

DUNELM PROPERTY SERVICES LIMITED  
ANNUAL REPORT  
AND FINANCIAL STATEMENTS

31 DECEMBER 2009



# LEADING THE WAY IN CONSTRUCTING THE REGION



Regeneration Specialists &  
Developer of Affordable Homes.



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Social Housing Specialists -  
Refurbishment & New Build.



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# DIRECTORS' REPORT

The directors present their directors' report and financial statements for the year ended 31 December 2009.

## Principal activity and business review

The principal activity of the Company is housing construction and refurbishment on behalf of third parties.

In the year we were pleased to win new work with North Yorkshire County Council and to be listed on the North East Procurement Framework. Important contracts with Riverside Housing Association and Durham Aged Mineworkers' Housing Association were secured as a result of the 'Kickstart' funding granted for 'The Grange' development at Bowburn. We won further new contracts at High Lanes with Gateshead Housing Association, Corporation Road Eastleigh, Leeds for Accent Housing and are delighted to continue our work with Dale & Valley Homes, South Tyneside Homes, Cestria Community Housing Association, Broadacres Housing and the Anchor Trust.

We congratulate the team for their excellent efforts and for winning two 'Considerate Constructors' Awards.

During the year Dunelm National Projects division was set up. Steve Bell joined to establish the division and he is now supported by a construction team headed by Mick Roddam. In 2009 the new Dunelm National Projects division commenced its first two schemes for Avery Healthcare at Northampton and Kettering. Projected turnover for the division in 2010 is circa £15m.

## Performance

Turnover has risen by 51% to £43.8 million (2008: £29.0 million) and profit before tax has increased by 42.4% to £2.5 million (2008: £1.8 million).

The Company has paid a dividend of £1.5m, and in addition to this has added to the balance sheet by £809,000 to £4.3m. The Company continues to grow its strength, and also its flexibility with increasing cash balances of £5.4m (2008: £3.6m) a current ratio of 126% (2008: 118%). The Company is very well placed to meet the demands of its traditional and new markets.



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WE CONGRATULATE  
THE TEAM FOR  
THEIR EXCELLENT  
EFFORTS AND FOR  
WINNING TWO  
'CONSIDERATE  
CONSTRUCTORS'  
AWARDS.

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### Measurement

The Company uses a number of performance indicators, both non-financial and financial to ensure that activities are monitored and controlled effectively. These are reported to the Board and staff at frequent and regular intervals and include: health and safety, staff welfare & retention, sickness monitoring, training & development, personal development programmes, customer service levels and environmental activities. In addition, we benchmark our performance to ensure that we continue to operate effectively and at the upper end of the sector. Our financial indicators included turnover, gross & net profit, cash management, overheads and retention levels. We rigorously maintain our market awareness to ensure we continue to operate competitively.

The Board considers these measures ensure a high level of control over our activities and form an effective measurement and reporting system.

	2009	2008
Turnover (£)	43,838,459	29,035,063
Gross profit (£)	5,511,880	3,302,277
Profit for the financial year (£)	2,309,144	1,577,136
Cash (£)	5,416,545	3,567,771
Staff numbers	264	195

### Financial instruments

The Company's financial instruments comprise borrowings (principally obligations under finance leases) share capital, cash, and various items, such as trade debtors, trade creditors etc that arise directly from its operations.

The main risks arising from these financial instruments are interest rate risk and liquidity risk. These are managed at a Group level, and are discussed in the Esh Holdings Limited financial statements.



# DIRECTORS' REPORT

## Principal risks and uncertainties

We are planning further expansion of the Company's traditional activities and our business development team is working at this, both regionally and nationally. Following the recent General Election, we will be carefully monitoring public spending announcements.

With the addition of the National Projects Division we are expanding evermore national, this is a new market to us. We need to keep tight control over these works, to monitor costs of entering this market, and also to ensure it is sustainable for the business.

