

COMPANY REGISTRATION NUMBER 02688985

**THE QUARR GROUP LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30th APRIL 2015**



3 Acorn Business Centre  
Northarbour Road  
Cosham  
Portsmouth  
PO6 3TH

**THE QUARR GROUP LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 30th APRIL 2015**

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**THE QUARR GROUP LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

<b>The board of directors</b>	C.C. Howells G.J. Pengelly D.J. Howells M.J. Russell
<b>Company secretary</b>	C.C. Howells
<b>Registered office</b>	Flagship House Reading Road North Fleet Hampshire GU51 4WD
<b>Auditor</b>	taylorcocks Chartered Accountants & Statutory Auditor 3 Acorn Business Centre Northarbour Road Cosham Portsmouth PO6 3TH
<b>Bankers</b>	HSBC Corporate Banking Centre HSBC House Mitchell Way Southampton International Airport Southampton SO18 2XU
<b>Solicitors</b>	Shoosmiths 1550 Parkway Whiteley Hampshire PO15 7AG

**THE QUARR GROUP LIMITED**

**CHAIRMAN'S STRATEGIC REPORT**

**YEAR ENDED 30th APRIL 2015**

I am pleased to be able to report a strong trading performance by the Group for the fiscal year ending 30th April 2015. The Group turnover for the period was £66,906,741 with a pre-tax operating profit of £1,032,277. The significant increase in pre-tax operating profit versus the preceding period (£65,049) was heavily influenced by the recovery of its building and maintenance subsidiary, Mountjoy Limited, during the period. The Group's balance sheet remains strong with shareholders' funds of £2,063,705 and an increase in cash deposits of £1.36 million with a closing bank balance of £2,474,928.

The Group's subsidiary businesses, namely Mountjoy (Building and Maintenance); Nviro (Contract Cleaning) and Pabulum (Contract Catering) all performed well throughout the period.

Following Mountjoy's difficult trading performance for the period ended 30th April 2014 the Company's recovery plan had been effectively implemented with a positive movement in pre-tax operating profit of £850,000 to £137,000 for the period. Revenues were £27 million compared with £32 million for the preceding period, which reflected the decision to consolidate the business as part of the re-engineering plan. I am pleased to report that the planned consolidation and associated recovery during the year was successfully completed and the business is strongly set to resume growth over the coming years.

Pabulum Limited traded strongly with revenues increasing from £21.6 million to £23.2 million and pre-tax operating profits increasing from £631,000 to £819,000. Nviro also experienced a strong trading period with revenues of £16.1 million and pre-tax operating profits of £687,000.

All of the subsidiary business's order books are strong and the Group is forecasting an increase in revenues for the period ending April 2016 to £69 million.


It is the Group's policy to maintain the organic growth strategy in each of its subsidiaries adopting the principle of bespoke solutions to deliver maximum value to its current and prospective clients. Contract retention in each of the businesses is high which reflects the operating philosophy and a focused approach on each of the respective businesses service offer and market sectors will continue in order to ensure that the Groups Mission, Ethos and Culture compliments those of its Clients.

The Group's predominant exposure to the maintenance and soft services support sectors, with a large portfolio of long term contracts, continues to place it in a robust position, providing a sound foundation on which to organically grow the business over the medium and long terms. Strong visibility of earnings, very active pipelines and secure order books exist in each of the businesses.

The Group and its subsidiaries strongly embrace their obligations as an employer of choice; to the environment and its corporate and social responsibilities. The businesses retain their accredited environmental and quality standards.

The Board of Directors is confident that its strategy of being a progressive Group built on economic success and high professional and technical standards will continue to provide maximum value to its client and shareholders.

Signed by order of the directors



C.C. HOWELLS  
Chairman

Approved by the directors on .....10.9.15



## **THE QUARR GROUP LIMITED**

### **DIRECTORS' REPORT**

#### **YEAR ENDED 30th APRIL 2015**

The directors present their report and the report and financial statements of the group for the year ended 30th April 2015.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £828,778. Particulars of dividends paid are detailed in note 10 to the report and financial statements.

#### **CHAIRMAN'S STRATEGIC REPORT**

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 the company has chosen to set out in the company's strategic report the information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

#### **FINANCIAL INSTRUMENTS**

Details of the group's financial risk management objectives and policies are included in note 19 to the accounts.

#### **DIRECTORS**

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

C.C. Howells  
G.J. Pengelly  
D.J. Howells  
M.J. Russell

#### **DISABLED 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 company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

#### **EMPLOYEE INVOLVEMENT**

The company's policy is to consult and discuss with employees, through unions and at meetings, those matters likely to affect employees' interests.

Information on matters of concern to employees is given through bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

#### **DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, Directors' Report and the report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare report and financial statements for each financial year. Under that law the directors have elected to prepare the report and 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 report and financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year.

**THE QUARR GROUP LIMITED**

**DIRECTORS' REPORT** *(continued)*

**YEAR ENDED 30th APRIL 2015**

In preparing these report and 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the report and financial statements;
- prepare the report and financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the group'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.

Signed by order of the directors

  
C.C. HOWELLS  
Company Secretary

Approved by the directors on .....10.9.15.....

**THE QUARR GROUP LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE QUARR GROUP LIMITED**

**YEAR ENDED 30th APRIL 2015**

We have audited the group and parent company report and financial statements ("the report and financial statements") of The Quarr Group Limited for the year ended 30th April 2015. 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 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 shareholders 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 3 to 4, the directors are responsible for the preparation of the report and 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 report and 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 REPORT AND FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the report and financial statements sufficient to give reasonable assurance that the report and 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 group's and the parent 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 report and financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited report and financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



**THE QUARR GROUP LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE QUARR GROUP LIMITED (continued)**

**YEAR ENDED 30th APRIL 2015**

**OPINION ON REPORT AND FINANCIAL STATEMENTS**

In our opinion the report and financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 30th April 2015 and of the group's 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 Strategic Report and Directors' Report for the financial year for which the report and financial statements are prepared is consistent with the report and 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company report and 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.



GRAHAM FIGGINS FCA (Senior Statutory Auditor)

For and on behalf of



Statutory Auditor

Office: Portsmouth

Date: 28/09/2015

**THE QUARR GROUP LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 30th APRIL 2015**

	Note	2015 £	2014 £
<b>GROUP TURNOVER</b>	<b>2</b>	<b>66,906,741</b>	69,569,974
Cost of sales		<u>54,154,566</u>	<u>57,959,929</u>
<b>GROSS PROFIT</b>		<b>12,752,175</b>	11,610,045
Administrative expenses		<u>11,719,898</u>	<u>11,544,996</u>
<b>OPERATING PROFIT</b>	<b>3</b>	<b>1,032,277</b>	65,049
Interest receivable and similar income		24,381	32,718
Interest payable and similar charges	6	(34,569)	(2,191)
Other finance income	7	22,000	20,000
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>1,044,089</u>	<u>115,576</u>
Tax on profit on ordinary activities	8	215,311	13,687
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>9</b>	<u><b>828,778</b></u>	<u>101,889</u>

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

The company has taken advantage of section 408 of the Companies Act 2006  
not to publish its own Profit and Loss Account.

The notes on pages 12 to 26 form part of these report and financial statements.

**THE QUARR GROUP LIMITED**

**GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**YEAR ENDED 30th APRIL 2015**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Profit for the financial year		
attributable to the shareholders of the parent company	<b>828,778</b>	101,889
Actuarial loss in respect of defined benefit pension scheme	<b>(421,000)</b>	37,000
Deferred tax in respect of defined benefit pension scheme	<b>84,200</b>	<b>(7,770)</b>
Total gains and losses recognised since the last annual report	<b><u>491,978</u></b>	<b><u>131,119</u></b>

The notes on pages 12 to 26 form part of these report and financial statements.

THE QUARR GROUP LIMITED

GROUP BALANCE SHEET

30th APRIL 2015

	Note	2015		2014	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	11		1,544,164		1,876,668
<b>CURRENT ASSETS</b>					
Stocks	13	621,474		725,071	
Debtors	14	7,820,863		8,243,333	
Cash at bank		2,474,928		1,119,592	
		<u>10,917,265</u>		<u>10,087,996</u>	
<b>CREDITORS: Amounts falling due within one year</b>	16	<u>9,622,201</u>		<u>9,734,274</u>	
<b>NET CURRENT ASSETS</b>			<u>1,295,064</u>		<u>353,722</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>2,839,228</u>		<u>2,230,390</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	17		<u>348,323</u>		<u>-</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>			<u>2,490,905</u>		<u>2,230,390</u>
Defined benefit pension scheme liability	20		(427,200)		(106,650)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>			<u>2,063,705</u>		<u>2,123,740</u>
<b>CAPITAL AND RESERVES</b>					
Called-up equity share capital	24		108,238		108,238
Share premium account	25		27,654		27,654
Other reserves	25		141,275		141,275
Profit and loss account	25		1,786,538		1,846,573
<b>SHAREHOLDERS' FUNDS</b>	26		<u>2,063,705</u>		<u>2,123,740</u>

These accounts were approved by the directors and authorised for issue on 10.9.15 and are signed on their behalf by:

.....  
C.C. HOWELLS

.....  
D.J. HOWELLS

The notes on pages 12 to 26 form part of these report and financial statements.



