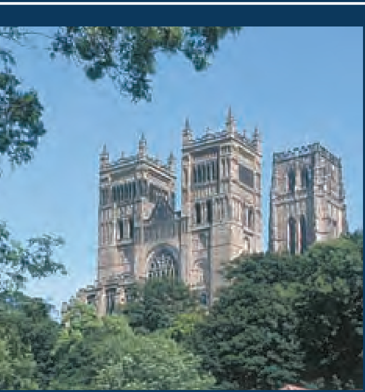
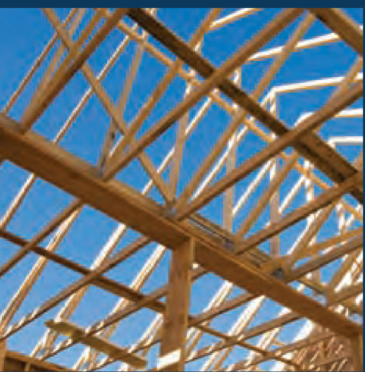
Northern Bear







Annual Report
and
Accounts 2012





Main Board

Subsidiaries

Executive Directors



1. Steve Roberts
   Finance Director
2. Steve Gray
   Operations Director
3. Graham Jennings
   Operations Director

Non-Executive Directors


1. Howard Gold
   Non Executive Chairman
2. Ian McLean
   Non-Executive Director

Managing Directors












Subsidiaries

1.	Graeme Tennick Managing Director	A1 Trucks
2.	Derek Wymes Managing Director	A1 Trucks
3.	David Wales Managing Director	Chirmarn & Chirmarn Surveying
4.	John Gilstin Managing Director	Isoler
5.	Graham Jennings Chief Executive	Jennings Roofing
6.	Neil Jukes Managing Director	Northern Bear Building Services
7.	Lance Rainey Managing Director	MGM
8.	Brian Young Managing Director	MGM
9.	Jason Harrison Managing Director	Northern Bear Safety
10.	Keith Muldoon Managing Director	Springs Roofing
11.	Keith Soulsby Managing Director	Wensley Roofing
12.	Graham Shord Divisional Director	Northern Bear (Renewables)

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Advisors

Auditor
KPMG Audit Plc
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

Nominated advisor
Strand Hanson Limited
26 Mount Row
London
W1K 3SQ

Bankers
Yorkshire Bank
4 Victoria Place
Manor Road
Leeds
LS11 5AE

Broker
Seymour Pierce Limited
20 Old Bailey
London
EC4M 7EN

Legal advisors
Mincoffs Solicitors LLP
5 Osborne Terrace
Jesmond
Newcastle upon Tyne
NE2 1SQ

Registered office
A1 Grainger
Prestwick Park
Prestwick
Newcastle upon Tyne
NE20 9SJ

Chairman's statement

Introduction

I am pleased to report results for the year ended 31 March 2012.

Profit before tax from continuing operations increased by 25% to £1.0m (2011: £0.8m). Net cash generated from operating activities increased by 21% to £1.0m (2011: £0.9m).

Basic earnings per share from continuing operations were 4.0p (2011: 3.4p) and earnings per share from total operations were 3.1p (2011: 1.2p loss per share).

Exceptional items (from continuing operations) were £0.2m (2011: £0.3m), the majority of which were redundancy and legal costs.

Following the disposals of Hastie D Burton Limited and The Roof Truss Company (Northern) Limited in April and May 2011 respectively, it is not currently expected that there will be any further changes in Group structure in the short term and, as such, no further losses from discontinued operations are envisaged. The loss from discontinued operations (net of income tax) was £0.2m (2011: £0.9m).

The Board was particularly pleased with the trading performance and cash collection in the second half of the financial year. This was subsequent to an operational review where changes were made to the Group's management structure as detailed below. The Board has been delighted with the support received from subsidiary management teams (in implementing the necessary changes) and with the improvements which have resulted.