## Dividends

Dividends paid during the year comprise a interim dividend of £1,500,000 (2008: £1,300,000) in respect of the current year.

## Directors

The directors who held office during and subsequent to the year were as follows:

- DJ Halfacre
- B Manning
- AR Pickett
- H Newell
- PJ Camp (resigned 30 April 2009)
- GA Morgan
- CJ Ford
- S Francis

## Employees

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

The Company is firmly committed to the principles of employee involvement. A range of briefing and consultation arrangements have been developed in all parts of the Company and these are subject to continued review and improvement.

## Political and charitable contributions

The Company made no political contributions during the year. Donations to UK charities amounted to £18,285 (2008: £6,620).

## Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the 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 auditors are aware of that information.

## Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



DJ Halfacre - Director  
3 June 2010

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

## IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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;
- state whether applicable UK 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.

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 its financial statements comply with the Companies Act 2006.

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DUNELM PROPERTY SERVICES LIMITED

We have audited the financial statements of Dunelm Property Services Limited for the year ended 31 December 2009 set out on pages 9 to 26. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, 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 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 (APB'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 APB's website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

## 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 December 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been properly 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.

## 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.

## Paul Moran (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants  
Quayside House, 110 Quayside  
Newcastle upon Tyne NE1 3DX  
3 June 2010

# PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2009

	<i>Note</i>	2009 £	2008 £
<b>Turnover</b>	2	43,838,459	29,035,063
Cost of sales		(38,326,579)	(25,732,786)
<b>Gross profit</b>		5,511,880	3,302,277
Administrative expenses		(2,452,189)	(1,599,905)
<b>Operating profit</b>		3,059,691	1,702,372
Amounts written off fixed asset investments	11	(559,365)	-
Interest receivable	6	14,659	71,981
Interest payable and similar charges	7	(14,704)	(19,015)
<b>Profit on ordinary activities before taxation</b>	3-5	2,500,281	1,755,338
Tax on profit on ordinary activities	8	(191,137)	(178,202)
<b>Profit for the financial year</b>	17	2,309,144	1,577,136

All of the Company's turnover and operating profit resulted from continuing operations.

The Company had no recognised gains and losses during the current or prior year other than those reflected in the profit and loss account.

# BALANCE SHEET

AT 31 DECEMBER 2009

	Note	2009 £	2009 £	2008 £	2008 £
<b>Fixed assets</b>					
Tangible assets	10		319,751		446,949
Investments	11		938,681		1,498,046
			1,258,432		1,944,995
<b>Current assets</b>					
Debtors	12	9,174,852		6,850,929	
Cash at bank and in hand		5,416,545		3,567,771	
		14,591,397		10,418,700	
<b>Creditors: amounts falling due within one year</b>	13	(11,565,191)		(8,813,784)	
			3,026,206		1,604,916
<b>Total assets less current liabilities</b>					
			4,284,638		3,549,911
<b>Creditors: amounts falling due after more than one year</b>	14		(33,875)		(108,292)
<b>Provisions for liabilities</b>	15		-		-
			4,250,763		3,441,619
<b>Capital and reserves</b>					
Called up share capital	16		1,500,000		1,500,000
Profit and loss account	17		2,750,763		1,941,619
			4,250,763		3,441,619
<b>Shareholders' funds</b>					
			4,250,763		3,441,619

These financial statements were approved by the board of directors on 3 June 2010 and were signed on its behalf by:  
S Francis - Director

Registered number: 4031196

# RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2009

	2009 £	2008 £
Profit for the financial year	2,309,144	1,577,136
Dividends on shares classified in shareholders' funds ( <i>note 9</i> )	(1,500,000)	(1,300,000)
<b>Net addition to shareholders' funds</b>	<b>809,144</b>	<b>277,136</b>
Opening shareholders' funds	3,441,619	3,164,483
<b>Closing shareholders' funds</b>	<b>4,250,763</b>	<b>3,441,619</b>

## NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)

# 1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

### **Basis of preparation**

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

The Company meets its financing requirements through its own cash resources and debt associated with finance leases. The Company also has significant balances with other Group companies.