THE QUARR GROUP LIMITED


BALANCE SHEET

30th APRIL 2015

	Note	2015		2014	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	11		27,564		2,670
Investments	12		1,667,477		1,667,477
			<u>1,695,041</u>		<u>1,670,147</u>
<b>CURRENT ASSETS</b>					
Debtors	14	147,466		198,885	
<b>CREDITORS: Amounts falling due within one year</b>					
	16	<u>2,261,691</u>		<u>2,379,252</u>	
<b>NET CURRENT LIABILITIES</b>			<b>(2,114,225)</b>		<b>(2,180,367)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>(419,184)</b>		<b>(510,220)</b>
<b>NET LIABILITIES EXCLUDING PENSION LIABILITY</b>			<b>(419,184)</b>		<b>(510,220)</b>
Defined benefit pension scheme liability	20		<u>(427,200)</u>		<u>(106,650)</u>
<b>NET LIABILITIES INCLUDING PENSION LIABILITY</b>			<b>(846,384)</b>		<b>(616,870)</b>
<b>CAPITAL AND RESERVES</b>					
Called-up equity share capital	24		108,238		108,238
Share premium account	25		27,654		27,654
Other reserves	25		141,275		141,275
Profit and loss account	25		<u>(1,123,551)</u>		<u>(894,037)</u>
<b>DEFICIT</b>			<b>(846,384)</b>		<b>(616,870)</b>

These accounts were approved by the directors and authorised for issue on 10.9.15, and are signed on their behalf by:

  
 .....  
 C.C. HOWELLS

  
 .....  
 D.J. HOWELLS

Company Registration Number: 02688985

The notes on pages 12 to 26 form part of these report and financial statements.

THE QUARR GROUP LIMITED

GROUP CASH FLOW STATEMENT

YEAR ENDED 30th APRIL 2015

		2015		2014	
	Note	£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	27		1,729,718		477,284
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	27		(10,188)		30,527
TAXATION	27		175,584		(407,474)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	27		(280,964)		(1,030,960)
EQUITY DIVIDENDS PAID			(552,013)		(850,056)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING			1,062,137		(1,780,679)
FINANCING	27		293,199		(12,911)
INCREASE/(DECREASE) IN CASH	27		1,355,336		(1,793,590)

The notes on pages 12 to 26 form part of these report and financial statements.

## THE QUARR GROUP LIMITED

### NOTES TO THE REPORT AND FINANCIAL STATEMENTS

#### YEAR ENDED 30th APRIL 2015

#### 1. ACCOUNTING POLICIES

##### **Basis of accounting**

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

##### **Basis of consolidation**

The consolidated report and financial statements incorporate the report and financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group report and financial statements by virtue of section 408 of the Companies Act 2006.

##### **Turnover**

Turnover, which excludes Value Added Tax, is the total amount receivable for goods supplied and services provided except for long term contracts (see below). Turnover is recognised when the goods and services have been physically provided to the customer.

##### **Fixed assets**

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

##### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Short leasehold property	- Depreciated over the lease term
Plant & Machinery	- 20-100%
Computers	- 33%
Motor Vehicles	- 20-50%
Office furniture and fixtures	- 25-33%

##### **Stocks and work in progress, excluding long term contracts**

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in, first out basis. Provision is made where necessary for obsolete, slow moving and defective stocks.

##### **Long term contracts**

Turnover on long term contracts is recognised according to the stage reached in the contract by reference to the value of work done. A prudent estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. The amount by which the turnover exceeds payments on account is shown under debtors as amounts recoverable on contracts. The costs on long term contracts not yet taken to the profit and loss account less related foreseeable losses and payments on account are shown in stocks as long term contract balances.

## THE QUARR GROUP LIMITED

### NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30th APRIL 2015

#### 1. ACCOUNTING POLICIES *(continued)*

##### **Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a combination of straight line basis and sum of digit basis.

##### **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.

##### **Pension costs and other post-retirement benefits**

Contributions to the group's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

The company operates an independently administered final salary scheme, which was closed to further service accrual on 31st July 2005. The assets are measured at fair value and scheme liabilities are measured on an actuarial basis and discounted at a rate equivalent to the current rate of return on a high quality sterling corporate bond of a similar term to the scheme liabilities. Full actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting net defined benefit asset or liability is presented separately on the face of the balance sheet.

Current service costs and any curtailment gains are recognised in arriving at operating profit. The interest cost net of the expected return on scheme assets is included in other finance costs. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

##### **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, or a right to pay less or to receive more tax.

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

The recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

The deferred tax relating to the defined benefit pension scheme liabilities is offset against that liability and not included with other deferred tax assets or liabilities.

##### **Financial instruments**

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



**THE QUARR GROUP LIMITED**

**NOTES TO THE REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 30th APRIL 2015**

**2. TURNOVER**

All of the group's turnover is derived in the United Kingdom. Sales to third parties by classes of business:

	2015	2014
	£	£
Pabulum - Catering Services	23,214,670	21,594,461
N-Viro - Cleaning Services	16,070,976	15,714,372
Mountjoy - Facilities management and construction	27,621,095	32,261,141
	<u>66,906,741</u>	<u>69,569,974</u>

**3. OPERATING PROFIT**

Operating profit is stated after charging/(crediting):

	2015	2014
	£	£
Depreciation of owned fixed assets	798,667	711,394
Depreciation of assets held under hire purchase agreements	18,421	-
Profit on disposal of fixed assets	(15,642)	(21,062)
Auditor's remuneration		
- in respect of the audit of the parent company	4,000	3,900
- in respect of the audit of the subsidiary companies	28,770	27,700
- in respect of other services	450	689
Operating lease costs:		
- Other	<u>365,256</u>	<u>346,386</u>

**4. PARTICULARS OF EMPLOYEES**

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

	2015	2014
	No	No
Facilities maintenance / building	200	206
Catering	908	910
Cleaning	1,350	1,413
Administration	229	231
	<u>2,687</u>	<u>2,760</u>

The aggregate payroll costs of the above were:

	2015	2014
	£	£
Wages and salaries	30,176,132	30,303,909
Social security costs	1,719,148	1,807,879
Pension costs	303,925	242,225
	<u>32,199,205</u>	<u>32,354,013</u>

Other pension costs are amounts charged to operating profit and do not include amounts credited to finance income and charged to finance costs (see note 7), and amounts recognised in the statement of recognised gains and losses.

THE QUARR GROUP LIMITED

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30th APRIL 2015

5. DIRECTORS' REMUNERATION

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

	2015	2014
	£	£
Remuneration receivable	220,861	315,345
Pension contributions	80,070	35,180
	<u>300,931</u>	<u>350,525</u>

Remuneration of highest paid director:

	2015	2014
	£	£
Total remuneration (excluding pension contributions)	135,090	229,254
Pension contributions	40,030	13,889
	<u>175,120</u>	<u>243,143</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2015	2014
	No	No
Defined benefit schemes	<u>2</u>	<u>2</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2015	2014
	£	£
Interest payable on bank borrowing	33,586	2,001
Finance charges	983	190
	<u>34,569</u>	<u>2,191</u>

7. OTHER FINANCE INCOME

	2015	2014
	£	£
Net finance costs in respect of defined benefit pension schemes	<u>22,000</u>	<u>20,000</u>

THE QUARR GROUP LIMITED

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30th APRIL 2015

8. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2015 £	2014 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 20.92% (2014 - 22.83%)	206,277	(17,872)
Under provision in prior year	2,322	-
Total current tax	<u>208,599</u>	<u>(17,872)</u>
Deferred tax:		
Origination and reversal of timing differences	2,580	30,029
Effect of changed tax rate on opening balance	(268)	(2,670)
Defined benefit pension scheme	4,400	4,200
Total deferred tax (note 15)	<u>6,712</u>	<u>31,559</u>
Tax on profit on ordinary activities	<u>215,311</u>	<u>13,687</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20.92% (2014 - 22.83%).

	2015 £	2014 £
Profit on ordinary activities before taxation	<u>1,044,089</u>	<u>115,576</u>
Profit on ordinary activities by rate of tax	218,423	26,386
Expenses not deductible for Corporation Tax	7,832	423
Fixed asset timing differences	(12,511)	(15,586)
Small companies relief	(543)	(926)
Adjustment to profit in respect of adoption of FRS 17	(4,602)	(24,656)
Losses relieved against periods with higher tax rates	-	(3,513)
Total current tax (note 8(a))	<u>208,599</u>	<u>(17,872)</u>

9. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the report and financial statements of the parent company was £659,299 (2014 - £657,095).



