

DURKAN LIMITED

FINANCIAL STATEMENTS

FOR THE 10 MONTH PERIOD ENDED 30 NOVEMBER 2015

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Company Registration Number: 997195 (England and Wales)

DURKAN LIMITED

FINANCIAL STATEMENTS

for the 10 month period ended 30 November 2015

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DURKAN LIMITED

FINANCIAL STATEMENTS

for the 10 month period ended 30 November 2015

COMPANY INFORMATION:

COMPANY NUMBER 997195

DIRECTORS	Daniel Durkan	Chairman
	Robert Clark	Chief Executive
	James Briggs	Managing Director
	Brian Williams	Operations Director
	Dominic Jankowski	Construction Director
	Shaun Sheldrake	Construction Director
	Daren Nathan	Development Director
	Ian Cresswell	Director of Health, Safety & Environmental Management
	Ronan Murphy	Finance Director
	David Brooks	Non-executive Director

SECRETARY Ronan Murphy

REGISTERED OFFICE 4 Elstree Gate
Elstree Way
Borehamwood
Herts
WD6 1JD

BANKERS Barclays Bank Plc
1 Churchill Place
London
E14 5HP

SOLICITORS Vanderpump & Sykes
Lough Point
2 Gladbeck Way
Enfield
EN2 7JB

INDEPENDENT AUDITORS Grant Thornton UK LLP
Chartered Accountants
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

DURKAN LIMITED

REPORT OF THE DIRECTORS

for the 10 month period ended 30 November 2015

The directors present their report together with the financial statements for the 10 month period ended 30 November 2015.

CHANGE OF ACCOUNTING REFERENCE DATE

The company changed its accounting reference date to 30 November for operational reasons. Accordingly, the current financial period is for 10 months from 1 February 2015 to 30 November 2015.

RESULTS AND DIVIDENDS

The profit on ordinary activities after taxation was £6,127,537 (31 January 2015: loss £3,047,478).

The directors do not recommend the payment of a dividend and the surplus of £6,127,537 has been set aside to reserves (31 January 2015: deficit £3,047,478).

DIRECTORS

The directors who served during the year and at the balance sheet date were as follows:

Daniel Durkan	Daren Nathan.	Martin Lunn (resigned 31/3/2015)
Robert Clark	Ian Cresswell	Gary Robins (resigned 20/5/2015)
James Briggs	David Brooks	Alan Fraher (resigned 14/9/2015)
Brian Williams	Dominic Jankowski	
Shaun Sheldrake	Ronan Murphy (appointed 14/9/2015)	

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

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

AUDITORS

The auditors, Grant Thornton UK LLP, will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 11 February 2016 and signed on its behalf.


Ronan Murphy

Director

Company Registration Number: 997195

DURKAN LIMITED

STRATEGIC REPORT OF THE DIRECTORS

for the 10 month period ended 30 November 2015

The directors present their report for the 10 month period ended 30 November 2015.

PRINCIPAL ACTIVITY

The company's principal activity during the year remained that of building contract work for Registered Social Landlords and Local Authorities.

REVIEW OF THE BUSINESS

The results for the period reflect the trading conditions affecting the construction sector during the year.

The sector remains competitive with human resources on demand and risks remain due to supply chain constraints. However, margins have begun to improve as contractors become more selective around new contract selection.

The directors remain committed to consolidating the business, to keeping an even tighter rein on overheads and managing the cash and financial resources to their maximum potential, to maintaining profitability and to further strengthening the company's asset base in current market conditions.

FUTURE PROSPECTS

The company continues to strengthen its relationship with public sector clients. These strategic partnership alliances provide continuity of workload for future years.

The outlook for the current year and beyond is encouraging based on the strength of the order book at the date of this report. The outlook for the longer term is also positive but is, in part dependent upon allocation of resources by Government to the social housing sector.

The company has adequate financial and personnel resources available to deliver quality properties and developments to its valued clients in the public and private sectors.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company uses various financial instruments. These include loans to and from group undertakings, cash, loans and various items, such as trade debtors and trade creditors, which arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, of which the principal ones are liquidity risk and credit risk.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The company finances its operations primarily from retained profits.