The Company is subject to a cross guarantee banking arrangement with its parent undertaking, Esh Holdings Limited, and certain other group undertakings. Detailed information regarding the financial position of the Group, its cash flows, liquidity position and borrowing facilities are included in the financial statements of Esh Holdings Limited, which can be obtained from the address given in note 22.

Before exceptional charges the Group recorded an operating profit of £5.7m. An exceptional charge of £3m was incurred on the write down of land in the Group's house building subsidiary, Dunelm Homes Limited. Including the exceptional charge, the Group's resulting profit on ordinary activities before tax was £0.3m.

Excluding Dunelm Homes Limited, the Group had cash at bank of £17.6m, and secured debt of £5.1m.

The bank borrowings of Dunelm Homes Limited (a fellow subsidiary undertaking), which total £35.4m at the end of the year, are discrete to Dunelm

Homes Limited and secured only on the assets of Dunelm Homes Limited. These bank borrowings are not subject to any cross guarantees or security over the assets of any other group companies. Neither are there any other financial guarantees provided by the other group companies to Dunelm Homes Limited.

Including Dunelm Homes Limited, the Group has cash at bank of £18.1m, and secured debt of £40.5m.

The Group (excluding Dunelm Homes Limited) trades with a large number of customers and suppliers across a number of sectors and expects to meet its day to day working capital requirements through its existing considerable cash reserves, which totalled £18.1m at the year end, and ongoing trade which remains profitable.

The directors have prepared detailed projected cash flow information for the Group excluding Dunelm Homes Limited for the period through until 31 December 2011. These projections take into account such variations to an extent which they believe to be reasonable, based on information available at the time of approval of these financial statements. The forecasts assume no cash inflows or outflows between Dunelm Homes Limited and the remainder of the Group. On the basis of this cash flow information the directors believe that the Group, excluding Dunelm Homes Limited, will be able to operate comfortably within available cash reserves and banking facilities. At 30 April 2010 the Group, excluding Dunelm Homes Limited, had increased cash reserves by a further £1.8m to £19.9m from the £18.1m cash reserves at 31 December 2009 and as such the Group companies, excluding Dunelm Homes Limited, can demonstrate that it would be able to continue in operational existence.



After making detailed enquiries and taking into account the factors discussed above, the Board is confident that the Company has adequate resources to continue in operational existence for the foreseeable future and accordingly continues to prepare the financial statement on a going concern basis.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its Group.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Esh Holdings Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group. The consolidated financial statements of Esh Holdings Limited, within which this Company is included, can be obtained from Companies House.

#### Investments

Investments in subsidiary undertakings are stated at cost less amounts written off.

#### Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by instalments over their estimated useful economic lives as follows:

Plant and machinery	- 33% straight line
Fixtures, fittings, tools and equipment	- 33% straight line
Motor vehicles	- 30% reducing balance

#### Impairment of fixed assets and goodwill

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historic cost.

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the unit on a pro rata or more appropriate basis. An income generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

## NOTES (CONTINUED)

# 1. ACCOUNTING POLICIES

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### Calculation of recoverable amount

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

### Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

### Post-retirement benefits

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

### Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used.

### Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less

amounts recognised in previous years. Turnover includes the initial amount agreed in the contract plus any variations in contract work to the extent that it is probable that they will result in revenue and can be measured reliably. The stage of completion of contracts is assessed by reference to completion of a physical proportion of the contract work. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

### Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.



### Financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

### Classification of financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

### Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

### Turnover

Turnover is measured at the fair value of consideration received or receivable net of discounts and VAT provided that it can be measured reliably.

Turnover on long term contracts is recorded at cost appropriate to the stage of completion plus attributable profits, less amounts recognised in previous years, as set out in the accounting policy for long term contracts.

Turnover on short term contracts is recognised when the contract is completed.

