before taxation		<u>1,214,890</u>	<u>1,034,245</u>
Tax on profit on ordinary activities	7	(240,270)	(177,557)
Profit for the financial year		<u><u>974,620</u></u>	<u><u>856,688</u></u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 12 to 21 form part of these financial statements.


P N DALY LIMITED
Registered Number 00871763

BALANCE SHEET

30 SEPTEMBER 2013

	Note	2013 £	£	2012 £	£
Fixed assets					
Tangible assets	8		661,707		519,341
Current assets					
Stocks	9	639,820		513,111	
Debtors	10	4,712,082		4,574,643	
Investments	12	13,500,000		11,645,099	
Cash at bank		1,205,047		1,671,747	
		<u>20,056,949</u>		<u>18,404,600</u>	
Creditors: Amounts falling due within one year	13	<u>(8,886,089)</u>		<u>(7,972,994)</u>	
Net current assets			11,170,860		10,431,606
Total assets less current liabilities			<u>11,832,567</u>		<u>10,950,947</u>
Provisions for liabilities					
Other provisions	14		<u>(355,416)</u>		<u>(448,416)</u>
			<u>11,477,151</u>		<u>10,502,531</u>
Capital and reserves					
Called-up share capital	19		671		671
Other reserves	20		429		429
Profit and loss account	21		11,476,051		10,501,431
Shareholders' funds	22		<u>11,477,151</u>		<u>10,502,531</u>

These accounts were approved by the directors and authorised for issue on 12 June 2014 and are signed on their behalf by:


.....
P N Daly

The notes on pages 12 to 21 form part of these financial statements.

P N DALY LIMITED
CASH FLOW STATEMENT
YEAR ENDED 30 SEPTEMBER 2013

	Note	2013 £	£	2012 £	£
Net cash inflow from operating activities	23		1,553,162		3,387,602
Returns on investments and Servicing of finance					
Interest received		458,203		73,392	
Interest paid		<u>(10,500)</u>		<u>(10,577)</u>	
Net cash inflow from returns on investments and servicing of finance			447,703		62,815
Taxation			(135,279)		(251,176)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(378,282)		(258,575)	
Receipts from sale of fixed assets		8,663		13,502	
Payment to acquire other current asset investments		<u>(2,354,901)</u>		<u>195,185</u>	
Net cash outflow for capital expenditure and financial investment			(2,724,520)		(49,888)
Cash (outflow)/inflow before use of liquid resources			<u>(858,934)</u>		<u>3,149,353</u>
Management of liquid resources					
Cash placed in other liquid investments		<u>500,000</u>		<u>(2,000,000)</u>	
Net cash inflow/(outflow) from management of liquid resources			500,000		(2,000,000)
(Decrease)/increase in cash	23		<u>(358,934)</u>		<u>1,149,353</u>

P N DALY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2013

1. Accounting policies

Basis of accounting

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

Turnover

The turnover shown in the profit and loss account represents the value of all services delivered during the year, at selling price exclusive of Value Added Tax. Sales are recognised at the point at which the company has fulfilled its contractual obligations to the customer.

Research and development

Research and development expenditure is written off in the profit and loss account in the period in which it is incurred.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Cost represents purchase price together with any incidental costs of acquisition.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Plant & Machinery	- 35% per annum on written down value
Fixtures & Fittings	- 10% per annum on written down value
Motor Vehicles	- 35% per annum on written down value
Equipment	- 25% per annum on cost

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. In respect of work in progress cost includes appropriate overhead expenses.

Long term contracts

For long term contracts, turnover is calculated on the basis of the work done and, when a profitable outcome to the contract can be assessed with reasonable certainty, includes attributable profit. Attributable profit is calculated on a prudent basis for each contract by reference to the contract's cumulative turnover, total contract value and total profit estimated for the completed contract. Provisions for losses are made on all contracts in the period they are foreseen.

Amounts recoverable on contracts represent the excess of recorded turnover over amounts invoiced and, if material, is disclosed separately within debtors.