Credit risk

The company's principal financial assets are Amounts recoverable on contracts and Cash. The risk is mitigated by regular application for and certification of works completed under contractual agreements.

CORPORATE SOCIAL RESPONSIBILITY

The company recognises and acknowledges that the conduct of its business has an impact on its employees, its partners, its customers and suppliers, and the economy, community and environment of its business activities.

RESIDENTS AND COMMUNITIES

It is the nature of construction activities that they affect the daily lives of the residents in whose properties we are working or the local community in which our sites are established. Communication with these groups before, during and upon completion of the construction works is an essential feature of the service we provide.

Our client's investment is also protected by the development of sustainable community and hence we give consideration to the legacy that we leave when the construction activities are at an end.

EMPLOYMENT OF DISABLED PERSONS

The company continues its policy regarding the employment of disabled persons. Full and fair consideration is given to applications for employment by disabled persons having due regard to their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retain them in order that their employment with the company may continue. It is the policy of the company that training, career development and promotion opportunities should be available to all employees.

EQUAL OPPORTUNITIES POLICY

It is the policy of the company to employ persons of any ethnic origin, of either sex, and to employ persons only by considering their ability to carry out the work necessary. This policy applies at all levels of employment.

HEALTH, SAFETY AND ENVIRONMENTAL MANAGEMENT

The company's Health, Safety and Environmental Management Policy is dedicated to ensuring the prevention of work related injuries or illnesses to our employees and other persons that may arise in connection with our work activities, whilst ensuring that our environmental objectives are also achieved. Health, Safety and Environmental training courses are provided to employees and sub-contractors on a regular basis in order to promote safe and healthy working conditions.

EMPLOYEE INVOLVEMENT

In addition to the annual Company Conference, regular meetings are held with employees to discuss sales, finance and future prospects. Opportunity is given at these meetings for senior management to be questioned about matters which concern the employees. An informative monthly newsletter, which includes articles on the company's performance, future prospects and aspirations, is available to all employees.

PAYMENT OF CREDITORS

The company's payment policy for suppliers and sub-contractors is to fix contractual payment terms when agreeing each business transaction, to ensure that suppliers and sub-contractors are aware of these terms and to abide by the agreed terms. Broadly speaking, payments are made by BACS with suppliers being paid at end of month following month of delivery and sub-contractors being paid 30 days from date of valuation of works.

CHARITABLE DONATIONS

The company made charitable donations during the year amounting to £11,308 (31 January 2015: £25,573).

This report was approved by the board on 11 February 2016 and signed on its behalf.


Daniel Durkan Director

Company Registration Number: 997195

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF DURKAN LIMITED

We have audited the financial statements of Durkan Limited for the 10 month period ended 30 November 2015 which comprise the profit and loss account, the balance sheet, the cash flow statement, statement of changes in equity and the related notes. 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), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2015 and of its profit for the period 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 financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Philip R Westerman
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
11 February 2016

DURKAN LIMITED**PROFIT AND LOSS ACCOUNT**

for the 10 month period ended 30 November 2015

		30 November 2015 £	Restated Year ended 31 January 2015 £
TURNOVER	(2)	150,600,836	150,415,669
Cost of sales		(137,819,988)	(150,832,288)
GROSS PROFIT/(LOSS)		<u>12,780,848</u>	<u>(416,619)</u>
Administrative expenses		(5,659,404)	(5,083,919)
OPERATING PROFIT/(LOSS)	(3)	<u>7,121,444</u>	<u>(5,500,538)</u>
Loss on disposal of fixed assets		-	(2,806)
Interest receivable	(6)	755,283	1,297,466
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>7,876,727</u>	<u>(4,205,878)</u>
Taxation on profit/(loss) on ordinary activities	(7)	(1,749,190)	1,158,400
PROFIT/(LOSS) FOR THE YEAR	(13)	<u>6,127,537</u>	<u>(3,047,478)</u>
Retained profit brought forward		26,671,793	29,719,271
RETAINED PROFIT CARRIED FORWARD		<u>32,799,330</u>	<u>26,671,793</u>

There were no recognised gains or losses other than those included in the profit and loss account for the above financial periods.