Turnover is recorded net of discounts and VAT.

## 2. TURNOVER

The total turnover of the Company for the year has been derived from its principal activity, wholly undertaken in the United Kingdom.

## 3. NOTE TO THE PROFIT AND LOSS ACCOUNT

	2009 £	2008 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Depreciation and other amounts written off tangible fixed assets:		
- Owned	81,664	67,919
- Leased assets	61,790	93,431
Hire of plant and machinery - rentals payable under operating leases	-	690,691
Hire of other assets – rentals payable under operating leases	99,382	59,471
Loss on disposal of tangible fixed assets	10,113	4,716
<i>Auditors' remuneration:</i>		
	2009 £	2008 £
Audit of these financial statements	15,000	10,000

## 4. REMUNERATION OF DIRECTORS

	2009 £	2008 £
Directors' emoluments	492,793	488,743
Company contributions to money purchase pension schemes	40,580	36,508
	533,373	525,251

The aggregate emoluments of the highest paid director was £122,088 (2008: £119,961) and Company pension contributions of £9,300 (2008: £9,500) were made to a money purchase scheme on his behalf.

	Number of directors 2009	Number of directors 2008
Retirement benefits accruing to the following number of directors under: Money purchase schemes	5	6

## 5. STAFF NUMBERS AND COSTS

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2009	Number of employees 2008
Administration and management	28	29
Site managers and surveyors	62	45
Production	174	121
	264	195

The aggregate payroll costs of these persons were as follows:

	2009 £	2008 £
Wages and salaries	6,566,422	5,676,274
Social security costs	609,498	596,042
Other pension costs (note 19)	149,534	113,107
	7,325,454	6,385,423

## 6. INTEREST RECEIVABLE

	2009 £	2008 £
Receivable from group undertakings	14,546	71,044
Other interest receivable	113	937
	14,659	71,981

## 7. INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £	2008 £
Finance charges payable in respect of finance leases and hire purchase contracts	13,368	18,586
Other interest payable	1,336	429
	14,704	19,015

## 8. TAXATION

### Analysis of charge in period

	2009 £	2009 £	2008 £	2008 £
<i>Corporation tax</i>				
Corporation tax on income for year	56,727		-	
Group relief payable in respect of current year	145,233		220,953	
Adjustments in respect of prior periods	(2,649)		(495)	
<b>Total current tax</b>		<b>199,311</b>		<b>220,458</b>
<i>Deferred tax (see note 15)</i>				
Origination of timing differences	(8,174)		(42,256)	
		(8,174)		(42,256)
<b>Tax on profit on ordinary activities</b>		<b>191,137</b>		<b>178,202</b>

### Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2008: lower) than the standard rate of corporation tax in the UK of 28% - average (2008: 28.5%). The differences are explained below.

	2009 £	2008 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	2,500,281	1,755,338
<b>Current tax at 28% (2008: 28.5%)</b>	<b>700,079</b>	<b>500,271</b>
<i>Effects of:</i>		
Expenses not deductible for tax purposes	163,595	8,823
Capital allowances for period less than depreciation	8,174	42,256
Other timing differences	(1,817)	1,033
Adjustments in respect of previous periods	(2,649)	(495)
Group relief paid for at less than full UK tax rate	(668,071)	(331,430)
<b>Total current tax charge (see above)</b>	<b>199,311</b>	<b>220,458</b>

## 9. DIVIDENDS

The aggregate amount of dividends comprise:

	2009 £	2008 £
Dividends paid in respect of current year	1,500,000	1,300,000

The aggregate amount of dividends proposed and recognised as liabilities as at the year end is £nil (2008: £nil).

