

Siddall Medequip Limited

**Strategic Report, Directors' Report and
financial statements**

Registered number 07701613

For the year ended 31 December 2014

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Company Information

Directors	J E McGee BEng J C Siddall BSc C P Siddall BSc, FRGS J A Firth BA, FCA A J Siddall P R Siddall MBE
Company number	07701613
Registered office	Sidhil Business Park Holmfield Halifax West Yorkshire HX2 9TN
Independent Auditor	KPMG LLP 1 St Peter's Square Manchester M2 3AE
Bankers	National Westminster Bank PLC 3rd Floor 2 Whitehall Quay Leeds West Yorkshire LS1 4HR
Solicitors	Eversheds 1 Bridgewater Place Water Lane Leeds West Yorkshire LS11 5QR

Strategic Report

Principal activities

The principal activity of the Company is that of a holding company. Siddall Group Limited is an intermediate holding company with one trading subsidiary, Medequip Assistive Technology Limited. The principal activity of Medequip Assistive Technology Limited is the purchase, storage, sale, delivery, and collection of medical assistive technology equipment.

Business model

The Group manages the community loan store process on behalf of social services, NHS authorities and charities, helping people to stay safe and independent at home. The Group delivers partnership support to commissioners, prescribers and users by providing procurement, storage, delivery, installation, maintenance, collection, repair, cleaning, refurbishment and recycling services for community equipment. Centralised support services, including procurement, are provided to company depots across the UK.

The purchasing economies of scale achieved by the Group together with efficient operating practices significantly reduce the time and resource invested by commissioners and prescribers and typically reduce costs by up to 25% whilst increasing service levels, enhancing care delivery and supporting patient independence and rehabilitation.

Business review and results

The consolidated profit and loss account for the year is set out on page 8.

The results for the year show an increase in turnover of £18.4m (19%) whilst profit on ordinary activities before taxation increased by £1.2m (35%). The average number of employees increased from 517 to 568.

Key performance indicators

	31 December 2014	31 December 2013
Return on turnover	4.30%	3.90%
On time deliveries	99%	99%

Return on turnover is the percentage of operating profit to turnover. On time deliveries is the percentage of deliveries achieved within set contractual targets.

The return on turnover can vary due to product mix, start-up costs associated with the commencement of new contracts and the profile of new contracts together with direct and indirect costs associated with growth in business volume.

The key operational KPI considered by the directors is on time deliveries. These are essential to the timely provision of equipment and adaptations for sometimes vulnerable individuals requiring assistance in order to be cared for in the community.

Principal risks and uncertainties

The principal risks and uncertainties are considered to be the general economic climate and spending levels within the NHS. The Group benefits from contracts that typically last for a number of years thereby underpinning comparatively regular revenues, accordingly focus is given to ensure that service standards are upheld in order to safeguard that business contracts are renewed.

Strategic Report *(continued)*

Future developments

The existing and forecast shift in population demographics has resulted in a growing market which, together with on-going pressure on government budget spend, has produced significant opportunities for the Group to expand

As the population ages and advances in medical technology facilitate care in the home, growth can reasonably be expected from existing contracts. In addition, visible tenders for further Community Equipment Schemes (CES) moving to the outsourced market signposts significant opportunities in the coming years

There are also expanding opportunities in the self-funding retail market and CES linked activities including Planned Preventative Maintenance and Home Improvement & Minor Adaptations

Signed on behalf of the Board,



P R Siddall, MBE
Director

Sidhal Business Park
Holmfield
Halifax
West Yorkshire
HX2 9TN

1 May 2015

Directors' Report

The directors present their Directors' Report and financial statements for the year ended 31 December 2014

Dividends

No dividends have been paid or proposed in the year (2013 £nil)

Directors

The directors who held office during the year were as follows

J E McGee BEng
J C Siddall BSc
C P Siddall BSc, FRGS
J A Firth BA, FCA
A J Siddall
P R Siddall MBE

Employees

Details of the number of employees and related costs can be found in note 5 to the financial statements. The Group is an equal opportunities employer and considers all applications for employment on the basis of aptitude and merit.

The Group places considerable value on the involvement of all employees and has adopted the practice of keeping all employees informed on matters affecting the performance of the Group and them as employees via a series of formal, face to face monthly team briefings. The importance of training and development of employees is recognised and supported by local management and through the use of external bodies.

It is Group policy that all personnel have equality of opportunity upon recruitment and during service regardless of gender, race, religion or disability and also to select and train people dependent upon their ability and the Group's requirement for particular skills.