All activities arose from continuing operations.

The notes on pages 10 to 16 form part of these financial statements.

DURKAN LIMITED**BALANCE SHEET AT 30 NOVEMBER 2015**

		30 November 2015 £	Restated 31 January 2015 £
FIXED ASSETS	Notes		
Tangible assets	(8)	1,275,081	1,404,151
CURRENT ASSETS			
Stocks	(9)	10,462,797	2,100,044
Debtors: Amount owed by Durkan Holdings Limited	(10)	18,538,641	39,580,151
Debtors: Trade and other debtors	(10)	22,508,110	25,939,547
Cash at bank and in hand		25,628,345	4,939,000
		77,137,893	72,558,742
CREDITORS:			
- Amounts falling due within one year	(11)	(45,603,644)	(47,281,100)
NET CURRENT ASSETS		31,534,249	25,277,642
TOTAL ASSETS LESS CURRENT LIABILITIES		32,809,330	26,681,793
CAPITAL AND RESERVES			
Share capital	(12)	10,000	10,000
Profit and loss account		32,799,330	26,671,793
SHAREHOLDERS' FUNDS	(13)	32,809,330	26,681,793

The financial statements were approved by the board on 11 February 2016 and signed on its behalf.



Daniel Durkan Director

The notes on pages 10 to 16 form part of these financial statements.

DURKAN LIMITED

CASH FLOW STATEMENT

for the 10 month period ended 30 November 2015

	<u>Notes</u>	30 November <u>2015</u> £	Restated Year ended 31 January <u>2015</u> £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	(14)	(1,116,064)	7,306,607
Decrease/(increase) in amount owed by Durkan Holdings Ltd	(10)	21,791,510	(6,337,032)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		5,283	37,466
TAXATION			
Corporation tax refunded/(paid)		80,598	(226,570)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS			
Payments to acquire tangible fixed assets		(71,982)	(1,417,111)
Proceeds from disposal of tangible fixed assets		-	2,999
INCREASE/(DECREASE) IN CASH		<u>20,689,345</u>	<u>(633,641)</u>
OPENING CASH AT BANK AND IN HAND		4,939,000	5,572,641
CLOSING CASH AT BANK AND IN HAND		<u>25,628,345</u> =====	<u>4,939,000</u> =====

The notes on pages 10 to 16 form part of these financial statements.

DURKAN LIMITED

STATEMENT OF CHANGES IN EQUITY

for the 10 month period ended 30 November 2015

	<u>Called up Share Capital</u> £	<u>Profit & Loss account</u> £	<u>Total</u> £
At 1 February 2014	10,000	29,719,271	29,729,271
Loss for the year	-	(3,047,478)	(3,047,478)
At 31 January 2015	10,000	26,671,793	26,681,793
Profit for the period	-	6,127,537	6,127,537
At 30 November 2015	10,000	32,799,330	32,809,330

The notes on pages 10 to 16 form part of these financial statements.

DURKAN LIMITED

Notes to the financial statements

for the 10 month period ended 30 November 2015

1 ACCOUNTING POLICIES

Basis of preparation of financial statements:

The financial statements of Durkan Limited are prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). These are the first financial statements of the Company that have adopted FRS 102. Details of the impact of the adoption of FRS 102 on the financial statements is given in note 19. The financial statements are presented in Sterling (£).

The preparation of the financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the company's management to exercise judgement in applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1. Management's key judgements concern the stage of completion, pricing, costing and completion dates for contracts.

Going concern:

The financial statements have been prepared on the going concern basis, which assumes that the Company will have sufficient funds to continue in operational existence for the foreseeable future. The company's major creditor, Durkan Holdings Limited, has confirmed its continuing support for at least the next twelve months.

Turnover:

Turnover represents the invoiced and certified value of building contract work exclusive of value added tax.

Leasehold Premises and Amortisation:

Amortisation:

The cost of improvements to the leasehold premises are amortised over 10 years on a straight line basis.

Tangible Fixed Assets and Depreciation:

Tangible assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation:

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:

Plant and equipment - over 4 to 7 years

Operating leases:

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as incurred.

