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REGISTRAR OF COMPANIES ☒

FARNRISE CONSTRUCTION LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

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COMPANIES HOUSE



dmc partnership
chartered accountants
business and taxation advisers

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FARNRISE CONSTRUCTION LIMITED

COMPANY INFORMATION

DIRECTORS

Mr G B Firmager
Mr C P Dent (resigned 5 October 2010)
Mr I J Newland
Mr M Constable
Mr R E Perry
Mr S Jupe
Mr S Wheeler (resigned 4 January 2011)

COMPANY SECRETARY

Mr I J Newland

COMPANY NUMBER

2846003

REGISTERED OFFICE

Southpoint
Old Brighton Road
Lowfield Heath
Gatwick
West Sussex
RH11 OPR

AUDITORS

DMC Partnership
Chartered Accountants & Registered Auditors
Yew Tree House
Lewes Road
Forest Row
East Sussex
RH18 5AA

FARNRISE CONSTRUCTION LIMITED

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FARNRISE CONSTRUCTION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2011

The directors present their report and the financial statements for the year ended 31 March 2011

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the 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 period. 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.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of building contractors with a minor division in the property development market.

BUSINESS REVIEW

Turnover of the company has increased by 46.9% during the year following a reduction in the previous year of 7.14%.

The directors still consider the company to be in a strong position going forward and as at the date of approval of the accounts have over 90% of 2011/12 budget already secured.

In the normal course of its business there are a variety of financial risks that the company is exposed to and as a result the company continues to implement improvements to its corporate governance. The contracting division of the business manages its credit risk most effectively by carefully selecting the clients for which it tenders for work. The majority of the company's contracting work lies with charitable and medical institutions, private schools and religious buildings. These sectors have remained and continued to be strong. The company has actively reduced its work within the public sector.

The internal risks of the company within IT, health and safety and human resources are carefully monitored and the company actively pursues best practice in these areas.

FARNRISE CONSTRUCTION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2011

Key Performance Indicators	2011 £'000	2010 £'000
Turnover	46,695	31,788
Turnover Growth	46.9%	(7.14%)
Operating Profit	907	661
Operating Profit Margin	1.94%	2.08%
Net Profit before Tax	913	650
Net Profit Margin	1.96%	2.04%
Shareholders funds	2,373	1,837

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £681,836 (2010 - £477,114)

The directors recommended the payment of an interim dividend amounting to £270,380 (2010 - £131,216)

DIRECTORS

The directors who served during the year and their interests in the company's issued share capital were

	Ordinary shares of 1p each	
	31/3/11	1/4/10
Mr G B Firmager	5,001	5,001
Mr C P Dent (resigned 5 October 2010)	-	-
Mr I J Newland	1,000	1,000
Mr M Constable	1,000	1,000
Mr R E Perry	1,000	1,000
Mr S Jupe	-	-
Mr S Wheeler (resigned 4 January 2011)	-	-

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

AUDITORS

The auditors, DMC Partnership, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on 17 November 2011 and signed on its behalf


Mr I J Newland
Secretary

FARNRISE CONSTRUCTION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FARNRISE CONSTRUCTION LIMITED

We have audited the financial statements of Farnrise Construction Limited for the year ended 31 March 2011, set out on pages 5 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 shareholders, 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 shareholders those matters we are required to state to them in an Auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' responsibilities statement, 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 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 2011 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 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.

FARNRISE CONSTRUCTION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FARNRISE CONSTRUCTION
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



Peter Cunningham FCA (Senior statutory auditor)

for and on behalf of
DMC Partnership

Chartered Accountants
Registered Auditors

Yew Tree House
Lewes Road
Forest Row
East Sussex
RH18 5AA

18 November 2011

FARNRISE CONSTRUCTION LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011**

	Note	2011 £	2010 £
TURNOVER	1,2	46,694,768	31,788,155
Cost of sales		<u>(42,374,162)</u>	<u>(28,436,263)</u>
GROSS PROFIT		4,320,606	3,351,892
Administrative expenses		<u>(3,413,319)</u>	<u>(2,691,058)</u>
OPERATING PROFIT	3	907,287	660,834
Interest receivable and similar income	6	27,293	4,709
Interest payable and similar charges	7	<u>(21,665)</u>	<u>(15,928)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		912,915	649,615
Tax on profit on ordinary activities	8	<u>(231,079)</u>	<u>(172,501)</u>
PROFIT FOR THE FINANCIAL YEAR	16	<u>681,836</u>	<u>477,114</u>

All amounts relate to continuing operations

The notes on pages 9 to 19 form part of these financial statements

FARNRISE CONSTRUCTION LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2011**