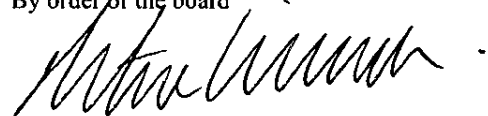
Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

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

By order of the board



P R Siddall, MBE
Director

Siddal Business Park
Holmfild
Halfax
West Yorkshire
HX2 9TN

1 May 2015

Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that year. In preparing each of the group and parent company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



KPMG LLP

1 St Peter's Square
Manchester
M2 3AE
United Kingdom

Independent auditor's report to the members of Siddall Medequip Limited

We have audited the financial statements of Siddall Medequip Limited for the year ended 31 December 2014 set out on pages 8 to 22. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2014 and of the group's profit for the year then ended,
- have been properly prepared in accordance with UK 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

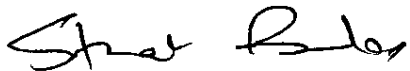
In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditor's report to the members of Siddall Medequip Limited
(continued)

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 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



Stuart Burdass (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

7 May 2015

Consolidated Profit and Loss Account
for the year ended 31 December 2014

	<i>Note</i>	2014 £'000	2013 £'000
Turnover	2	115,984	97,543
Cost of sales		(103,370)	(87,119)
Gross profit		12,614	10,424
Distribution costs		-	(10)
Administrative expenses		(7,696)	(6,625)
Operating profit		4,918	3,789
Interest payable and similar charges	6	(281)	(347)
Profit on ordinary activities before taxation	3	4,637	3,442
Tax on profit on ordinary activities	7	(1,058)	(906)
Profit for the financial year	<i>19, 20</i>	3,579	2,536

The profit and loss account has been prepared on the basis that all operations are continuing operations

The notes on pages 12 to 22 form part of these financial statements

Consolidated Statement of Total Recognised Gains and Losses
for the year ended 31 December 2014

	<i>Note</i>	2014 £'000	2013 £'000
Profit for the financial year	<i>19</i>	3,579	2,536
Total recognised gains and losses relating to the year		<u>3,579</u>	<u>2,536</u>
Total gains and losses recognised since last annual report		<u>3,579</u>	<u>2,536</u>

The notes on pages 12 to 22 form part of these financial statements

Consolidated and Company Balance Sheet
at 31 December 2014

	<i>Note</i>	Group		Company	
		2014	2013	2014	2013
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	9	983	1,063	-	-
Tangible assets	10	1,548	1,417	-	-
Investments	11	-	-	-	-
		<u>2,531</u>	<u>2,480</u>	<u>-</u>	<u>-</u>
Current assets					
Stocks	12	3,701	3,296	-	-
Debtors	13	12,830	13,281	-	-
Cash at bank and in hand		4,549	714	-	-
		<u>21,080</u>	<u>17,291</u>	<u>-</u>	<u>-</u>
Creditors amounts falling due within one year	14	<u>(12,534)</u>	<u>(12,209)</u>	<u>-</u>	<u>-</u>
Net current assets		8,546	5,082	-	-
Total assets less current liabilities		11,077	7,562	-	-
Creditors: amounts falling due after more than one year	15	<u>(2,699)</u>	<u>(2,763)</u>	<u>-</u>	<u>-</u>
Net assets		<u>8,378</u>	<u>4,799</u>	<u>-</u>	<u>-</u>
Capital and reserves					
Share capital	18	-	-	-	-
Merger reserves	19	23	23	-	-
Profit and loss account	19	8,355	4,776	-	-
Shareholders' funds	20	<u>8,378</u>	<u>4,799</u>	<u>-</u>	<u>-</u>

These financial statements were approved by the Board of Directors on 1 May 2015 and were signed on its behalf by



P R Siddall MBE
 Director

Company registered number 07701613

The notes on pages 12 to 22 form part of these financial statements

Consolidated Cash Flow Statement
for the year ended 31 December 2014

	<i>Note</i>	2014	2013
		£'000	£'000
Net cash inflow from operating activities	22	7,380	2,337
Returns on investments and servicing of finance			
Interest paid		(281)	(347)
Taxation		(493)	(261)
Capital expenditure			
Payments to acquire tangible assets		(1,038)	(904)
Receipts from sales of tangible assets		78	10
Net cash outflow for capital expenditure		(960)	(894)
Net cash inflow before management of liquid resources and financing		5,646	835
Financing			
Repayment of loans		(600)	(600)
Receipts from borrowings		544	368
Loan to related undertaking		(1,719)	(1,316)
Capital element of hire purchase contracts		(36)	(56)
Net cash outflow from financing		(1,811)	(1,604)
Increase/(decrease) cash in the year	23,24	3,835	(769)

The notes on pages 12 to 22 form part of these financial statements

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost conventions, as modified by revaluations of certain fixed assets

Basis of consolidation

The consolidation of the direct subsidiary companies has been accounted for using merger accounting in accordance with FRS 6, Acquisitions and Mergers, whereby the carrying values of the assets and liabilities of the parties to the combination are not required to be adjusted to fair value on consolidation. The difference between the nominal value of the shares issued plus the fair value of any consideration given, and the nominal value of the shares received in exchange is shown as a merger reserve.