Stocks:

Stocks are stated at the lower of cost and net realisable value, as follows:

Long-term contract work in progress is valued at cost plus attributable profit less foreseeable losses. Attributable profit is included when the outcome of a contract can be estimated reliably.

The value of certified work is accounted for within turnover. Value is measured as the certified value adjusted for material items between the date of the valuation and the year end.

The excess of certified work over payments received is included in debtors as 'Amounts recoverable on contracts' and the excess of work in progress over certified work is included in stocks as 'Long-term contract balances'.

Payments received on account of contracts and in excess of amounts recoverable are included in creditors as 'Contract payments received on account'.

DURKAN LIMITED

Notes to the financial statements

for the 10 month period ended 30 November 2015

Creditors:

Short term creditors are measured at the transaction price. Other financial liabilities, including bank debt, is measured initially at fair value, net of transaction costs, and measured subsequently at amortised cost using the effective interest method.

Employee benefits:

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

Deferred taxation:

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and laws, with the following exceptions:

- deferred taxation assets are only recognised to the extent that it is regarded as more likely than not that they will be recovered.

Assignment of balances at financial year end:

Amounts owed to and by wholly owned fellow subsidiary undertakings are assigned at the balance sheet date to the ultimate parent company, namely Durkan Holdings Limited.

2 TURNOVER

All sales were made in the United Kingdom.

3 OPERATING PROFIT/(LOSS)

Operating profit/(loss) for the period was arrived at after charging:

	30 November 2015 £	Year ended 31 January 2015 £
Depreciation of tangible fixed assets	201,052	167,538
Hire of plant and equipment	4,270,820	4,210,893
Operating lease rentals: Motor vehicles	263,025	294,185
Operating lease rentals: Land and Buildings	295,983	261,817
Auditors' remuneration: Audit services	31,000	40,000

4 STAFF COSTS

(i) The average number of employees during the period was:

	No.	No.
Directors	12	11
Administrative and technical	203	181
Direct labour	-	-
	215	192

(ii) Aggregate costs:

	£	£
Wages and salaries (including directors)	10,810,676	10,514,626
Social security costs	1,368,112	1,223,053
Pension costs	688,494	711,274
	12,867,282	12,448,953

Defined contribution pension schemes:

Contributions paid during the period amounted to £688,494 (31 January 2015: £711,274) and the pension charge represents the amount payable by the company to the various funds in respect of the year.

DURKAN LIMITED

Notes to the financial statements

for the 10 month period ended 30 November 2015

	30 November <u>2015</u> £	Year ended 31 January <u>2015</u> £
5 DIRECTORS' REMUNERATION		
Emoluments	1,820,863	1,163,000
Pension contributions	116,038	150,718
	<u>1,936,901</u>	<u>1,313,718</u>
	=====	=====
	£	£
Highest paid director:		
Remuneration	263,335	266,883
Pension contributions	37,545	15,752
	<u>300,880</u>	<u>282,635</u>
	=====	=====

During the year 10 directors (31 January 2015: 11) participated in defined contribution schemes.

	£	Restated £
6 INTEREST RECEIVABLE		
Interest receivable from Durkan Holdings Limited	750,000	1,260,000
Bank interest	5,283	37,466
	<u>755,283</u>	<u>1,297,466</u>
	=====	=====

	30 November <u>2015</u> £	Restated Year ended 31 January <u>2015</u> £
7 TAXATION		
The taxation charge/(credit) is based on the profit/(loss) for the period/year and represents:		
Corporation tax at 20.19% (31 January 2015: 21.33%)	1,749,190	-
Deferred tax losses recognised	-	(1,158,400)
	<u>1,749,190</u>	<u>(1,158,400)</u>
	=====	=====
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 20.19% (31 January 2015: 21.33%)	1,590,683	(897,114)
Interest adjustment under FRS102	-	(268,391)
Expenses not deductible for tax purposes	217,964	11,650
Excess of depreciation over capital allowances	13,465	(81,265)
Other timing differences	-	76,720
Utilisation of losses brought forward	(1,169,750)	-
Utilisation of group relief	(61,572)	-
Release of deferred tax asset	1,158,400	-
	<u>1,749,190</u>	<u>(1,158,400)</u>
	=====	=====