## 10. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures, fittings, tools and equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At beginning of year	11,845	109,105	729,098	850,048
Additions	4,287	13,467	54,472	72,226
Disposals	-	-	(138,964)	(138,964)
At end of year	16,132	122,572	644,606	783,310
<b>Depreciation</b>				
At beginning of year	9,743	79,240	314,116	403,099
Charge for year	2,922	19,145	121,387	143,454
On disposals	-	-	(82,994)	(82,994)
At end of year	12,665	98,385	352,509	463,559
<b>Net book value</b>				
At 31 December 2009	3,467	24,187	292,097	319,751
At 31 December 2008	2,102	29,865	414,982	446,949

Included in the total net book value of motor vehicles is £153,049 (2008: £288,202) relating to assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £61,790 (2008: £93,431).

## 11. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
<b>Cost</b>	
At beginning and end of year	1,498,046
<b>Provisions</b>	
At beginning of year	-
Impairment losses	559,365
At end of year	559,365
<b>Net book value</b>	
At 31 December 2009	938,681
At 31 December 2008	1,498,046

The undertakings in which the Company's interest at the year end is more than 20% are as follows:

<b>Subsidiary undertakings</b>	Country of incorporation	Principal activity	Class and percentage of shares held
Wilkinson Facilities Services Limited	England	Building and maintenance services	Ordinary shares 100%

During 2009 the directors conducted a review of the carrying value of the Company's investment in Wilkinsons Facilities Services Limited and concluded that the recoverable value was less than its carrying value. Recoverable amounts are based on value in use and the key assumptions applied in the value in use calculation includes a discount rate of 10% and approved cash flow forecasts to 31 December 2011. These forecasts assume no growth from year 3 of the forecasts into perpetuity. An impairment charge of £559,365 has been recognised in 2009 in respect of this.

## 12. DEBTORS

	2009 £	2008 £
Trade debtors	4,422,226	2,235,100
Amounts recoverable on contracts	933,066	958,303
Amounts owed by group undertakings	3,392,247	3,500,414
Amounts owed by undertakings in which the group has a participating interest	48,288	-
Other debtors	228	3,651
Deferred tax asset (note 15)	44,792	36,618
Prepayments and accrued income	334,005	11,208
Corporation tax	-	105,635
	9,174,852	6,850,929

The deferred tax asset may be recoverable in more than one year, with all other balances included within debtors being due within one year.

## 13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Obligations under finance leases and hire purchase contracts (see note 14)	80,725	118,085
Payments received on account	3,397,695	2,932,041
Trade creditors	1,366,737	2,924,823
Amounts owed to group undertakings	1,339,739	690,877
Amounts owed to undertakings in which the group has a participating interest	73,138	43,017
Corporation tax	56,727	-
Other taxation and social security	730,115	484,677
Other creditors	60,235	13,445
Accruals and deferred income	4,460,080	1,606,819
	11,565,191	8,813,784

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

## 14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2009 £	2008 £
Obligations under finance leases and hire purchase contracts	33,875	108,292

Obligations under hire purchase contracts are secured on the assets to which they relate.

### Analysis of debt:

	2009 £	2008 £
Debt can be analysed as falling due:		
In one year or less, or on demand	80,725	118,085
Between one and two years	31,361	81,088
Between two and five years	2,514	27,204
	114,600	226,377

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	2009 £	2008 £
Within one year	85,381	128,727
In the second to fifth years	34,573	120,695
	119,954	249,422
Less future finance charges	(5,354)	(23,045)
	114,600	226,377

## 15. PROVISIONS FOR LIABILITIES

	Deferred taxation £
At beginning of year	-
Credit to the profit and loss account (note 8)	(8,174)
Transfer to debtors (note 12)	8,174
<b>At end of year</b>	<b>-</b>

The elements of deferred taxation assets are as follows:

	2009 £	2008 £
Difference between accumulated depreciation and capital allowances (note 12)	(44,792)	(36,618)

## 16. CALLED UP SHARE CAPITAL

	2009 £	2008 £
<i>Authorised</i>		
1,500,000 Ordinary shares of £1 each	1,500,000	1,500,000
<i>Allotted, called up and fully paid</i>		
1,500,000 Ordinary shares of £1 each	1,500,000	1,500,000

## 17. PROFIT AND LOSS ACCOUNT

	Profit and loss account £
At beginning of year	1,941,619
Profit for the year	2,309,144
Dividends on shares classified in shareholders' funds (note 9)	(1,500,000)
<b>At end of year</b>	<b>2,750,763</b>

## 18. COMMITMENTS

(a) There were no commitments at the end of the financial year for which no provision has been made (2008: £nil).