Advance and progress payments are included in creditors as payments on account to the extent that they exceed work in progress.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

P N DALY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2013

1. Accounting policies (*continued*)

Pension costs

Contributions paid under defined contribution schemes are charged to the profit and loss account as they are incurred.

Deferred taxation

Deferred tax 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 tax, or a right to pay less tax, or a right to receive repayments of tax.

Deferred tax assets are recognised only to the extent that the directors consider it 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 assets and liabilities recognised have not been discounted.

Financial instruments

Financial instruments are classed and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting its liabilities.

Liquid resources

For the purpose of the cash flow statement shorter term bank deposits of £1,500,000 have been treated as liquid resources. However the company also has other longer term bank deposits totalling £12,000,000, all held with UK clearing banks.

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2013	2012
	£	£
United Kingdom	<u>24,267,621</u>	<u>22,501,245</u>

P N DALY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2013

3. Operating profit

Operating profit is stated after charging/(crediting):

	2013	2012
	£	£
Research and development expenditure written off	200,842	161,914
Depreciation of owned fixed assets	220,006	171,653
Loss/(profit) on disposal of fixed assets	7,247	(10,579)
Operating lease costs:		
-Other	40,000	40,000
Auditor's remuneration - audit of the financial statements	30,000	30,000
Auditor's remuneration - other fees	<u>8,750</u>	<u>8,750</u>
	2013	2012
	£	£
Auditor's remuneration - audit of the financial statements	<u>30,000</u>	<u>30,000</u>
Auditor's remuneration - other fees:		
- Taxation compliance services	3,750	3,750
- Other accountancy services	<u>5,000</u>	<u>5,000</u>
	<u>8,750</u>	<u>8,750</u>

4. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2013	2012
	No	No
Number of production staff	339	269
Number of administrative staff	<u>24</u>	<u>21</u>
	<u>363</u>	<u>290</u>

The aggregate payroll costs of the above were:

	2013	2012
	£	£
Wages and salaries	9,533,082	8,109,916
Social security costs	988,774	796,623
Other pension costs	<u>384,371</u>	<u>147,815</u>
	<u>10,906,227</u>	<u>9,054,354</u>

P N DALY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2013

5. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2013	2012
	£	£
Remuneration receivable	1,372,383	1,251,592
Value of company pension contributions to money purchase schemes	126,027	147,600
	<u>1,498,410</u>	<u>1,399,192</u>

Remuneration of highest paid director:

	2013	2012
	£	£
Total remuneration (excluding pension contributions)	464,112	398,040
Value of company pension contributions to money purchase schemes	327	50,000
	<u>464,439</u>	<u>448,040</u>

The number of directors on whose behalf the company made pension contributions was as follows:

	2013	2012
	No	No
Money purchase schemes	<u>5</u>	<u>3</u>

6. Interest payable and similar charges

	2013	2012
	£	£
Other similar charges payable	<u>10,500</u>	<u>10,577</u>

7. Taxation on ordinary activities

(a) Analysis of charge in the year

	2013	2012
	£	£
In respect of the year:		
UK Corporation tax	257,604	169,896
Over/under provision in prior year	-	(34,695)
	<u>257,604</u>	<u>135,201</u>
Deferred tax:		
Origination and reversal of timing differences	(17,334)	42,356
Tax on profit on ordinary activities	<u>240,270</u>	<u>177,557</u>

P N DALY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2013

7. Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 23.50% (2012 - 25%).

	2013 £	2012 £
Profit on ordinary activities before taxation	<u>1,214,890</u>	<u>1,034,245</u>
Profit on ordinary activities by rate of tax	285,499	258,561
Effects of:		
Expenses not deductible for tax purposes	2,341	4,076
Capital allowances for period in excess of depreciation	(27,736)	1,739
Tax chargeable at lower rates	(4,489)	(9,767)
Adjustments to tax charge in respect of previous periods	-	(34,695)
Short term timing differences	60,986	(39,175)
Research & development tax credit	(58,997)	(45,538)
Total current tax (note 7(a))	<u>257,604</u>	<u>135,201</u>

(c) Factors that may affect future tax charges

Reductions in the UK Corporation Tax rate from 23% to 21% for the tax year 2014/15 and to 20% for the tax year 2015/16 were substantively enacted on 2 July 2013. This will reduce the company's future tax charge accordingly and the deferred tax balance as at 31 December 2013 has been calculated at this reduced rate.