	2011	2010
	£	£
PROFIT FOR THE FINANCIAL YEAR	681,836	477,114
Unrealised surplus on revaluation of tangible fixed assets	125,000	-
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	806,836	477,114

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2011**

	2011	2010
	£	£
REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	912,915	649,615
Realisation of valuation gains of previous periods	3,237	-
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	916,152	649,615
HISTORICAL PROFIT FOR THE YEAR AFTER TAXATION	685,073	477,114

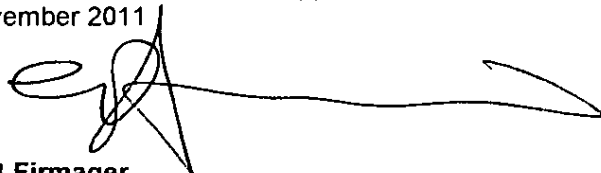
The notes on pages 9 to 19 form part of these financial statements

FARNRISE CONSTRUCTION LIMITED
REGISTERED NUMBER 2846003

BALANCE SHEET
AS AT 31 MARCH 2011

	Note	2011 £	2010 £
FIXED ASSETS			
Tangible assets	9	1,147,898	794,691
Investments	10	1,000	1,000
		<u>1,148,898</u>	<u>795,691</u>
CURRENT ASSETS			
Stocks	11	2,758,062	2,509,210
Debtors	12	11,823,866	7,278,870
Cash at bank		558,776	628,832
		<u>15,140,704</u>	<u>10,416,912</u>
CREDITORS: amounts falling due within one year	13	<u>(12,503,337)</u>	<u>(8,685,921)</u>
NET CURRENT ASSETS		<u>2,637,367</u>	<u>1,730,991</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,786,265</u>	<u>2,526,682</u>
CREDITORS amounts falling due after more than one year	14	<u>(1,413,020)</u>	<u>(689,893)</u>
NET ASSETS		<u><u>2,373,245</u></u>	<u><u>1,836,789</u></u>
CAPITAL AND RESERVES			
Called up share capital	15	82	82
Share premium account	16	299,585	299,585
Revaluation reserve	16	250,000	128,237
Capital redemption reserve	16	35	35
Profit and loss account	16	1,823,543	1,408,850
SHAREHOLDERS' FUNDS	17	<u><u>2,373,245</u></u>	<u><u>1,836,789</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 November 2011



Mr G B Firmager
Director

The notes on pages 9 to 19 form part of these financial statements

FARNRISE CONSTRUCTION LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2011**

	Note	2011 £	2010 £
Net cash flow from operating activities	19	34,976	1,018,349
Returns on investments and servicing of finance	20	5,628	(11,219)
Taxation		(163,502)	(148,923)
Capital expenditure and financial investment	20	(229,676)	(3,548)
Equity dividends paid		(270,380)	(131,216)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(622,954)	723,443
Financing	20	310,213	(323,494)
(DECREASE)/INCREASE IN CASH IN THE YEAR		(312,741)	399,949

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 MARCH 2011**

	2011 £	2010 £
(Decrease)/Increase in cash in the year	(312,741)	399,949
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	(310,213)	323,494
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	(622,954)	723,443
New finance lease	(69,825)	11,795
MOVEMENT IN NET DEBT IN THE YEAR	(692,779)	735,238
Net debt at 1 April 2010	(570,946)	(1,306,184)
NET DEBT AT 31 MARCH 2011	(1,263,725)	(570,946)

The notes on pages 9 to 19 form part of these financial statements

FARNRISE CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of Land and Buildings and in accordance with applicable accounting standards

Group accounts have not been prepared as all of the company's subsidiaries are permitted to be excluded from group accounts by virtue of sections 402 and 405 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	Not depreciated
Plant & machinery	-	15% straight line
Motor vehicles	-	25% straight line
Fixtures & fittings	-	15% straight line
Office equipment	-	25% straight line

1.4 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.5 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.6 Stocks

Stocks are valued at lower of cost and net realisable value and represent land and development expenditure.

FARNRISE CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

1. ACCOUNTING POLICIES (continued)

1.7 Long-term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

1.8 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. TURNOVER

All turnover arose within the United Kingdom.