**THE QUARR GROUP LIMITED**

**NOTES TO THE REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 30th APRIL 2015**

**10. DIVIDENDS**

**Equity dividends**

	2015 £	2014 £
Paid		
Equity dividends on Ordinary shares	535,833	825,140
Equity dividends on Ordinary E shares	16,180	24,916
	<u>552,013</u>	<u>850,056</u>

The dividends made by the company during the year amounted to the following per share:

Paid during the year	51p	79p
----------------------	-----	-----

**11. TANGIBLE FIXED ASSETS**

Group	Short leasehold property £	Plant & Machinery £	Computers £	Motor Vehicles £	Office furniture and fixtures £	Total £
<b>COST</b>						
At 1 May 2014	301,583	712,512	1,773,318	1,265,751	284,096	4,337,260
Additions	3,186	175,306	130,553	221,003	10,637	540,685
Disposals	(27,982)	–	(71,156)	(255,634)	(9,123)	(363,895)
<b>At 30 Apr 2015</b>	<u>276,787</u>	<u>887,818</u>	<u>1,832,715</u>	<u>1,231,120</u>	<u>285,610</u>	<u>4,514,050</u>
<b>DEPRECIATION</b>						
At 1 May 2014	134,526	520,655	1,064,892	525,094	215,425	2,460,592
Charge for the year	96,397	133,131	295,688	252,300	39,572	817,088
On disposals	(27,982)	–	(70,175)	(203,149)	(6,488)	(307,794)
<b>At 30 Apr 2015</b>	<u>202,941</u>	<u>653,786</u>	<u>1,290,405</u>	<u>574,245</u>	<u>248,509</u>	<u>2,969,886</u>
<b>NET BOOK VALUE</b>						
<b>At 30 Apr 2015</b>	<u>73,846</u>	<u>234,032</u>	<u>542,310</u>	<u>656,875</u>	<u>37,101</u>	<u>1,544,164</u>
At 30 Apr 2014	<u>167,057</u>	<u>191,857</u>	<u>708,426</u>	<u>740,657</u>	<u>68,671</u>	<u>1,876,668</u>

**Hire purchase agreements**

Included within the net book value of £1,544,164 is £174,541 (2014 - £Nil) relating to assets held under hire purchase agreements. The depreciation charged to the report and financial statements in the year in respect of such assets amounted to £18,421 (2014 - £Nil).

THE QUARR GROUP LIMITED

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30th APRIL 2015

11. TANGIBLE FIXED ASSETS *(continued)*

Company	Computers £	Motor Vehicles £	Office furniture and fixtures £	Total £
<b>COST</b>				
At 1st May 2014	18,204	–	5,139	23,343
Additions	318	28,000	–	28,318
Disposals	–	(24,420)	–	(24,420)
Transfers from group companies	–	24,420	–	24,420
<b>At 30th April 2015</b>	<b>18,522</b>	<b>28,000</b>	<b>5,139</b>	<b>51,661</b>
<b>DEPRECIATION</b>				
At 1st May 2014	15,534	–	5,139	20,673
Charge for the year	1,556	1,868	–	3,424
On disposals	–	(24,013)	–	(24,013)
Transfers from group companies	–	24,013	–	24,013
<b>At 30th April 2015</b>	<b>17,090</b>	<b>1,868</b>	<b>5,139</b>	<b>24,097</b>
<b>NET BOOK VALUE</b>				
<b>At 30th April 2015</b>	<b>1,432</b>	<b>26,132</b>	<b>–</b>	<b>27,564</b>
At 30th April 2014	2,670	–	–	2,670

12. INVESTMENTS

Company	Group companies £
<b>COST</b>	
At 1st May 2014 and 30th April 2015	<u>1,667,477</u>
<b>NET BOOK VALUE</b>	
At 30th April 2015 and 30th April 2014	<u>1,667,477</u>

At 30th April 2014 the company held 100% of the Ordinary share capital in the following companies:

Name of subsidiary undertakings	Nature of business
Pabulum Limited	Catering services
Mountjoy Limited	Facilities maintenance and building services
N-Viro Limited	Cleaning services

THE QUARR GROUP LIMITED

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30th APRIL 2015

13. STOCKS

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Raw materials	531,083	522,664	-	-
Short-term work in progress	90,391	202,407	-	-
	<u>621,474</u>	<u>725,071</u>	<u>-</u>	<u>-</u>

14. DEBTORS

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	5,257,497	4,854,950	-	-
Amounts recoverable on contracts	485,958	514,342	-	-
Amounts owed by group undertakings	-	-	137,194	187,754
Corporation tax repayable	-	177,906	-	-
Deferred taxation (Note 15)	25,900	26,862	169	2,325
Prepayments and accrued income	2,051,508	2,669,273	10,103	8,806
	<u>7,820,863</u>	<u>8,243,333</u>	<u>147,466</u>	<u>198,885</u>

15. DEFERRED TAXATION

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

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Asset brought forward	26,862	50,381	2,325	8,902
Decrease in asset	(962)	(23,519)	(2,156)	(6,577)
Asset carried forward	<u>25,900</u>	<u>26,862</u>	<u>169</u>	<u>2,325</u>

The group's asset for deferred taxation consists of the tax effect of timing differences in respect of:

Group	2015		2014	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of depreciation over taxation allowances	17,143	-	26,811	-
Other timing differences	8,757	-	51	-
	<u>25,900</u>	<u>-</u>	<u>26,862</u>	<u>-</u>

The company's asset for deferred taxation consists of the tax effect of timing differences in respect of:

Company	2015		2014	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of depreciation over taxation allowances	169	-	2,325	-
	<u>169</u>	<u>-</u>	<u>2,325</u>	<u>-</u>

**THE QUARR GROUP LIMITED**

**NOTES TO THE REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 30th APRIL 2015**

**15. DEFERRED TAXATION (continued)**

The timing difference of £4,400 (2014 - £4,200) shown in note 8(a) relating to the element of the defined benefit pension scheme which does not go through the Statement of Total Recognised Gains and Losses, is shown in note 20 as part of the net pension liability.

**16. CREDITORS: Amounts falling due within one year**

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank overdrafts	–	–	1,865,286	1,533,217
Bank loan	72,222	–	–	–
Trade creditors	3,551,034	4,579,671	–	–
Amounts owed to group undertakings	–	–	248,373	732,932
Hire purchase agreements	60,632	–	–	–
Other creditors including taxation and social security:				
Corporation tax	206,277	–	4,476	6,544
Other taxation and social security	2,100,196	2,031,624	57,147	46,556
Other creditors	172,700	82,283	–	–
Accruals and deferred income	3,459,140	3,040,696	86,409	60,003
	<u>9,622,201</u>	<u>9,734,274</u>	<u>2,261,691</u>	<u>2,379,252</u>

The bank loan and overdrafts are secured by means of a guarantee on the assets of the group. The hire purchase agreements are secured on the assets to which they relate.

**17. CREDITORS: Amounts falling due after more than one year**

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loan	252,778	–	–	–
Hire purchase agreements	95,545	–	–	–
	<u>348,323</u>	<u>–</u>	<u>–</u>	<u>–</u>

The bank loan is secured by means of a guarantee on the assets of the group. The hire purchase agreements are secured on the assets to which they relate.

THE QUARR GROUP LIMITED

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30th APRIL 2015

18. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Amounts payable within 1 year	60,632	-	-	-
Amounts payable between 2 to 5 years	95,545	-	-	-
	<u>156,177</u>	<u>-</u>	<u>-</u>	<u>-</u>

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

It is the group's policy to minimise the cost of borrowings whilst retaining the flexibility of funding opportunities.

**Interest rate exposure**

The group's financial instruments primarily relate to hire purchase agreements, which have been entered into under fixed interest rates.

**Currency exposure**

As at 30th April 2015 the group had no material currency exposures relating to trading activities. The group's financial instruments are materially denominated in sterling.

**Available facilities**

The group has undrawn overdraft facilities which provide for finance of up to £1,500,000.

**Fair value of financial assets and liabilities**

An assessment of the fair value of the group's financial instruments held for financing purposes has been undertaken as at 30th April 2015. No material differences exist between book and fair value.

20. PENSIONS AND OTHER POST RETIREMENT BENEFITS

The company operated one defined benefit pension scheme during the year, the Quarr Group Limited Life Assurance Plan "Quarr Group Pension".

The Quarr Group Pension is an independently administered final salary scheme, which following consultation with the trustees of the scheme and the scheme members was closed to further service accrual with effect from 31st July 2005. The last completed full actuarial valuation was at 30th April 2013.

The amounts recognised in the profit and loss account are as follows:

	2015	2014
	£	£
<i>Amounts included in other finance income:</i>		
Expected return on scheme assets	(190,000)	(176,000)
Interest on scheme liabilities	168,000	156,000
Other finance income	(22,000)	(20,000)
Total credit to the profit and loss account	<u>(22,000)</u>	<u>(20,000)</u>
Actual return on scheme assets	<u>414,000</u>	<u>79,000</u>



THE QUARR GROUP LIMITED

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30th APRIL 2015

20. PENSIONS AND OTHER POST RETIREMENT BENEFITS *(continued)*

Other finance cost is included in the profit and loss account within interest payable and similar charges. Actuarial losses of £(421,000) (2014: £37,000) have been recognised in the statement of total recognised gains and losses. At 30th April 2015 the cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses is £(964,000).