The group financial statements combine the financial statements of Siddall Medequip Limited, Siddall Group Limited, Medequip Assistive Technology Limited and Manage at Home Limited. The financial statements of the subsidiary companies are prepared to the same accounting date as the parent company. Uniform accounting policies are followed throughout the group. Section 612 of the Companies Act 2006 is utilised wherever applicable.

Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

Going concern

The directors have reviewed their forecasts including downside risks and sensitivities in conjunction with the present financial condition of the Group. This includes due consideration of the current economic and trading conditions faced by the Group. Based upon this assessment, the directors are satisfied that it is reasonable to prepare the accounts on a going concern basis.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	-	Over the lease term
Motor vehicles	-	25% – 33% per annum
Plant and machinery	-	20% – 50% per annum
Rental products	-	20% – 100% per annum
Fixtures, fittings & equipment	-	33% per annum

Notes (continued)

1 Accounting policies (continued)

Goodwill

Goodwill arising on acquisition of subsidiary undertakings or businesses is held on the balance sheet and amortised over the estimated useful life of the acquisition up to a maximum of 20 years and is reviewed annually for impairment

Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future years. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant annual rate of charge on the net obligation outstanding in each year. Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Stock

Stocks are stated at the lower of cost and net realisable value

Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Turnover is recognised on delivery of goods to the customer, or in the case of service income, completion of the service. Rental income is recognised on a straight line basis over the rental period.

Taxation

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

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

Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions to this scheme are charged to the profit and loss account as incurred.

2 Turnover

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

3 Notes to the profit and loss account

	2014	2013
	£'000	£'000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation written off tangible fixed assets	858	841
Amortisation of intangible assets	80	84
Profit on disposal of fixed assets	(29)	-
Operating lease rentals		
- Motor vehicles	1,129	919
- Land and buildings	1,185	1,062
Fees payable to the group's auditors for the audit of the company's annual accounts	7	7
Fees payable to the group's auditors for other services		
- Audit of accounts of subsidiary undertakings	44	42
- Other services relating to taxation	7	6
- Corporate finance	1	15
	<u> </u>	<u> </u>

Notes *(continued)*

4 Remuneration of directors

	2014 £'000	2013 £'000
Remuneration for qualifying services	386	398
Company's pension contribution	16	18
	402	416
	402	416

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £169,000 (2013 £152,000), and Company pension contributions of £8,600 (2013 £7,500) were made to a money purchase scheme on his behalf

Directors' remuneration in relation to P R Siddall MBE, A J Siddall, J C Siddall BSc, J A Firth BA, FCA, C M Siddall and J E McGee BEng are borne by Siddall & Hilton Limited. A recharge of £203,000 (2013 £211,000) was made for services provided to the Company

5 Employees

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

	Number of employees	
	2014	2013
Direct operating staff	504	459
Administration and directors	64	58
	568	517
	568	517

	2014 £'000	2013 £'000
Wages and salaries	12,073	10,907
Social security costs	1,093	1,020
Other pension costs	451	352
	13,617	12,279
	13,617	12,279

6 Interest payable and similar charges

	2014 £'000	2013 £'000
On bank loans and overdrafts	-	1
Hire purchase interest	1	2
Other interest (see note 26)	283	344
Other interest receivable	(3)	-
	281	347
	281	347

Notes *(continued)*

7 Taxation

Analysis of charge in year

	2014 £'000	2013 £'000
<i>UK corporation tax</i>		
Current tax on income for the year	1,047	881
Adjustment in respect of prior years	(17)	46
	1,030	927
<i>Deferred tax</i>		
Reversal of timing differences	21	(21)
Deferred tax adjustments arising in previous years	7	-
	28	(21)
Total current tax	1,030	927
	1,058	906
	1,058	906

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2013 higher) than the standard rate of corporation tax in the UK of 21.49% (2013 23.25%). The differences are explained below

	2014 £'000	2013 £'000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	4,637	3,442
	996	800
<i>Effect of</i>		
Non deductible expenses	7	4
Capital allowances in excess of depreciation / other fixed asset differences	15	77
Short term timing differences	29	46
Adjustments in respect of previous years	(17)	-
	1,030	927
Total current tax	1,030	927
	1,030	927

Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and to 20% (effective 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2014 which has been calculated based on the rates of 20% and 21% substantively enacted at the balance sheet date.