3. OPERATING PROFIT

The operating profit is stated after charging

	2011 £	2010 £
Depreciation of tangible fixed assets		
- owned by the company	31,024	24,449
- held under finance leases	7,392	13,642
Auditors' remuneration	21,500	18,000

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2011 £	2010 £
Wages and salaries	4,157,069	3,484,665
Other pension costs	65,265	61,277
	4,222,334	3,545,942

The average monthly number of employees, including the directors, during the year was as follows

	2011	2010
Contracts and Administration	98	82

FARNRISE CONSTRUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

5. DIRECTORS' REMUNERATION

	2011 £	2010 £
Emoluments	<u>451,601</u>	<u>406,800</u>
Company pension contributions to defined contribution pension schemes	<u>14,146</u>	<u>15,229</u>

During the year retirement benefits were accruing to 5 directors (2010 - 5) in respect of defined contribution pension schemes

The highest paid director received remuneration of £83,345 (2010 - £83,167)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £4,800 (2010 - £4,800)

6. INTEREST RECEIVABLE

	2011 £	2010 £
Other interest receivable	<u>27,293</u>	<u>4,709</u>

7 INTEREST PAYABLE

	2011 £	2010 £
On bank loans and overdrafts	19,642	8,481
On other loans	-	4,276
On finance leases and hire purchase contracts	2,023	3,171
	<u>21,665</u>	<u>15,928</u>

8. TAXATION

	2011 £	2010 £
UK corporation tax charge on profit for the year	<u>231,079</u>	<u>172,501</u>

FARNRISE CONSTRUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

8. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2010 - *lower than*) the standard rate of corporation tax in the UK of 28% (2010 - 28%) The differences are explained below

	2011 £	2010 £
Profit on ordinary activities before tax	912,915	649,615
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2010 - 28%)	255,616	181,892
Effects of		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,297	2,159
Capital allowances for year in excess of depreciation	(16,359)	3,008
Marginal relief	(9,475)	(14,558)
Current tax charge for the year (see note above)	231,079	172,501

Factors that may affect future tax charges

There were no factors that may affect future tax charges

FARNRISE CONSTRUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

9. TANGIBLE FIXED ASSETS

	Freehold property £	Motor vehicles £	Fixtures & fittings £	Office equipment £	Total £
Cost or valuation					
At 1 April 2010	725,000	93,881	58,581	122,845	1,000,307
Additions	824,819	33,590	4,271	24,507	887,187
Disposals	(600,000)	(22,825)	(40,039)	(59,153)	(722,017)
Revaluation surplus/(deficit)	125,000	-	-	-	125,000
At 31 March 2011	1,074,819	104,646	22,813	88,199	1,290,477
Depreciation					
At 1 April 2010	-	73,716	36,922	94,978	205,616
Charge for the year	-	14,210	5,394	18,812	38,416
On disposals	-	(22,825)	(26,090)	(52,538)	(101,453)
At 31 March 2011	-	65,101	16,226	61,252	142,579
Net book value					
At 31 March 2011	1,074,819	39,545	6,587	26,947	1,147,898
At 31 March 2010	725,000	20,165	21,659	27,867	794,691

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2011 £	2010 £
Motor vehicles	30,216	18,720
Furniture, fittings and equipment	-	8,651
	<u>30,216</u>	<u>27,371</u>

Freehold property is not depreciated on the grounds that it would be immaterial because the estimated residual value of the properties is not materially different from the carrying value in the accounts

During the year the company purchased Land and Buildings for £700,000 (£735,996 including attributable acquisition costs)

The property was valued at £950,000 on 22 February 2011 by Stiles Harold Williams who are external Commercial Property Advisors. The valuation did not include the cost of refurbishment or any notional directly attributable acquisition costs. The property was valued by reviewing properties of a similar size and location that had been sold recently.

FARNRISE CONSTRUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

9. TANGIBLE FIXED ASSETS (continued)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows

	2011 £	2010 £
Cost	824,819	596,763
Accumulated depreciation	-	-
Net book value	<u>824,819</u>	<u>596,763</u>

10. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2010 and 31 March 2011	<u>1,000</u>
Net book value	
At 31 March 2011	<u>1,000</u>
<i>At 31 March 2010</i>	<u>1,000</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company

Name	Holding
Farnrise Homes Limited (Dormant)	100%

11 STOCKS

	2011 £	2010 £
Land and development costs	<u>2,758,062</u>	<u>2,509,210</u>

FARNRISE CONSTRUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

12 DEBTORS

	2011 £	2010 £
Trade debtors	6,584,634	3,612,776
Other debtors	377,825	282,096
Amounts recoverable on long term contracts	4,861,407	3,383,998
	<u>11,823,866</u>	<u>7,278,870</u>

**13 CREDITORS:
Amounts falling due within one year**

	2011 £	2010 £
Bank loans and overdrafts	397,550	491,893
Net obligations under finance leases and hire purchase contracts	11,932	17,992
Trade creditors	5,451,904	3,549,346
Corporation tax	231,079	172,501
Social security and other taxes	232,192	186,350
Other creditors	179,901	116,774
Accruals and deferred income	5,998,779	4,151,065
	<u>12,503,337</u>	<u>8,685,921</u>