The amounts recognised in the balance sheet are as follows:

	2015	2014
	£	£
Present value of funded obligations	(4,753,000)	(4,074,000)
Fair value of scheme assets	4,219,000	3,939,000
	<u>(534,000)</u>	<u>(135,000)</u>
Related deferred tax asset	106,800	28,350
Net pension liability	<u>(427,200)</u>	<u>(106,650)</u>

Changes in the present value of the defined benefit obligation scheme are as follows:

	2015	2014
	£	£
Opening defined benefit obligation	4,074,000	4,169,000
Interest on scheme liabilities	168,000	156,000
Actuarial loss/(gain)	645,000	(134,000)
Benefits paid	<u>(134,000)</u>	<u>(117,000)</u>
Closing defined benefit obligation	<u>4,753,000</u>	<u>4,074,000</u>

Changes in the fair value of scheme assets are as follows:

	2015	2014
	£	£
Opening fair value of scheme assets	3,939,000	3,977,000
Expected return on scheme assets	190,000	176,000
Actuarial gain/(loss)	224,000	(97,000)
Benefits paid	<u>(134,000)</u>	<u>(117,000)</u>
Closing fair value of scheme assets	<u>4,219,000</u>	<u>3,939,000</u>

The fair value of the major categories of scheme assets are as follows:

	2015	2014
	£	£
European equities	1,699,000	1,537,000
European bonds	2,341,000	2,213,000
Cash	<u>179,000</u>	<u>189,000</u>
Fair value of scheme assets	<u>4,219,000</u>	<u>3,939,000</u>

The principal actuarial assumptions as at the balance sheet date were:

	2015	2014
	%	%
Discount rate	3.30	4.20
Rate of increase in pensions in payment	3.10	3.30
Inflation	2.30	2.50

THE QUARR GROUP LIMITED

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30th APRIL 2015

20. PENSIONS AND OTHER POST RETIREMENT BENEFITS *(continued)*

Amounts for the current and previous four periods are as follows:

	2015	2014	2013	2012	2011
	£	£	£	£	£
Defined benefit obligation	(4,753,000)	(4,074,000)	(4,169,000)	(3,817,000)	(3,407,000)
Fair value of scheme assets	4,219,000	3,939,000	3,977,000	3,354,000	3,328,000
Deficit in the scheme	<u>(534,000)</u>	<u>(135,000)</u>	<u>(192,000)</u>	<u>(463,000)</u>	<u>(79,000)</u>
Experience adjustments on scheme liabilities (£)	<u>34,000</u>	<u>89,000</u>	<u>(256,000)</u>	<u>425,000</u>	<u>(3,000)</u>
Experience adjustments on scheme assets (£)	<u>(224,000)</u>	<u>97,000</u>	<u>(340,000)</u>	<u>95,000</u>	<u>(232,000)</u>

21. COMMITMENTS UNDER OPERATING LEASES

At 2015 the group had annual commitments under non-cancellable operating leases as set out below.

Group	2015		2014	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire:				
Within 1 year	23,900	128,938	5,340	55,224
Within 2 to 5 years	158,408	402,403	52,610	591,193
After more than 5 years	-	-	60,000	16,614
	<u>182,308</u>	<u>531,341</u>	<u>117,950</u>	<u>663,031</u>

22. CONTINGENT LIABILITIES

**Company**

The company is a guarantor in respect of annual commitments of £521,710 (2014 - £519,222) under non-cancellable operating leases of its subsidiaries, which expire within 1-5 years.

The company has provided a guarantee in respect of bank borrowings by its subsidiaries. As at the year-end the bank loan balance was £325,000 (2014 - £nil).



**THE QUARR GROUP LIMITED**

**NOTES TO THE REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 30th APRIL 2015**

**23. CONTROLLING PARTY**

The company was under the control of the directors, C.C. Howells, G.J. Pengelly, M.J. Russell and D.J. Howells, by virtue of their shareholdings and connected party shareholdings.

During the year the Directors and their immediate families received the following dividends:

	2015	2014
	£	£
C.C. Howells	124,655	192,188
G.J. Pengelly	155,830	240,173
D.J. Howells	47,558	73,243
M.J. Russell	63,750	40,375
	<u>391,793</u>	<u>545,979</u>

**24. SHARE CAPITAL**

**Authorised share capital:**

	2015	2014
	£	£
13,500,000 Ordinary shares of £0.10 each	1,350,000	1,350,000
2,000,000 Ordinary E shares of £0.10 each	200,000	200,000
4,500,000 Redeemable preference shares of £0.10 each	450,000	450,000
	<u>2,000,000</u>	<u>2,000,000</u>

**Allotted, called up and fully paid:**

	2015		2014	
	No	£	No	£
Ordinary shares of £0.10 each	1,050,653	105,065	1,050,653	105,065
Ordinary E shares of £0.10 each	31,725	3,173	31,725	3,173
	<u>1,082,378</u>	<u>108,238</u>	<u>1,082,378</u>	<u>108,238</u>

**25. RESERVES**

Group	Share premium	Capital	Profit and loss
	account	redemption	account
	£	£	£
Balance brought forward	27,654	141,275	1,846,573
Profit for the year	-	-	828,778
Equity dividends	-	-	(552,013)
Defined benefit pension scheme	-	-	(336,800)
Balance carried forward	<u>27,654</u>	<u>141,275</u>	<u>1,786,538</u>

THE QUARR GROUP LIMITED

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30th APRIL 2015

25. RESERVES (continued)

Company	Share premium account £	Capital redemption reserve £	Profit and loss account £
Balance brought forward	27,654	141,275	(894,037)
Profit for the year	–	–	659,299
Equity dividends	–	–	(552,013)
Defined benefit pension scheme	–	–	(336,800)
Balance carried forward	<u>27,654</u>	<u>141,275</u>	<u>(1,123,551)</u>

26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2015 £	2014 £
Profit for the financial year	828,778	101,889
Equity dividends	(552,013)	(850,056)
Defined benefit pension scheme	(336,800)	29,230
Net reduction to shareholders' funds	(60,035)	(718,937)
Opening shareholders' funds	2,123,740	2,842,677
Closing shareholders' funds	<u>2,063,705</u>	<u>2,123,740</u>

27. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2015 £	2014 £
Operating profit	1,032,277	65,049
Depreciation	817,088	711,394
Profit on disposal of fixed assets	(15,642)	(21,062)
Decrease/(increase) in stocks	103,597	(157,005)
Decrease/(increase) in debtors	243,602	(1,488,301)
(Decrease)/increase in creditors	(451,204)	1,367,209
Net cash inflow from operating activities	<u>1,729,718</u>	<u>477,284</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2015 £	2014 £
Interest received	24,381	32,718
Interest paid	(33,586)	(2,001)
Interest element of hire purchase	(983)	(190)
Net cash (outflow)/inflow from returns on investments and servicing of finance	<u>(10,188)</u>	<u>30,527</u>

TAXATION

	2015 £	2014 £
Taxation	<u>175,584</u>	<u>(407,474)</u>

THE QUARR GROUP LIMITED

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30th APRIL 2015

27. NOTES TO THE CASH FLOW STATEMENT *(continued)*

**CAPITAL EXPENDITURE**

	2015	2014
	£	£
Payments to acquire tangible fixed assets	(352,707)	(1,083,758)
Receipts from sale of fixed assets	71,743	52,798
Net cash outflow from capital expenditure	<u>(280,964)</u>	<u>(1,030,960)</u>

**FINANCING**

	2015	2014
	£	£
Increase in bank loans	325,000	–
Capital element of hire purchase	(31,801)	(12,911)
Net cash inflow/(outflow) from financing	<u>293,199</u>	<u>(12,911)</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	2015		2014	
	£	£	£	£
Increase/(decrease) in cash in the period	1,355,336		(1,793,590)	
Net cash (inflow) from bank loans	(325,000)		–	
Cash outflow in respect of hire purchase	31,801		12,911	
Change in net funds resulting from cash flows	1,062,137		(1,780,679)	
New finance leases	(187,978)		–	
Movement in net funds in the period	<u>874,159</u>		<u>(1,780,679)</u>	
Net funds at 1 May 2014	1,119,592		2,900,271	
Net funds at 30 April 2015	<u>1,993,751</u>		<u>1,119,592</u>	

**ANALYSIS OF CHANGES IN NET FUNDS**

	At			At
	1 May 2014	Cash flows	Other changes	30 Apr 2015
	£	£	£	£
Net cash:				
Cash in hand and at bank	1,119,592	1,355,336	–	2,474,928
Debt:				
Debt due within 1 year	–	(72,222)	–	(72,222)
Debt due after 1 year	–	(252,778)	–	(252,778)
Hire purchase agreements	–	31,801	(187,978)	(156,177)
	<u>–</u>	<u>(293,199)</u>	<u>(187,978)</u>	<u>(481,177)</u>
Net funds	<u>1,119,592</u>	<u>1,062,137</u>	<u>(187,978)</u>	<u>1,993,751</u>

COMPANY REGISTRATION NUMBER 02688985

**THE QUARR GROUP LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30th APRIL 2014**



3 Acorn Business Centre  
Northarbour Road  
Cosham  
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PO6 3TH

**THE QUARR GROUP LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 30th APRIL 2014**

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**THE QUARR GROUP LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

**The board of directors**

C.C. Howells  
G.J. Pengelly  
D.J. Howells  
M.J. Russell

**Company secretary**

C.C. Howells

**Registered office**

Flagship House  
Reading Road North  
Fleet  
Hampshire  
GU51 4WD

**Auditor**

taylorcocks  
Chartered Accountants  
& Statutory Auditor  
3 Acorn Business Centre  
Northarbour Road  
Cosham  
Portsmouth  
PO6 3TH

**Bankers**

HSBC Corporate Banking Centre  
HSBC House  
Mitchell Way  
Southampton International Airport  
Southampton  
SO18 2XU