8. Tangible fixed assets

	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
Cost					
At 1 October 2012	679,334	135,202	1,115,389	64,726	1,994,651
Additions	291,993	-	71,820	14,469	378,282
Disposals	(3,150)	-	(219,325)	-	(222,475)
At 30 September 2013	<u>968,177</u>	<u>135,202</u>	<u>967,884</u>	<u>79,195</u>	<u>2,150,458</u>
Depreciation					
At 1 October 2012	474,957	117,287	834,279	48,787	1,475,310
Charge for the year	100,811	1,792	106,666	10,737	220,006
On disposals	(1,645)	-	(204,920)	-	(206,565)
At 30 September 2013	<u>574,123</u>	<u>119,079</u>	<u>736,025</u>	<u>59,524</u>	<u>1,488,751</u>
Net book value					
At 30 September 2013	<u>394,054</u>	<u>16,123</u>	<u>231,859</u>	<u>19,671</u>	<u>661,707</u>
At 30 September 2012	<u>204,377</u>	<u>17,915</u>	<u>281,110</u>	<u>15,939</u>	<u>519,341</u>

P N DALY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2013

9. Stocks

	2013	2012
	£	£
Raw materials	18,500	18,500
Work in progress	518,434	353,932
Long term contract balances	102,886	152,528
Payments on account	—	(11,849)
	<u>639,820</u>	<u>513,111</u>

The replacement cost of stocks is not materially different to their historic cost.

10. Debtors

	2013	2012
	£	£
Trade debtors	3,825,716	3,484,738
Amounts recoverable on contracts	482,932	599,880
Other debtors	30,165	12,701
Prepayments and accrued income	292,291	413,680
Deferred taxation (note 11)	80,978	63,644
	<u>4,712,082</u>	<u>4,574,643</u>

11. Deferred taxation

The deferred tax included in the Balance sheet is as follows:

	2013	2012
	£	£
Included in debtors (note 10)	<u>80,978</u>	<u>63,644</u>

The movement in the deferred taxation account during the year was:

	2013	2012
	£	£
At 1 October 2012	63,644	106,000
Profit and loss account movement arising during the year	17,334	(42,356)
At 30 September 2013	<u>80,978</u>	<u>63,644</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2013	2012
	£	£
Excess of depreciation over taxation allowances	2,051	29,504
Other timing differences	78,927	34,140
	<u>80,978</u>	<u>63,644</u>

P N DALY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2013

12. Investments

	2013	2012
	£	£
Other investments	12,000,000	9,645,099
Investments	1,500,000	2,000,000
	<u>13,500,000</u>	<u>11,645,099</u>

Investments consist of short term cash deposits with UK clearing banks, available with varying degrees of notice. Other investments comprise fixed rate deposits with the clearing banks available with varying degrees of notice.

13. Creditors: Amounts falling due within one year

	2013	2012
	£	£
Overdrafts	254,595	362,361
Payments received on account	2,103,548	1,972,931
Trade creditors	2,360,545	2,275,567
Corporation tax	257,526	135,201
Other taxation and social security	589,400	461,332
Other creditors	329,654	451,931
Directors current accounts	300,000	300,000
Accruals and deferred income	2,690,821	2,013,671
	<u>8,886,089</u>	<u>7,972,994</u>

Bank overdraft balances at 30 September 2013 and 2012 comprise cash book balances; surplus funds are placed on overnight deposit. Bank transfers are made as appropriate between accounts, with the objective that daily bank statements are not overdrawn.

At 30 September 2013 directors' loans of £300,000 (2012 - £300,000) were secured by way of a debenture on the assets of the company. These loans bear interest at 3% above the base rate of National Westminster Bank PLC.