8 Result for the financial year

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The company's result for the year was £nil (2013 £nil).

Notes *(continued)*

9 Intangible fixed assets

Group	Goodwill £'000
Cost	
at 1 January 2014 and 31 December 2014	1,662
Amortisation	
At 1 January 2014	599
Charged in the year	80
At 31 December 2014	679
Net book value	
At 31 December 2014	983
At 1 January 2014	1,063

The goodwill is being amortised over a period of 20 years, being the directors' estimate of the period over which the benefit of goodwill will be derived

10 Tangible fixed assets

Group	Leasehold improvements £'000	Plant and machinery £'000	Fixtures, fittings & equipment £'000	Rental products £'000	Total £'000
Cost					
At 1 January 2014	1,683	1,208	3,231	411	6,533
Additions	330	176	532	-	1,038
Disposals	(75)	(181)	(19)	(277)	(552)
At 31 December 2014	1,938	1,203	3,744	134	7,019
Depreciation					
At 1 January 2014	1,179	933	2,656	348	5,116
Charge for the year	285	156	389	28	858
Disposals	(75)	(169)	(17)	(242)	(503)
At 31 December 2014	1,389	920	3,028	134	5,471
Net book value					
At 31 December 2014	549	283	716	-	1,548
At 1 January 2014	504	275	575	63	1,417

Notes (continued)

10 Tangible fixed assets (continued)

Included above are assets held under finance leases or hire purchase contracts as follows

Group	Motor vehicles £'000	Plant & machinery £'000	Total £'000
Net book values			
At 31 December 2014	9	4	13
At 1 January 2014	46	6	52
Depreciation charge for the year			
At 31 December 2014	30	2	32
At 1 January 2014	47	2	49

11 Fixed asset investments

Company	Shares in group undertaking £'000
Cost at 1 January 2014 and 31 December 2014	-
Net book value At 31 December 2014	-
At 1 January 2014	-

Subsidiary undertaking	Country of incorporation	Class	Shares Held %
Siddall Group Limited	England and Wales	Ordinary	100
Medequip Assistive Technology Limited	England and Wales	Ordinary	100
Manage at Home Limited	England and Wales	Ordinary	100

Principal activity

The principal activity of these undertakings for the last relevant financial year was as follows

Siddall Group Limited	Intermediate holding company
Medequip Assistive Technology Limited	Healthcare services
Manage At Home Limited	Dormant

Notes *(continued)*

12 Stock

	2014	2013
	£'000	£'000
Finished goods and goods for resale	3,701	3,296
	<u> </u>	<u> </u>

13 Debtors

Group

	2014	2013
	£'000	£'000
Trade debtors	8,957	10,913
Prepayments and accrued income	708	738
Deferred tax	130	158
Corporation tax	-	156
Amounts owed by related undertakings	3,035	1,316
	<u> </u>	<u> </u>
	12,830	13,281
	<u> </u>	<u> </u>

14 Creditors: amounts falling due within one year

Group

	2014	2013
	£'000	£'000
Net obligations under hire purchase contracts	8	36
Trade creditors	7,685	8,320
Amounts owed to related undertakings	1,725	1,223
Corporation Tax	381	-
Taxation and social security	1,222	1,051
Accruals and deferred income	1,513	1,579
	<u> </u>	<u> </u>
	12,534	12,209
	<u> </u>	<u> </u>

Notes *(continued)*

15 Creditors. amounts falling due after more than one year

Group

	2014	2013
	£'000	£'000
Amounts owed to related undertakings	2,699	2,755
Net obligations under hire purchase contracts	-	8
	2,699	2,763
	2,699	2,763

	2014	2013
	£'000	£'000
Loan maturity analysis		
In more than one year but not more than two years	660	660
In more than two years but not more than five years	2,039	1,583
In more than five years	-	512
	660	660
	2,039	1,583

	2014	2013
	£'000	£'000
Net obligations under hire purchase contracts		
Repayable within one year	8	36
Repayable between one and five years	-	8
	8	44
	8	44

16 Deferred tax asset

The deferred tax asset (included in debtors, note 13) is made up as follows

Group

		2014
		£'000
At 1 January 2014		158
Profit and loss account		(28)
		130
At 31 December 2014		130
	2014	2013
	£'000	£'000
Decelerated capital allowances	68	124
Other timing differences	62	34
	130	158
At end of year	130	158

Notes *(continued)*

17 Pension Scheme

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £451,000 (2013 £349,000). The assets of the scheme are held separately from those of the Company in an independently administered fund.