**Solicitors**

Shoosmiths  
1550 Parkway  
Whiteley  
Hampshire  
PO15 7AG



**THE QUARR GROUP LIMITED**

**CHAIRMAN'S STRATEGIC REPORT**

**YEAR ENDED 30th APRIL 2014**

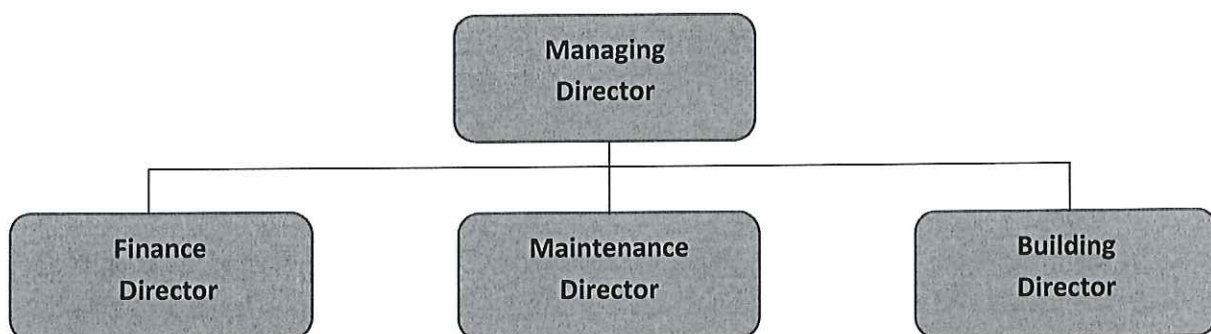
The Group's performance in the fiscal period ending 30<sup>th</sup> April 2014 was adversely affected by a difficult and disappointing trading position in its building and maintenance subsidiary, Mountjoy Limited. Notwithstanding the latter the Group delivered revenues of £69.5 million and profit before taxation of £116,000. The Group's cash position remained strong with bank balances of in excess of £1 million and a balance sheet net value of in excess of £2.1 million.

Although revenues in the Building Subsidiary remained strong with an annual turnover of £32,261,141 a trading loss of £550,000 after tax was posted.

The financial performance of the business was influenced by three key factors. Sudden and unexpected reductions in revenue streams from two major contracts, due to changes in client's procurement strategies, resulted in a material reduction in profitability. Mobilisation of a new contract with annual turnover in excess of £1 million became protracted with a commensurate impact on early profitability. A number of one off building projects delivered trading losses which were realised in the period.

I can now report that effective corrective actions have been taken and each of the problem areas have been rectified. The reduction in revenue streams have been fully mitigated by the restructure of costs and overheads and are reflected in the business's plans moving forward; mobilisation of the substantial contract is complete and it is trading to expected profitability levels and each of the loss making building contracts have been completed and final accounts agreed.

In addition, a comprehensive review of the business has been undertaken which has resulted in a re-engineering of the Board of Directors. The structure of the Executive Board is as illustrated below. The positions of Managing Director, Finance Director and Maintenance Director are new appointments, with two being internal and one external.



The Company has recognised the difference in the characteristics of the business disciplines, Maintenance and Building, and has structured the Board to deliver strong operational focus on each area and maximise efficiencies and effectiveness.

A fundamental review of the business below Board level has also been completed, including the refocus on two main revenue streams, namely, term maintenance contracts and building projects with individual values up to circa £1.5 million. Associated operating policies and procedures have been re-examined and any shortcomings fully rectified. Staffing structures and personnel have been reviewed where necessary.



**THE QUARR GROUP LIMITED**

**CHAIRMAN'S STRATEGIC REPORT** *(continued)*

**YEAR ENDED 30th APRIL 2014**

I am pleased to be able to report that the actions taken have resulted in the Company returning to profitability in the second quarter of the current financial year. The business's order book for the period ending April 2015 is fully secured with strong run rates into subsequent periods. Business Plan forecasts for the next two fiscal years identifies strong profitability. The Company is operating within its cash flow projections and the Balance Sheet remains strong.

The Board of Directors consider that the year ending April 2014 was an extra-ordinary period for Mountjoy Limited measured against past performance and current forecasts and that the continued growth of the business moving forward is sustainable in terms of both revenues and profitability.

The Group's other subsidiary businesses namely Nviro, contract cleaning and Pabulum, contract catering, delivered strong performances with revenues of £15.7 million and £21.6 million and profitability before tax of £760,000 and £630,000 respectively.

The Group's heavy exposure to the maintenance and soft services support sector, with a large portfolio of long term contracts, continues to place it in a robust position providing a sound foundation on which to organically grow the businesses over the medium and long term. Strong visibility of earnings, very active pipelines and secure order books exist in each of the subsidiary businesses. The Group's turnover for the period ending April 2015 is forecast to remain stable at £67.0 million with profitability before tax of £1.1 million.

The Group and each of its subsidiaries strongly embrace their obligations to the environment, together with corporate and social responsibilities. All businesses retain their ISO 14001 environmental and ISO 9001 quality accreditations. The Board of Directors is confident that its business strategy of being a progressive Group built on economic success and high professional and technical standards will continue to provide maximum value to its clients and shareholders.



Chris Howells  
Chairman

Date: 29.1.15

## **THE QUARR GROUP LIMITED**

### **DIRECTORS' REPORT**

#### **YEAR ENDED 30th APRIL 2014**

The directors present their report and the report and financial statements of the group for the year ended 30th April 2014.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £101,889. Particulars of dividends paid are detailed in note 10 to the report and financial statements.

#### **FINANCIAL INSTRUMENTS**

Details of the group's financial risk management objectives and policies are included in note 19 to the accounts.

#### **DIRECTORS**

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

C.C. Howells  
G.J. Pengelly  
J.H. Russell  
D.J. Howells  
M.J. Russell

M.J. Russell was appointed as a director on 15th August 2013.

J.H. Russell resigned as a director on 15th August 2013.

#### **DISABLED 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 company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

#### **EMPLOYEE INVOLVEMENT**

The company's policy is to consult and discuss with employees, through unions and at meetings, those matters likely to affect employees' interests.

Information on matters of concern to employees is given through bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

#### **DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, Directors' Report and the report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare report and financial statements for each financial year. Under that law the directors have elected to prepare the report and 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 report and financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year.

In preparing these report and financial statements, the directors are required to:

**THE QUARR GROUP LIMITED**

**DIRECTORS' REPORT** *(continued)*

**YEAR ENDED 30th APRIL 2014**

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 report and financial statements;
- prepare the report and financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the group'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.

Signed by order of the directors



C.C. HOWELLS  
Company Secretary

Approved by the directors on .....29.1.15



## **THE QUARR GROUP LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE QUARR GROUP LIMITED**

#### **YEAR ENDED 30th APRIL 2014**

We have audited the group and parent company report and financial statements ("the report and financial statements") of The Quarr Group Limited for the year ended 30th April 2014. 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 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 shareholders 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 Annual Report, report and 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 report and 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 REPORT AND FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the report and financial statements sufficient to give reasonable assurance that the report and 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 group's and the parent 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 report and financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited report and financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**THE QUARR GROUP LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE QUARR GROUP LIMITED (continued)**

**YEAR ENDED 30th APRIL 2014**

**OPINION ON REPORT AND FINANCIAL STATEMENTS**

In our opinion the report and financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 30th April 2014 and of the group's 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.

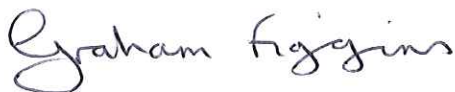
**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the report and financial statements are prepared is consistent with the report and 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company report and 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.



GRAHAM FIGGINS FCA (Senior Statutory Auditor)

For and on behalf of



Statutory Auditor

Office: Portsmouth

Date: 29/1/15



**THE QUARR GROUP LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 30th APRIL 2014**

	Note	2014 £	2013 £
<b>GROUP TURNOVER</b>	<b>2</b>	<b>69,569,974</b>	67,231,929
Cost of sales		<u>57,959,929</u>	54,728,194
<b>GROSS PROFIT</b>		<b>11,610,045</b>	12,503,735
Administrative expenses		<u>11,544,996</u>	10,607,717
<b>OPERATING PROFIT</b>	<b>3</b>	<b>65,049</b>	1,896,018
Interest receivable and similar income		<b>32,718</b>	78,992
Interest payable and similar charges	<b>6</b>	<b>(2,191)</b>	(49,125)
Other finance income/(costs)	<b>7</b>	<b>20,000</b>	(5,000)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u><b>115,576</b></u>	1,920,885
Tax on profit on ordinary activities	<b>8</b>	<b>13,687</b>	481,926
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>9</b>	<u><b>101,889</b></u>	<u>1,438,959</u>

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

The company has taken advantage of section 408 of the Companies Act 2006  
not to publish its own Profit and Loss Account.

The notes on pages 13 to 27 form part of these report and financial statements.

**THE QUARR GROUP LIMITED**

**GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**YEAR ENDED 30th APRIL 2014**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Profit for the financial year		
attributable to the shareholders of the parent company	<b>101,889</b>	1,438,959
Actuarial loss in respect of defined benefit pension scheme	<b>37,000</b>	(12,000)
Deferred tax in respect of defined benefit pension scheme	<b>(7,770)</b>	2,070
Total gains and losses recognised since the last annual report	<b><u>131,119</u></b>	<b><u>1,429,029</u></b>

The notes on pages 13 to 27 form part of these report and financial statements.