(b) Annual commitments under non-cancellable operating leases are as follows:

	2009 Land and buildings £	2009 Other £	2008 Land and buildings £	2008 Other £
Operating leases which expire:				
Within one year	79,292	814	59,471	1,018
In second to fifth years inclusive	-	-	-	-
	<b>79,292</b>	<b>814</b>	<b>59,471</b>	<b>1,018</b>

## 19. PENSION SCHEME

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £149,534 (2008: £113,107).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

## 20. CONTINGENT LIABILITIES

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The Company is party to a group composite arrangement with certain of the companies in the Esh Group under which overdrafts and cash balances can be offset. The total group liability, both contingent liabilities and group net overdraft at 31 December 2009 amounted to £913,951 (2008: £855,203). The composite arrangement does not include Dunelm Homes Limited which has its own discrete banking arrangements.

## 21. RELATED PARTY DISCLOSURES

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DJ Halfacre is a director of the Company. During the year the Company made £11,516 (2008: £4,000) of sales to DJ Halfacre. Included in debtors is £nil owed from/to DJ Halfacre.

S Francis is a director of the Company. During the year Esh Holdings Limited loaned S Francis £90,000. This loan has no fixed repayment date and bears interest at 3%.

Stapleton Esh Limited is a joint venture company between Esh Holdings Limited and Stapleton Investments Limited. During the year the Company made £nil (2008: £239,202) of sales to Stapleton Esh Limited. Included in creditors is £48,288 (2008: £nil) owed to Stapleton Esh Limited and included in debtors is £48,288 (2008: £nil) owed from Stapleton Esh Limited.

J Tonks (Transport) Limited is a joint venture Company between Esh Holdings Limited and Aggregate Industries plc. During the year the Company made £256,028 (2008: £254,574) of purchases from J Tonks (Transport) Limited. Included in creditors is £24,850 (2008: £43,017) owed to J Tonks (Transport) Limited.

Mechplant (North East) Limited is a subsidiary of Esh Holdings Limited, the ultimate parent, with 80% of the voting rights controlled within the Group. During the year the Company made £183,977 (2008: £100,963) of purchases from Mechplant (North East) Limited. Included in creditors is £37,635 (2008: £22,450) owed to Mechplant (North East) Limited and included in debtors is £nil (2008: £2,728) owed from Mechplant (North East) Limited.

## 22. ULTIMATE PARENT COMPANY AND PARENT UNDERTAKING OF LARGER GROUP OF WHICH THE COMPANY IS A MEMBER

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The Company is a subsidiary undertaking of Esh Holdings Limited.

The results of the Company are consolidated in the Group headed by Esh Holdings Limited. The consolidated accounts of this Company are available to the public and may be obtained from Esh House, Bowburn North Industrial Estate, Bowburn, Durham DH6 5PF.

The largest Group in which the results are consolidated is that headed by Vestbrow Limited, incorporated in England and Wales. The consolidated financial statements of this Company are available to the public and may be obtained from Companies House.

The directors consider the ultimate controlling party to be Mr MF Hogan, the majority shareholder in Vestbrow Limited which owns 67.6% of the issued voting share capital of Esh Holdings Limited.



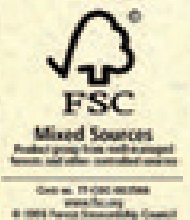


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All of the paper used in this publication is sourced from sustainable forests. All of the inks used in the production of this publication are vegetable based inks.