It has recently been announced that the Group has officially moved its Head Office to Prestwick Park which should provide efficiencies in the centralisation of certain Group functions, particularly finance.

Trading

Turnover (from continuing operations) increased by 34% to £36.4m (2011: £27.2m) which is testament to the management teams at the Group's subsidiaries who have continued to attract increased volumes of work. However, due to significant margin pressure in all markets and a change in sales mix, gross profitability did not increase at the same rate.

The uncertain macroeconomic conditions have continued to dominate the trading environment for our businesses. Whilst public sector expenditure programmes continue to provide the Group with a significant level of orders, there are constant delays between winning contracts and commencing work on site which makes predicting turnover levels more challenging.

Whilst all businesses within the Group continue to operate in extremely tough market conditions, the Board remains cautiously optimistic that the reputation of the Group's businesses will allow them to win more than their fair share of the work available.

Cash flow

The Group's bankers have remained supportive in very difficult trading conditions, especially given the markets in which we operate and the well publicised failures of other businesses in our sector (which have had an enormous impact on the banking sector as a whole).

The cash performance of the Group remains good, with a further reduction in net bank debt to £7.0m (2011: £8.4m). This reduction includes a repayment of term loan debt of £0.4m made from disposal proceeds on the sale of The Roof Truss Company (Northern) Limited.

Dividend

Despite improved trading performance, the Board believes that it would be prudent to continue not to declare dividends.

Chairman's statement *(continued)*

Board of Directors and Advisors

Graham Forrest announced his resignation as Chief Executive Officer and as a director of the Company, with immediate effect, on 11 October 2011.

The Group used the occasion of Mr Forrest's resignation to ensure that the talent that exists within the Group was being utilised most appropriately. Following an operational review, which was overseen by myself as Chairman, the Board implemented changes to the Group's management structure, which we believe have already delivered benefits for the Group. This has included the appointment of Graham Jennings as Managing Director of the Group effective from 30 July 2012.

Mr Jennings was previously an Operations Director of the Group and was Managing Director of Jennings Roofing prior to its acquisition by the Group in November 2007. He has been involved in the construction industry in the North of England for 38 years and brings with him a wealth of experience to the role. Since being appointed to the Board in April 2008 he has had overall operational responsibility for several Group companies and has the knowledge and experience to manage the Group in trading conditions that are likely to remain challenging.

Keith Soulsby was re-appointed to the Board as an Operations Director on 11 May 2012. Mr Soulsby has previously been a Director of Northern Bear for over four years (between April 2007 and September 2011). He was the founder and remains current Managing Director of Wensley Roofing Limited.

Outlook

The new financial year has started well and the Group's order book remains healthy. As previously reported, the Group retains a presence in the private housebuilding sector and we are pleased to report a slight upturn in this market.

Given this, we are cautiously optimistic of maintaining current levels of trade, although we remain fully aware of the volatile market conditions in which we continue to operate. Also, the roll-out of certain committed orders, particularly those from the public sector (where project delays are common), remains outside of our control and makes the timing of revenues from those orders more difficult to predict.

In addition our overall priority remains to improve earnings and cash flow to continue to reduce the Group's level of bank debt.

People

Once again, the Board and Shareholders would like to thank all of our employees for their continued commitment and energy. They have faced many varied challenges during the past year and, in all cases, a combination of experience and positive attitude have ensured the Group has exceeded expectations, even in this difficult climate.

Howard Gold
Non-Executive Chairman

24 August 2012

Directors' report

The directors present their annual report and financial statements for the year ended 31 March 2012.

Business review

Principal activities

The principal activity of the Group is to operate businesses in the North of England active in the support services sector. Furthermore, these businesses can be augmented with bolt on acquisitions or by the creation of new ventures.

Objective and strategy

Having established the Group via an acquisition strategy and subsequently restructured operations during the continuing economic downturn through the disposal of non-core businesses, the Group now has an established portfolio of mature businesses wholly focused on the support services sector.