THE QUARR GROUP LIMITED

GROUP BALANCE SHEET

30th APRIL 2014

	Note	2014		2013	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	11		1,876,668		1,536,040
<b>CURRENT ASSETS</b>					
Stocks	13	725,071		568,066	
Debtors	14	8,243,333		6,600,645	
Cash at bank		1,119,592		2,913,182	
		<u>10,087,996</u>		<u>10,081,893</u>	
<b>CREDITORS: Amounts falling due within one year</b>	16	<u>9,734,274</u>		<u>8,621,471</u>	
<b>NET CURRENT ASSETS</b>			<u>353,722</u>		<u>1,460,422</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>2,230,390</u>		<u>2,996,462</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	17		<u>-</u>		<u>5,945</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>			<u>2,230,390</u>		<u>2,990,517</u>
Defined benefit pension scheme liability	20		<u>(106,650)</u>		<u>(147,840)</u>
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>			<u>2,123,740</u>		<u>2,842,677</u>
<b>CAPITAL AND RESERVES</b>					
Called-up equity share capital	24		108,238		108,238
Share premium account	25		27,654		27,654
Other reserves	25		141,275		141,275
Profit and loss account	25		1,846,573		2,565,510
<b>SHAREHOLDERS' FUNDS</b>	26		<u>2,123,740</u>		<u>2,842,677</u>

These accounts were approved by the directors and authorised for issue on 29.1.15, and are signed on their behalf by:

  
 .....  
 C.C. HOWELLS

  
 .....  
 D.J. HOWELLS

The notes on pages 13 to 27 form part of these report and financial statements.

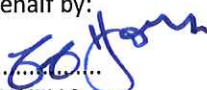
THE QUARR GROUP LIMITED


BALANCE SHEET

30th APRIL 2014

	Note	2014		2013	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	11		2,670		2,289
Investments	12		1,667,477		1,667,477
			<u>1,670,147</u>		<u>1,669,766</u>
<b>CURRENT ASSETS</b>					
Debtors	14	198,885		58,313	
<b>CREDITORS: Amounts falling due within one year</b>	16	<u>2,379,252</u>		<u>2,033,378</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(2,180,367)</u>		<u>(1,975,065)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>(510,220)</u>		<u>(305,299)</u>
<b>NET LIABILITIES EXCLUDING PENSION LIABILITY</b>			<u>(510,220)</u>		<u>(305,299)</u>
Defined benefit pension scheme liability	20		<u>(106,650)</u>		<u>(147,840)</u>
<b>NET LIABILITIES INCLUDING PENSION LIABILITY</b>			<u>(616,870)</u>		<u>(453,139)</u>
<b>CAPITAL AND RESERVES</b>					
Called-up equity share capital	24		108,238		108,238
Share premium account	25		27,654		27,654
Other reserves	25		141,275		141,275
Profit and loss account	25		<u>(894,037)</u>		<u>(730,306)</u>
<b>DEFICIT</b>			<u>(616,870)</u>		<u>(453,139)</u>

These accounts were approved by the directors and authorised for issue on 29.1.15, and are signed on their behalf by:

  
 .....  
 C.C. HOWELLS

  
 .....  
 D.J. HOWELLS

Company Registration Number: 02688985

The notes on pages 13 to 27 form part of these report and financial statements.

THE QUARR GROUP LIMITED

GROUP CASH FLOW STATEMENT

YEAR ENDED 30th APRIL 2014

		2014		2013	
	Note	£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	27		477,284		2,051,032
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	27		30,527		29,867
TAXATION	27		(407,474)		(524,309)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	27		(1,030,960)		(588,333)
EQUITY DIVIDENDS PAID			(850,056)		(1,000,117)
CASH OUTFLOW BEFORE FINANCING			(1,780,679)		(31,860)
FINANCING	27		(12,911)		(517,525)
DECREASE IN CASH	27		(1,793,590)		(549,385)

The notes on pages 13 to 27 form part of these report and financial statements.



## THE QUARR GROUP LIMITED

### NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30th APRIL 2014

#### 1. ACCOUNTING POLICIES

##### Basis of accounting

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

##### Basis of consolidation

The consolidated report and financial statements incorporate the report and financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group report and financial statements by virtue of section 408 of the Companies Act 2006.

##### Turnover

Turnover, which excludes Value Added Tax, is the total amount receivable for goods supplied and services provided except for long term contracts (see below). Turnover is recognised when the goods and services have been physically provided to the customer.

##### Fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

##### Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Short leasehold property	- Depreciated over the lease term
Plant & Machinery	- 20-100%
Computers	- 33%
Motor Vehicles	- 20-50%
Office furniture and fixtures	- 25-33%

##### Stocks and work in progress, excluding long term contracts

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in, first out basis. Provision is made where necessary for obsolete, slow moving and defective stocks.

##### Long term contracts

Turnover on long term contracts is recognised according to the stage reached in the contract by reference to the value of work done. A prudent estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. The amount by which the turnover exceeds payments on account is shown under debtors as amounts recoverable on contracts. The costs on long term contracts not yet taken to the profit and loss account less related foreseeable losses and payments on account are shown in stocks as long term contract balances.

**THE QUARR GROUP LIMITED**

**NOTES TO THE REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 30th APRIL 2014**

**1. ACCOUNTING POLICIES *(continued)***

**Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a combination of straight line basis and sum of digit basis.

**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.

**Pension costs and other post-retirement benefits**

Contributions to the group's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

The company operates an independently administered final salary scheme, which was closed to further service accrual on 31st July 2005. The assets are measured at fair value and scheme liabilities are measured on an actuarial basis and discounted at a rate equivalent to the current rate of return on a high quality sterling corporate bond of a similar term to the scheme liabilities. Full actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting net defined benefit asset or liability is presented separately on the face of the balance sheet.

Current service costs and any curtailment gains are recognised in arriving at operating profit. The interest cost net of the expected return on scheme assets is included in other finance costs. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

**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, or a right to pay less or to receive more tax.

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

The recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

The deferred tax relating to the defined benefit pension scheme liabilities is offset against that liability and not included with other deferred tax assets or liabilities.

**Financial instruments**

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

**THE QUARR GROUP LIMITED**

**NOTES TO THE REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 30th APRIL 2014**

**2. TURNOVER**

All of the group's turnover is derived in the United Kingdom. Sales to third parties by classes of business:

	<b>2014</b>	2013
	<b>£</b>	£
Pabulum - Catering Services	<b>21,594,461</b>	22,190,924
N-Viro - Cleaning Services	<b>15,714,372</b>	14,903,541
Mountjoy - Facilities management and construction	<b>32,261,141</b>	30,137,464
	<b><u>69,569,974</u></b>	<u>67,231,929</u>

**3. OPERATING PROFIT**

Operating profit is stated after charging/(crediting):

	<b>2014</b>	2013
	<b>£</b>	£
Depreciation of owned fixed assets	<b>711,394</b>	576,470
Depreciation of assets held under hire purchase agreements	-	12,199
Profit on disposal of fixed assets	<b>(21,062)</b>	(52,394)
Auditor's remuneration		
- in respect of the audit of the parent company	<b>3,900</b>	3,800
- in respect of the audit of the subsidiary companies	<b>27,700</b>	26,900
- in respect of other services	<b>689</b>	162
Operating lease costs:		
- Other	<b><u>346,386</u></b>	<u>309,708</u>

**4. PARTICULARS OF EMPLOYEES**

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

	<b>2014</b>	2013
	<b>No</b>	No
Facilities maintenance / building	<b>206</b>	194
Catering	<b>910</b>	995
Cleaning	<b>1,413</b>	1,387
Administration	<b>231</b>	215
	<b><u>2,760</u></b>	<u>2,791</u>

The aggregate payroll costs of the above were:

	<b>2014</b>	2013
	<b>£</b>	£
Wages and salaries	<b>30,303,909</b>	29,067,930
Social security costs	<b>1,807,879</b>	1,716,221
Pension costs	<b>242,225</b>	206,268
	<b><u>32,354,013</u></b>	<u>30,990,419</u>

Other pension costs are amounts charged to operating profit and do not include amounts credited to finance income and charged to finance costs (see note 7), and amounts recognised in the statement of recognised gains and losses.



**THE QUARR GROUP LIMITED**

**NOTES TO THE REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 30th APRIL 2014**

**5. DIRECTORS' REMUNERATION**

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

	<b>2014</b>	2013
	<b>£</b>	£
Remuneration receivable	<b>315,345</b>	369,215
Pension contributions	<b>35,180</b>	41,531
	<b><u>350,525</u></b>	<u>410,746</u>

**Remuneration of highest paid director:**

	<b>2014</b>	2013
	<b>£</b>	£
Total remuneration (excluding pension contributions)	<b>229,254</b>	276,274
Pension contributions	<b>13,889</b>	18,281
	<b><u>243,143</u></b>	<u>294,555</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	<b>2014</b>	2013
	<b>No</b>	No
Defined benefit schemes	<b><u>2</u></b>	<u>2</u>

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2014</b>	2013
	<b>£</b>	£
Interest payable on bank borrowing	<b>2,001</b>	39,459
Finance charges	<b>190</b>	9,666
	<b><u>2,191</u></b>	<u>49,125</u>

**7. OTHER FINANCE INCOME/(COSTS)**

	<b>2014</b>	2013
	<b>£</b>	£
Net finance costs in respect of defined benefit pension schemes	<b><u>20,000</u></b>	<u>(5,000)</u>

THE QUARR GROUP LIMITED

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30th APRIL 2014

8. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2014 £	2013 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 22.83% (2013 - 23.92%)	(17,872)	402,491
Over provision in prior year	-	(3,724)
Total current tax	<u>(17,872)</u>	398,767
Deferred tax:		
Origination and reversal of timing differences	30,029	(1,506)
Effect of changed tax rate on opening balance	(2,670)	20,265
Defined benefit pension scheme	4,200	64,400
Total deferred tax (note 15)	<u>31,559</u>	83,159
Tax on profit on ordinary activities	<u>13,687</u>	<u>481,926</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 22.83% (2013 - 23.92%).