DURKAN LIMITED

Notes to the financial statements

for the 10 month period ended 30 November 2015

8 TANGIBLE FIXED ASSETS

	<u>Leasehold Improvements</u> £	<u>Plant & Equipment</u> £	<u>Total</u> £
Cost:			
At 1 February 2015	914,293	2,165,840	3,080,133
Additions	2,934	69,048	71,982
Disposals	-	(326)	(326)
At 30 November 2015	<u>917,227</u>	<u>2,234,562</u>	<u>3,151,789</u>
Amortisation and Depreciation:			
At 1 February 2015	33,333	1,642,649	1,675,982
Disposals	-	(326)	(326)
Charge for the period	83,334	117,718	201,052
At 30 November 2015	<u>116,667</u>	<u>1,760,041</u>	<u>1,876,708</u>
Net book value:			
At 30 November 2015	<u>800,560</u>	<u>474,521</u>	<u>1,275,081</u>
At 31 January 2015	<u>880,960</u>	<u>523,191</u>	<u>1,404,151</u>

9 STOCKS

	30 November <u>2015</u> £	31 January <u>2015</u> £
Long-term contract balances	10,462,797 =====	2,100,044 =====

10 DEBTORS

	30 November <u>2015</u> £	Restated Year ended 31 January <u>2015</u> £
Trade debtors – invoiced sales	6,620,093	12,337,331
Amounts recoverable on contracts	3,921,422	2,017,673
Other debtors	1,174	8,886
Corporation tax	-	213,147
Deferred tax	-	1,158,400
Other taxes and social security costs	2,188,012	2,180,808
Prepayments and accrued income	412,466	314,546
Trade debtors – retentions held by clients	9,364,943	7,708,756
Non-group debtors	22,508,110	25,939,547
Amounts owed by ultimate parent undertaking: Durkan Holdings Ltd	18,538,641	39,580,151
	<u>41,046,751</u> =====	<u>65,519,698</u> =====

DURKAN LIMITED

Notes to the financial statements

for the 10 month period ended 30 November 2015

	30 November <u>2015</u> £	Restated Year ended 31 January <u>2015</u> £
11 CREDITORS:		
- Amounts falling due within one year		
Trade creditors		
- suppliers	1,528,420	2,167,323
- sub-contractors and consultants	17,716,716	12,604,429
Contract payments received on account	3,143,804	6,610,622
Corporation tax	458,241	-
Other taxes and social security costs	761,868	684,176
Other creditors	503,143	353,726
Contract cost accruals and provisions for losses	10,252,047	16,328,751
Overhead accruals and deferred income	2,287,759	596,904
Sub-contractor retentions	8,951,646	7,935,169
	<u>45,603,644</u>	<u>47,281,100</u>
	=====	=====
12 CALLED UP SHARE CAPITAL	£	£
Authorised, issued and fully paid:		
10,000 Ordinary shares of £1 each	10,000	10,000
	<u>=====</u>	<u>=====</u>
13 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	£	£
Opening shareholders' funds	26,681,793	29,729,271
Profit/(loss) for the year	6,127,537	(3,047,478)
	<u>32,809,330</u>	<u>26,681,793</u>
	=====	=====
14 RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES	£	£
Operating profit/(loss)	7,121,444	(5,500,538)
Depreciation of tangible fixed assets	201,052	167,538
(Increase)/decrease in stocks	(8,362,753)	703,617
Decrease/(increase) in non-group debtors	2,059,890	(5,797,853)
(Decrease)/increase in creditors	(2,135,697)	17,733,843
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	<u>(1,116,064)</u>	<u>7,306,607</u>
	=====	=====

15 CONTINGENT LIABILITIES

At the year end the company had contingent liabilities in respect of contract performance bonds of £17,110,295 (31 January 2015: £14,421,913) in respect of:

- a) its own current and completed contracts in the sum of £16,893,895
- b) the current contract of Durkan Estates Clonskeagh Limited of £216,400

16 CAPITAL COMMITMENTS

There were no capital commitments either authorised or contracted for at the balance sheet date (31st January 2015: £Nil).