The directors continue to believe that opportunities for growth exist through both providing new services to the existing, long established customer base, and also through further bolt on acquisitions where appropriate.

A number of areas for possible expansion into new services have been identified (in conjunction with our existing customers) which require very little by the way of capital outlay or working capital funding.

Measurement

The Company uses a number of financial and non financial KPI's to measure performance and these are communicated to the Board of Directors through monthly reports. These KPI's include sales information, order book details, manufacturing and stock levels, detailed operational costs and a number of health and safety and employee related KPI's. The Board considers that the KPI's used are an effective system tailored specifically to the demands of the sector.

Financially, the primary measurements are income, operating profit and cash flow from operations, as identified in the Chairman's Statement. The major non financial KPI's relate to health and safety measures, including our accident incident rate (AIR) and the number of notifiable accidents.

Statement on risks relating to the Group's business

The nature of the building services industry means that the Group is subject to a number of risk factors. Some of these factors apply to the building services industry generally, while others are specific to the Group's activities within that market.

Sector demand

The Group currently consists of ten businesses which all operate in three main segments of the support services sector of the economy. The Group is therefore exposed to varying activity levels within these diverse industries. Whilst the exposure of the Group to the new house build sector is less than 10% of Group turnover, our exposure to public sector markets is far greater. Consequently, any sustained material reduction in Government expenditure programmes will have an adverse effect on the financial position of the Group.

Competition

Some of the businesses within the Group have competitors who, as a result of their funding structure, may be able to accept lower financial returns than that required by the Group. Competition within these companies could adversely affect the Group's profitability and financial position.

Key clients

There can be no guarantee that the Group's key clients will not change suppliers. While each of the Group's businesses has many longstanding relationships with a number of key customers, the failure to satisfy the needs of these customers could harm the Group's business. Furthermore, these customers may be facing challenges within their own businesses.

Business review *(continued)*

Dependence on personnel

The Group continues to be dependent on the continued services of its senior management. Retaining qualified personnel, consultants and advisors is important to the continued successful operation of the Group's business. There can be no assurance that the Group will be able to recruit or retain its personnel in the future, which could have an adverse effect upon the Group's business and financial position. The loss of any of the Group's senior personnel could impede the achievement of its objectives.

Future outlook

The future outlook for the business is included in the Chairman's Statement on page 4.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors

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

HB Gold
SM Roberts
S Gray
K Soulsby (resigned 23 September 2011, appointed 11 May 2012)
GR Jennings
IT McLean
GSL Forrest (resigned 11 October 2011)

The directors who held office at the end of the financial year had the following interests in the ordinary shares of the Company according to the register of directors' interests:

	Interest at end of year	**Interest at beginning of year**
GR Jennings	1,168,324	814,569
SM Roberts	753,300	753,300
S Gray	655,952	827,282
IT McLean	71,428	71,428
HB Gold	20,000	20,000

In total the directors' interests in the ordinary shares of the Company totalled 2,669,004 shares, representing 15% of allotted shares at the year end.

All the directors benefited from qualifying third party indemnity provisions up to and including the date of this report.

Significant shareholdings

At 25 May 2012, the Company had been notified or was aware of the following shareholders with 3% or more of the issued share capital of the Company:

Shareholder	Number of ordinary shares in which interested	% of issued share capital
JP Pither	2,937,914	16.5
GR Jennings	1,168,324	6.6
D Abell	1,042,000	5.9
R Stanley	896,500	5.0
SM Roberts	753,300	4.2
K Soulsby	730,481	4.1
S Gray	655,952	3.7
GJ Temnick	591,251	3.3
DM Wymes	591,251	3.3
D Jay	543,000	3.0

Political and charitable contributions

Neither the Company nor any of its subsidiaries made any political contributions during the year (2011: £nil). Charitable donations amounted to £5,160 *(2011: £8,540).*

Corporate governance

The directors recognise the value of the revised Combined Code issued in June 2008.