	2014 £	2013 £
Profit on ordinary activities before taxation	<u>115,576</u>	<u>1,920,885</u>
Profit on ordinary activities by rate of tax	26,386	459,476
Expenses not deductible for Corporation Tax	423	9,281
Fixed asset timing differences	(15,586)	3,609
Small companies relief	(926)	(2,899)
Adjustment in respect of previous period	-	(3,724)
Adjustment to profit in respect of adoption of FRS 17	(24,656)	(66,976)
Losses relieved against periods with higher tax rates	(3,513)	-
Total current tax (note 8(a))	<u>(17,872)</u>	<u>398,767</u>

9. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the report and financial statements of the parent company was £657,095 (2013 - £922,140).



THE QUARR GROUP LIMITED

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30th APRIL 2014

10. DIVIDENDS

Equity dividends

	2014 £	2013 £
Paid		
Equity dividends on Ordinary shares	825,140	970,803
Equity dividends on Ordinary E shares	24,916	29,314
	<u>850,056</u>	<u>1,000,117</u>

The dividends made by the company during the year amounted to the following per share:

Paid during the year	79p	92p
----------------------	-----	-----

11. TANGIBLE FIXED ASSETS

Group	Short leasehold property £	Plant & Machinery £	Computers £	Motor Vehicles £	Office furniture and fixtures £	Total £
<b>COST</b>						
At 1 May 2013	238,539	574,392	1,322,102	1,183,425	269,330	3,587,788
Additions	63,044	138,120	538,465	329,363	14,766	1,083,758
Disposals	-	-	(87,249)	(247,037)	-	(334,286)
<b>At 30 Apr 2014</b>	<u>301,583</u>	<u>712,512</u>	<u>1,773,318</u>	<u>1,265,751</u>	<u>284,096</u>	<u>4,337,260</u>
<b>DEPRECIATION</b>						
At 1 May 2013	87,655	396,099	877,941	506,840	183,213	2,051,748
Charge for the year	46,871	124,556	273,963	233,792	32,212	711,394
On disposals	-	-	(87,012)	(215,538)	-	(302,550)
<b>At 30 Apr 2014</b>	<u>134,526</u>	<u>520,655</u>	<u>1,064,892</u>	<u>525,094</u>	<u>215,425</u>	<u>2,460,592</u>
<b>NET BOOK VALUE</b>						
<b>At 30 Apr 2014</b>	<u>167,057</u>	<u>191,857</u>	<u>708,426</u>	<u>740,657</u>	<u>68,671</u>	<u>1,876,668</u>
At 30 Apr 2013	<u>150,884</u>	<u>178,293</u>	<u>444,161</u>	<u>676,585</u>	<u>86,117</u>	<u>1,536,040</u>

Hire purchase agreements

Included within the net book value of £1,876,668 is £Nil (2013 - £19,034) relating to assets held under hire purchase agreements. The depreciation charged to the report and financial statements in the year in respect of such assets amounted to £Nil (2013 - £12,199).

THE QUARR GROUP LIMITED

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30th APRIL 2014

11. TANGIBLE FIXED ASSETS (continued)

Company	Computers £	Motor Vehicles £	Office furniture and fixtures £	Total £
<b>COST</b>				
At 1st May 2013	16,102	46,469	5,139	67,710
Additions	2,102	–	–	2,102
Disposals	–	(46,469)	–	(46,469)
<b>At 30th April 2014</b>	<u>18,204</u>	<u>–</u>	<u>5,139</u>	<u>23,343</u>
<b>DEPRECIATION</b>				
At 1st May 2013	13,813	46,469	5,139	65,421
Charge for the year	1,721	–	–	1,721
On disposals	–	(46,469)	–	(46,469)
<b>At 30th April 2014</b>	<u>15,534</u>	<u>–</u>	<u>5,139</u>	<u>20,673</u>
<b>NET BOOK VALUE</b>				
<b>At 30th April 2014</b>	<u>2,670</u>	<u>–</u>	<u>–</u>	<u>2,670</u>
At 30th April 2013	<u>2,289</u>	<u>–</u>	<u>–</u>	<u>2,289</u>

12. INVESTMENTS

Company	Group companies £
<b>COST</b>	
At 1st May 2013 and 30th April 2014	<u>1,667,477</u>
<b>NET BOOK VALUE</b>	
At 30th April 2014 and 30th April 2013	<u>1,667,477</u>

At 30th April 2014 the company held 100% of the Ordinary share capital in the following companies:

Name of subsidiary undertakings	Nature of business
Pabulum Limited	Catering services
Mountjoy Limited	Facilities maintenance and building services
N-Viro Limited	Cleaning services

13. STOCKS

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
Raw materials	522,664	480,716	–	–
Short-term work in progress	202,407	87,350	–	–
	<u>725,071</u>	<u>568,066</u>	<u>–</u>	<u>–</u>

THE QUARR GROUP LIMITED

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30th APRIL 2014

14. DEBTORS

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors	4,854,950	3,553,502	-	-
Amounts owed by group undertakings	-	-	187,754	20,380
Corporation tax repayable	177,906	-	-	-
VAT recoverable	-	-	-	15,327
Deferred taxation (Note 15)	26,862	50,381	2,325	8,902
Prepayments and accrued income	3,183,615	2,996,762	8,806	13,704
	<u>8,243,333</u>	<u>6,600,645</u>	<u>198,885</u>	<u>58,313</u>

15. DEFERRED TAXATION

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

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Asset brought forward	50,381	55,250	8,902	9,515
Decrease in asset	(23,519)	(4,869)	(6,577)	(613)
Asset carried forward	<u>26,862</u>	<u>50,381</u>	<u>2,325</u>	<u>8,902</u>

The group's asset for deferred taxation consists of the tax effect of timing differences in respect of:

Group	2014		2013	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of depreciation over taxation allowances	26,811	-	49,553	-
Other timing differences	51	-	828	-
	<u>26,862</u>	<u>-</u>	<u>50,381</u>	<u>-</u>

The company's asset for deferred taxation consists of the tax effect of timing differences in respect of:

Company	2014		2013	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of depreciation over taxation allowances	<u>2,325</u>	<u>-</u>	<u>8,902</u>	<u>-</u>

The timing difference of £4,200 (2013 - £64,400) shown in note 8(a) relating to the element of the defined benefit pension scheme which does not go through the Statement of Total Recognised Gains and Losses, is shown in note 20 as part of the net pension liability.

THE QUARR GROUP LIMITED

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30th APRIL 2014

16. CREDITORS: Amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank overdrafts	-	-	1,533,217	1,768,998
Trade creditors	4,579,671	3,228,423	-	-
Amounts owed to group undertakings	-	-	732,932	77,195
Hire purchase agreements	-	6,966	-	-
Other creditors including taxation and social security:				
Corporation tax	-	247,440	6,544	15,994
Other taxation and social security	2,031,624	1,996,295	46,556	-
Other creditors	82,283	124,197	-	-
Accruals and deferred income	3,040,696	3,018,150	60,003	171,191
	<u>9,734,274</u>	<u>8,621,471</u>	<u>2,379,252</u>	<u>2,033,378</u>

The overdrafts are secured by means of a guarantee on the assets of the group. The hire purchase agreements are secured on the assets to which they relate.

17. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Hire purchase agreements	-	5,945	-	-
	<u>-</u>	<u>5,945</u>	<u>-</u>	<u>-</u>

The hire purchase agreements are secured on the assets to which they relate.

18. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Amounts payable within 1 year	-	6,966	-	-
Amounts payable between 2 to 5 years	-	5,945	-	-
	<u>-</u>	<u>12,911</u>	<u>-</u>	<u>-</u>



THE QUARR GROUP LIMITED

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30th APRIL 2014

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

It is the group's policy to minimise the cost of borrowings whilst retaining the flexibility of funding opportunities.

**Interest rate exposure**

The group's financial instruments primarily relate to hire purchase agreements, which have been entered into under fixed interest rates.

**Currency exposure**

As at 30th April 2014 the group had no material currency exposures relating to trading activities. The group's financial instruments are materially denominated in sterling.

**Available facilities**

The group has undrawn overdraft facilities which provide for finance of up to £1,000,000.

**Fair value of financial assets and liabilities**

An assessment of the fair value of the group's financial instruments held for financing purposes has been undertaken as at 30th April 2014. No material differences exist between book and fair value.

20. PENSIONS AND OTHER POST RETIREMENT BENEFITS

The company operated one defined benefit pension scheme during the year, the Quarr Group Limited Life Assurance Plan "Quarr Group Pension".

The Quarr Group Pension is an independently administered final salary scheme, which following consultation with the trustees of the scheme and the scheme members was closed to further service accrual with effect from 31st July 2005. The last completed full actuarial valuation was at 30th April 2010.