14. Other provisions

	2013
	£
Contract provisions:	
Balance brought forward	448,416
Movement for year	(93,000)
	<u>355,416</u>

The Contract provisions noted above comprise estimated costs in respect of contractual commitments at the balance sheet date

The majority of provisions are expected to be utilised within two years.

15. Derivatives

At 30 September 2013 the company had no financial arrangements which are considered to be derivatives.

P N DALY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2013

16. Commitments under operating leases

At 30 September 2013 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings 2013 £	<i>Land and buildings 2012 £</i>
Operating leases which expire:		
Within 1 year	<u>40,000</u>	<u>40,000</u>

17. Contingencies

As at 30 September 2013, the company had given performance bonds in the sum of £Nil (2012 - £192,882), of which £Nil (2012 - £145,099) is secured against cash bonds held within current asset investments.

18. Related party transactions

Transactions with a director

During the year the company paid £40,000 (2012 - £40,000) to P N and J A Daly, directors of the company, in respect of the rental of premises by the company, and paid interest, at a rate of 3% above bank base rate, of £10,500 (2012 - £10,577) to P N Daly on the balance of loans to the company. At 30 September 2013 the company owed P N Daly £300,000 (2012 - £300,000).

19. Share capital

Allotted, called up and fully paid:

	2013		2012	
	No	£	<i>No</i>	<i>£</i>
Ordinary shares of £1 each	610	610	610	610
Deferred Ordinary shares of £1 each	<u>61</u>	<u>61</u>	<u>61</u>	<u>61</u>
	<u>671</u>	<u>671</u>	<u>671</u>	<u>671</u>

Deferred Ordinary shares carry no voting rights. The shares are entitled to an annual dividend, at the discretion of the directors, subject to a maximum of 0.5% of the amount paid up on each share. Otherwise, the shares carry no additional rights to participation in the company's profits or assets.

20. Other reserves

	2013 £	2012 £
Capital redemption reserve	<u>429</u>	<u>429</u>

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21. Profit and loss account

	2013	2012
	£	£
Balance brought forward	10,501,431	9,644,743
Profit for the financial year	974,620	856,688
Balance carried forward	<u>11,476,051</u>	<u>10,501,431</u>

22. Reconciliation of movements in shareholders' funds

	2013	2012
	£	£
Profit for the financial year	974,620	856,688
Opening shareholders' funds	10,502,531	9,645,843
Closing shareholders' funds	<u>11,477,151</u>	<u>10,502,531</u>

23. Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2013	2012
	£	£
Operating profit	982,848	755,769
Depreciation	220,006	171,653
Loss/(profit) on disposal of fixed assets	7,247	(10,579)
Increase in stocks	(126,709)	(361,096)
(Increase)/decrease in debtors	(335,766)	2,781,989
Increase in creditors	898,536	143,074
Decrease in provisions	(93,000)	(93,208)
Net cash inflow from operating activities	<u>1,553,162</u>	<u>3,387,602</u>

Reconciliation of net cash flow to movement in net funds

	2013	2012
	£	£
(Decrease)/increase in cash in the period	(358,934)	1,149,353
Cash used to decrease/increase liquid resources	<u>(500,000)</u>	<u>2,000,000</u>
Change in net funds	<u>(858,934)</u>	<u>3,149,353</u>
Net funds at 1 October 2012	3,309,386	160,033
Net funds at 30 September 2013	<u>2,450,452</u>	<u>3,309,386</u>

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23. Notes to the cash flow statement (continued)

Analysis of changes in net funds

	At 1 October 2012 £	Cash flows £	At 30 September 2013 £
Net cash:			
Cash in hand and at bank	1,671,747	(466,700)	1,205,047
Overdrafts	(362,361)	107,766	(254,595)
	<u>1,309,386</u>	<u>(358,934)</u>	<u>950,452</u>
Liquid resources:			
Current asset investments	2,000,000	(500,000)	1,500,000
Net funds	<u>3,309,386</u>	<u>(858,934)</u>	<u>2,450,452</u>

24. Ultimate controlling party

The company's ultimate controlling party is P N Daly, a director of the company.