Included within creditors due within one year are bank loans totalling £381,883 (2010 £352,695) which are secured on assets of the company

**14 CREDITORS
Amounts falling due after more than one year**

	2011 £	2010 £
Bank loans	1,399,331	683,276
Net obligations under finance leases and hire purchase contracts	13,689	6,617
	<u>1,413,020</u>	<u>689,893</u>

Included within the above are amounts falling due as follows

	2011 £	2010 £
Between one and two years		
Bank loans	602,667	683,276
Between two and five years		
Bank loans	796,664	-

FARNRISE CONSTRUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

14. CREDITORS.

Amounts falling due after more than one year (continued)

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	2011 £	2010 £
Between one and five years	<u>13,689</u>	<u>6,617</u>

15. SHARE CAPITAL

	2011 £	2010 £
Allotted, called up and fully paid		
8,201 Ordinary shares of £0.01 each	<u>82</u>	<u>82</u>

16. RESERVES

	Share premium account £	Capital redempt'n reserve £	Revaluation reserve £	Profit and loss account £
At 1 April 2010	299,585	35	128,237	1,408,850
Profit for the year				681,836
Dividends				(270,380)
Equity capital				
Surplus on revaluation of freehold property			250,000	
Impairment adjustment - freehold property			(125,000)	
Transfer between Revaluation reserve and P/L account			(3,237)	3,237
At 31 March 2011	<u>299,585</u>	<u>35</u>	<u>250,000</u>	<u>1,823,543</u>

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Opening shareholders' funds	1,836,789	1,490,891
Profit for the year	681,836	477,114
Dividends (Note 18)	(270,380)	(131,216)
Other recognised gains and losses during the year	125,000	-
Closing shareholders' funds	<u>2,373,245</u>	<u>1,836,789</u>

FARNRISE CONSTRUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

18. DIVIDENDS

	2011 £	2010 £
Dividends paid on equity capital	<u>270,380</u>	<u>131,216</u>

19 NET CASH FLOW FROM OPERATING ACTIVITIES

	2011 £	2010 £
Operating profit	907,287	660,834
Depreciation of tangible fixed assets	38,416	38,091
Loss on disposal of tangible fixed assets	32,878	-
(Increase)/decrease in stocks	(248,852)	972,207
Increase in debtors	(4,553,995)	(552,110)
Increase/(decrease) in creditors	3,859,242	(100,673)
Net cash inflow from operating activities	<u>34,976</u>	<u>1,018,349</u>

20 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2011 £	2010 £
Returns on investments and servicing of finance		
Interest received	27,293	4,709
Interest paid	(19,642)	(12,757)
Hire purchase interest	(2,023)	(3,171)
Net cash inflow/(outflow) from returns on investments and servicing of finance	<u>5,628</u>	<u>(11,219)</u>
	2011 £	2010 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(817,362)	(3,548)
Sale of tangible fixed assets	587,686	-
Net cash outflow from capital expenditure	<u>(229,676)</u>	<u>(3,548)</u>

FARNRISE CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

20 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2011 £	2010 £
Financing		
New secured loans	700,000	-
Repayment of loans	(364,057)	(290,665)
Repayment of finance leases	(25,730)	(32,829)
Net cash inflow/(outflow) from financing	310,213	(323,494)

21. ANALYSIS OF CHANGES IN NET DEBT

	1 April 2010 £	Cash flow £	Other non-cash changes £	31 March 2011 £
Cash at bank and in hand	628,832	(70,056)	-	558,776
Bank overdraft	(139,198)	(242,685)	-	(381,883)
	<u>489,634</u>	<u>(312,741)</u>	<u>-</u>	<u>176,893</u>
Debt.				
Debts due within one year	(370,687)	(310,213)	653,301	(27,599)
Debts falling due after more than one year	(689,893)	-	(723,126)	(1,413,019)
Net debt	(570,946)	(622,954)	(69,825)	(1,263,725)

22. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £65,265 (2010 - £61,277).

23. RELATED PARTY TRANSACTIONS

Dividends

On 31 March 2011 a dividend was paid to the directors of the company in proportion to their shareholdings as set out in the Directors' Report. The remaining shareholder, who is not a director, waived his right to the dividend.

Joint Venture

During the year the company entered into a joint venture development with the principal shareholder, Mr G B Firmager. At 31 March 2011 the company had invested £1.092m in the joint venture and this is included in Stock under land and development costs.

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24. CONTROLLING PARTY

The company was controlled throughout the current and previous period by its directors by virtue of the fact that between them they own the majority of the ordinary issued share capital