The amounts recognised in the profit and loss account are as follows:

	2014 £	2013 £
<i>Amounts included in other finance (income)/cost:</i>		
Expected return on scheme assets	(176,000)	(167,000)
Interest on scheme liabilities	156,000	172,000
Other finance (income)/cost	(20,000)	5,000
Total (credit)/charge to the profit and loss account	(20,000)	5,000
Actual return on scheme assets	79,000	507,000



**THE QUARR GROUP LIMITED**

**NOTES TO THE REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 30th APRIL 2014**

**20. PENSIONS AND OTHER POST RETIREMENT BENEFITS (continued)**

Other finance cost is included in the profit and loss account within interest payable and similar charges. Actuarial gains of £37,000 (2013: £(12,000)) have been recognised in the statement of total recognised gains and losses. At 30th April 2014 the cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses is £(543,000).

The amounts recognised in the balance sheet are as follows:

	2014	2013
	£	£
Present value of funded obligations	(4,074,000)	(4,169,000)
Fair value of scheme assets	<u>3,939,000</u>	<u>3,977,000</u>
	(135,000)	(192,000)
Related deferred tax asset	<u>28,350</u>	<u>44,160</u>
Net pension liability	<u>(106,650)</u>	<u>(147,840)</u>

Changes in the present value of the defined benefit obligation scheme are as follows:

	2014	2013
	£	£
Opening defined benefit obligation	4,169,000	3,817,000
Interest on scheme liabilities	156,000	172,000
Actuarial (gain)/loss	(134,000)	352,000
Benefits paid	<u>(117,000)</u>	<u>(172,000)</u>
Closing defined benefit obligation	<u>4,074,000</u>	<u>4,169,000</u>

Changes in the fair value of scheme assets are as follows:

	2014	2013
	£	£
Opening fair value of scheme assets	3,977,000	3,354,000
Expected return on scheme assets	176,000	167,000
Contributions by employer	-	288,000
Actuarial (loss)/gain	(97,000)	340,000
Benefits paid	<u>(117,000)</u>	<u>(172,000)</u>
Closing fair value of scheme assets	<u>3,939,000</u>	<u>3,977,000</u>

The fair value of the major categories of scheme assets are as follows:

	2014	2013
	£	£
European equities	1,537,000	1,592,000
European bonds	2,213,000	2,233,000
Cash	<u>189,000</u>	<u>152,000</u>
Fair value of scheme assets	<u>3,939,000</u>	<u>3,977,000</u>

The principal actuarial assumptions as at the balance sheet date were:

	2014	2013
	%	%
Discount rate	4.20	3.80
Rate of increase in pensions in payment	3.30	3.20
Inflation	2.50	2.40

**THE QUARR GROUP LIMITED**

**NOTES TO THE REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 30th APRIL 2014**

**20. PENSIONS AND OTHER POST RETIREMENT BENEFITS (continued)**

Amounts for the current and previous four periods are as follows:

	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Defined benefit obligation	<b>(4,074,000)</b>	(4,169,000)	(3,817,000)	(3,407,000)	(3,777,000)
Fair value of scheme assets	<b>3,939,000</b>	3,977,000	3,354,000	3,328,000	3,197,000
Deficit in the scheme	<b><u>(135,000)</u></b>	<u>(192,000)</u>	<u>(463,000)</u>	<u>(79,000)</u>	<u>(580,000)</u>
Experience adjustments on scheme liabilities (£)	<b><u>89,000</u></b>	<u>(256,000)</u>	<u>425,000</u>	<u>(3,000)</u>	<u>171,000</u>
Experience adjustments on scheme assets (£)	<b><u>97,000</u></b>	<u>(340,000)</u>	<u>95,000</u>	<u>(232,000)</u>	<u>(585,000)</u>

**21. COMMITMENTS UNDER OPERATING LEASES**

At 2014 the group had annual commitments under non-cancellable operating leases as set out below.

<b>Group</b>	<b>2014</b>		<b>2013</b>	
	<b>Land and buildings</b>	<b>Other items</b>	<b>Land and buildings</b>	<b>Other items</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Operating leases which expire:				
Within 1 year	<b>5,340</b>	<b>55,224</b>	5,340	13,092
Within 2 to 5 years	<b>52,610</b>	<b>591,193</b>	52,610	580,081
After more than 5 years	<b>60,000</b>	<b>16,614</b>	60,000	-
	<b><u>117,950</u></b>	<b><u>663,031</u></b>	<u>117,950</u>	<u>593,173</u>

**22. CONTINGENT LIABILITIES**

**Company**

The company is a guarantor in respect of annual commitments of £519,222 (2013 - £556,544) under non-cancellable operating leases of its subsidiaries, which expire within 2-5 years.

**THE QUARR GROUP LIMITED**

**NOTES TO THE REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 30th APRIL 2014**

**23. CONTROLLING PARTY**

The company was under the control of the directors, C.C. Howells, G.J. Pengelly, J.H. Russell/M.J. Russell and D.J. Howells, by virtue of their shareholdings and connected party shareholdings.

During the year the Directors and their immediate families received the following dividends:

	2014	2013
	£	£
C.C. Howells	192,188	225,845
G.J. Pengelly	240,173	280,618
J.H. Russell	159,043	280,544
D.J. Howells	73,243	82,745
M.J. Russell	40,375	-
	<u>705,022</u>	<u>869,752</u>

**24. SHARE CAPITAL**

**Authorised share capital:**

	2014	2013
	£	£
13,500,000 Ordinary shares of £0.10 each	1,350,000	1,350,000
2,000,000 Ordinary E shares of £0.10 each	200,000	200,000
4,500,000 Redeemable preference shares of £0.10 each	450,000	450,000
	<u>2,000,000</u>	<u>2,000,000</u>

**Allotted, called up and fully paid:**

	2014		2013	
	No	£	No	£
Ordinary shares of £0.10 each	1,050,653	105,065	1,050,653	105,065
Ordinary E shares of £0.10 each	31,725	3,173	31,725	3,173
	<u>1,082,378</u>	<u>108,238</u>	<u>1,082,378</u>	<u>108,238</u>

**25. RESERVES**

Group	Share premium account	Capital redemption reserve	Profit and loss account
	£	£	£
Balance brought forward	27,654	141,275	2,565,510
Profit for the year	-	-	101,889
Equity dividends	-	-	(850,056)
Defined benefit pension scheme	-	-	29,230
Balance carried forward	<u>27,654</u>	<u>141,275</u>	<u>1,846,573</u>

THE QUARR GROUP LIMITED

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30th APRIL 2014

25. RESERVES (continued)

Company	Share premium account £	Capital redemption reserve £	Profit and loss account £
Balance brought forward	27,654	141,275	(730,306)
Profit for the year	–	–	657,095
Equity dividends	–	–	(850,056)
Defined benefit pension scheme	–	–	29,230
Balance carried forward	<u>27,654</u>	<u>141,275</u>	<u>(894,037)</u>

26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £	2013 £
Profit for the financial year	101,889	1,438,959
Equity dividends	(850,056)	(1,000,117)
Defined benefit pension scheme	29,230	(9,930)
Net (reduction)/addition to shareholders' funds	<u>(718,937)</u>	428,912
Opening shareholders' funds	2,842,677	2,413,765
Closing shareholders' funds	<u>2,123,740</u>	<u>2,842,677</u>

27. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Operating profit	65,049	1,896,018
Depreciation	711,394	590,610
Profit on disposal of fixed assets	(21,062)	(52,394)
(Increase)/decrease in stocks	(157,005)	195,631
Increase in debtors	(1,488,301)	(363,756)
Increase in creditors	1,367,209	72,923
Defined benefit pension scheme contributions paid	–	(288,000)
Net cash inflow from operating activities	<u>477,284</u>	<u>2,051,032</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2014 £	2013 £
Interest received	32,718	78,992
Interest paid	(2,001)	(39,459)
Interest element of hire purchase	(190)	(9,666)
Net cash inflow from returns on investments and servicing of finance	<u>30,527</u>	<u>29,867</u>

TAXATION

	2014 £	2013 £
Taxation	<u>(407,474)</u>	<u>(524,309)</u>



THE QUARR GROUP LIMITED

NOTES TO THE REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30th APRIL 2014

27. NOTES TO THE CASH FLOW STATEMENT *(continued)*

**CAPITAL EXPENDITURE**

	2014 £	2013 £
Payments to acquire tangible fixed assets	(1,083,758)	(673,808)
Receipts from sale of fixed assets	52,798	85,475
Net cash outflow from capital expenditure	<u>(1,030,960)</u>	<u>(588,333)</u>

**FINANCING**

	2014 £	2013 £
Net outflow from other short-term creditors	–	(324,549)
Capital element of hire purchase	(12,911)	(192,976)
Net cash outflow from financing	<u>(12,911)</u>	<u>(517,525)</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	2014		2013	
	£	£	£	£
Decrease in cash in the period	(1,793,590)		(549,385)	
Net outflow from other short-term creditors	–		324,549	
Cash outflow in respect of hire purchase	12,911		192,976	
		<u>(1,780,679)</u>		<u>(31,860)</u>
Change in net funds		<u>(1,780,679)</u>		<u>(31,860)</u>
Net funds at 1 May 2013		<u>2,900,271</u>		<u>2,932,131</u>
Net funds at 30 April 2014		<u>1,119,592</u>		<u>2,900,271</u>

**ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 May 2013 £	Cash flows £	At 30 Apr 2014 £
Net cash:			
Cash in hand and at bank	2,913,182	(1,793,590)	1,119,592
Debt:			
Hire purchase agreements	(12,911)	12,911	–
Net funds	<u>2,900,271</u>	<u>(1,780,679)</u>	<u>1,119,592</u>