DURKAN LIMITED**Notes to the financial statements**

for the 10 month period ended 30 November 2015

17 OTHER COMMITMENTS

At 30 November 2015 the company had the following annual commitments under non-cancellable operating leases:

	30 November 2015 £	Year ended 31 January 2015 £
Land and buildings:		
Operating leases which expire after one year and within five years	92,500 =====	92,500 =====
Motor car lease agreements:		
Which expire within one year	10,057	16,759
Which expire after one year and within five years	190,499	154,869
	----- 200,556 =====	----- 171,628 =====

18 RELATED PARTY TRANSACTIONS**a) During the period the company:**

i) Was engaged by its immediate parent undertaking and by fellow subsidiary undertakings as building contractor on their residential developments. The value of work done amounted to:

	£	£
Immediate parent undertaking:		
Durkan Estates Limited	8,015,089	7,061,384
Fellow subsidiary undertakings:		
Scarbrook Road Developments LLP	4,883,783	7,595,446
Glenageary Estates LLP	5,230,108	7,383,775
	----- =====	----- =====

ii) Received management charges, in respect of services provided, from its immediate parent undertaking:

	£	£
Durkan Estates Limited	91,667 =====	207,138 =====

iii) Paid management charges, in respect of services provided, to its immediate parent undertaking:

	£	£
Durkan Estates Limited	172,102 =====	179,015 =====

iv) Paid rent to Camus Limited in respect of a subsisting lease on a plant yard. William Durkan has a beneficial interest in Camus Limited.

	£	£
Camus Limited	77,083 =====	92,500 =====

v) Paid market rate annual fees to Easybuild (Construction Software) Limited in respect of computer software services.

	£	£
Easybuild (Construction Software) Limited	21,668 =====	27,800 =====

William Durkan and Daniel Durkan have direct interests in Easybuild (Construction Software) Limited.

DURKAN LIMITED

Notes to the financial statements

for the 10 month period ended 30 November 2015

18 RELATED PARTY TRANSACTIONS Continued

b) At the balance sheet date:

The following amounts were due to the company from its ultimate parent undertaking:

	£	£
Durkan Holdings Limited	18,538,641	38,320,151
	=====	=====

19 RECONCILIATION OF THE PREVIOUS FINANCIAL REPORTING FRAMEWORK TO FRS 102

The company's transition date for the adoption of FRS 102 is 1 February 2014. The transition date has been selected in accordance with FRS 102 Paragraph 35.6.

The principal differences for the Company between reporting under FRS 102 and the previous Financial Reporting Framework (UK GAAP) as at 1 February 2014 are the inclusion of interest on intragroup indebtedness. Interest is charged at 3.6% on intra-group indebtedness.

Reconciliation of the Company's Financial Position at	31 January 2015	1 February 2014
	£	£
Total net assets as determined by the previous accounting framework	25,421,793	29,729,271
Interest receivable on intercompany loans	1,260,000	-
	-----	-----
Financial position as determined by FRS 102	26,681,793	29,729,271
	=====	=====

Reconciliation of the Company's Financial Performance for the period ended 31 January 2015

	Loss for the year £
Financial Performance as determined by the previous accounting framework and re-statement of financial performance for year ending 31 January 2015	(4,307,478)
Interest receivable on intercompany loans	1,260,000

Financial performance as determined by FRS 102	(3,047,478)
	=====

20 PARENT UNDERTAKING AND ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Durkan Estates Limited.

The ultimate holding company is Durkan Holdings Limited, incorporated in England and Wales.

The largest and smallest group for which accounts have been drawn up is that headed by Durkan Holdings Limited.

21 CONTROLLING RELATED PARTIES

The company's parent company and controller is Durkan Holdings Limited, incorporated in England and Wales. The preferred ordinary shares in Durkan Holdings Limited are ultimately owned by two discretionary trusts: The Sandford Trust (52.5%), economic founder William Durkan, settlor Daniel Durkan and The Hadley Trust (47.5%), settlor Daniel Durkan. The directors are not aware of the identities of the specific Durkan family beneficiaries of these trusts.