18 Share capital

	2014 £'000	2013 £'000
Allotted, called up and fully paid		
456,790 ordinary shares of 0.1p each (£457)	-	-
	<u> </u>	<u> </u>

19 Statement of movements on reserves

Group	Merger reserve £'000	Profit and loss account £'000
At 1 January 2014	23	4,776
Profit for the year	-	3,579
	<u> </u>	<u> </u>
At 31 December 2014	23	8,355
	<u> </u>	<u> </u>

20 Reconciliation of movements in shareholders' funds

Group	2014 £'000	2013 £'000
Profit for the financial year	3,579	2,536
	<u> </u>	<u> </u>
Net increase in shareholders' funds	3,579	2,536
Opening shareholders' funds	4,799	2,263
	<u> </u>	<u> </u>
Closing shareholders' funds	8,378	4,799
	<u> </u>	<u> </u>

Notes (continued)

21 Financial commitments

At 31 December 2014 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Expiry date				
Within one year	386	23	58	45
Within two to five years	611	929	993	1,005
Over five years	173	171	-	-
	<u>1,170</u>	<u>1,123</u>	<u>1,051</u>	<u>1,050</u>

22 Reconciliation of operating inflow from operating activities

	2014 £'000	2013 £'000
Operating profit	4,918	3,789
Depreciation of tangible assets	858	841
Amortisation of intangible assets	80	84
Increase in stocks	(405)	(621)
Decrease/(increase) in debtors	1,986	(3,498)
(Decrease)/increase in creditors within one year	(28)	1,742
Profit on disposal of fixed assets	(29)	-
Net cash inflow from operating activities	<u>7,320</u>	<u>2,337</u>

23 Analysis of net debt

	At 1 January 2014 £'000	Cash flow 2014 £'000	31 December 2014 £'000
Net cash			
Cash at bank and in hand	714	3,835	4,549
	<u>714</u>	<u>3,835</u>	<u>4,549</u>
Finance leases	(44)	36	(8)
Debts falling due within one year	(600)	(60)	(660)
Debts falling due after one year	(2,755)	56	(2,699)
Loan to related undertaking	1,316	1,719	3,035
	<u>(2,083)</u>	<u>1,751</u>	<u>(332)</u>
Net (debt)/surplus	<u>(1,369)</u>	<u>5,586</u>	<u>4,217</u>

Notes *(continued)*

24 Reconciliation of net cash flow to movement in net debt

	2014	2013
	£'000	£'000
Increase/(decrease) in cash in the year	3,835	(769)
Cash outflow from decrease in debt	1,751	1,604
	5,586	835
Movement in net debt in the year	5,586	835
Opening net debt	(1,369)	(2,204)
	4,217	(1,369)
Closing net surplus/(debt)	4,217	(1,369)

25 Contingent liabilities

The Company has guaranteed payment to the Bank, on demand, of all present, future, actual or contingent liabilities of its subsidiary company. The net amount outstanding at 31 December 2014 was £nil (2013 £nil)

26 Related party relationships and transactions

Group

During the year, the Group held the below related party relationships and transactions

The Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group

Sidhil Limited

A J Siddall, P R Siddall, J A Firth, C P Siddall, J C Siddall, and J E McGee are all directors of Sidhil Limited

During the year purchases from Sidhil Limited were £4,471,000 (2013 £3,980,000) and sales made to this company were £nil (2013 £8,000)

At 31 December 2014 £1,050,000 (2013 £570,535) is included in amounts owed to related undertakings as an amount owed to Sidhil Limited

Siddall & Hilton Limited

A J Siddall, P R Siddall, J A Firth, C P Siddall, J C Siddall and J E McGee are all directors of Siddall & Hilton Limited

During the year management charges of £689,000 (2013 £683,000) were paid to Siddall & Hilton Limited

The company has a long term loan with Siddall & Hilton Limited. The balance on the loan at 31 December 2014 was £3,359,000 (2013 £3,355,000) and interest of £283,000 (2013 £344,000) was payable in the year. The loan is repayable in monthly instalments of £50,000 and carries interest at 10%

The group has given a short term loan to Siddall & Hilton Limited. The balance on the loan to Siddall & Hilton Limited at 31 December 2014 was £3,035,000 (2013 £1,316,000)

Siddall Group A Limited

P R Siddall, J A Firth, C P Siddall, J C Siddall and J E McGee are all directors of Siddall Group A Limited & Hilton Limited

Included within creditors amounts falling due within one year is an amount of £20,000 (2013 £20,000) due from Siddall Group A Limited