The Company, whilst not bound by the Combined Code, seeks to comply with the Code so far as is practicable and appropriate for a public company of its size. The Company also seeks to follow the recommendations on corporate governance of the Quoted Companies Alliance (QCA).

The Board has established an Audit Committee and a Remuneration Committee, each of which comprises the non-executive directors with formally delegated duties and responsibilities.

The Audit Committee receives and reviews reports from the Company's auditors relating to the annual and interim accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee has unrestricted access to the Company's auditors.

The Remuneration Committee reviews the scale and structure of the executive directors' remuneration and the terms of their service contracts. The remuneration and terms and conditions of appointment of the non-executive directors are set by the Board. The Remuneration Committee also administers the Group's share option schemes.

Employees

The Group provides equal opportunities to all staff and employees and recruits the most suitably qualified person for each position. Full and fair consideration is given to applications for employment from disabled persons. 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. Where an existing employee becomes disabled, the Group's policy is to provide continuing employment under normal terms and conditions wherever possible.

The directors recognise the importance of good communications and inform and consult with employees' representatives on all matters likely to affect them.

The Group operates a range of schemes to involve employees in the financial performance of the business including profit related and other cash bonus arrangements and share option schemes.

Annual general meeting

The business of the AGM is set out in the accompanying circular to shareholders. The AGM is to be held at Mincoffs Solicitors LLP, 5 Osborne Terrace, Jesmond, Newcastle upon Tyne, NE2 1SQ at 9am on 20 September 2012.

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 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.

Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the reappointment of KPMG Audit Plc as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

SM Roberts
Finance Director

A1 Grainger
Prestwick Park
Prestwick
Newcastle upon Tyne
NE20 9SJ

24 August 2012

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the annual report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Parent Company financial statements for each financial year. As required by the AIM rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the Parent Company financial statements on the same basis.

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 period.

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 they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

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

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

KPMG Audit Plc
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
United Kingdom

Independent auditor's report to the members of Northern Bear Plc

We have audited the financial statements of Northern Bear plc for the year ended 31 March 2012 set out on pages 12 to 49. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 9, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 March 2012 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Northern Bear Plc *(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.

MR Thompson (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor 24 August 2012
Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

Consolidated statement of comprehensive income

for the year ended 31 March 2012

	Note	Before exceptional items £000	Exceptional items £000	2012 Total £000	Before exceptional items £000	Exceptional items £000	2011 Total £000
Continuing operations							
Revenue	*5*	**36,412**	**-**	**36,412**	27,160	-	27,160
Cost of sales		**(28,099)**	**-**	**(28,099)**	(19,286)	-	(19,286)
Gross profit		**8,313**	**-**	**8,313**	7,874	-	7,874
Other income	*6*	**16**	**-**	**16**	20	-	20
Administrative expenses							
Share based payments		**-**	**-**	**-**	178	-	178
Other administrative expenses		**(6,666)**	**(191)**	**(6,857)**	(6,426)	(309)	(6,735)
		(6,666)	**(191)**	**(6,857)**	(6,248)	(309)	(6,557)
Operating profit/(loss)		**1,663**	**(191)**	**1,472**	1,646	(309)	1,337
Finance income	*10*	**1**	**-**	**1**	1	-	1
Finance expense	*10*	**(452)**	**-**	**(452)**	(518)	-	(518)
Profit/(loss) before income tax		**1,212**	**(191)**	**1,021**	1,129	(309)	820
Income tax expense	*11*	**(349)**	**50**	**(299)**	(205)	24	(181)
Profit/(loss) from continuing operations		**863**	**(141)**	**722**	924	(285)	639
Discontinued operations							
Loss from discontinued operations (net of income tax)	*4*	**-**	**(159)**	**(159)**	(144)	(712)	(856)
Profit/(loss) for the year	*23*	**863**	**(300)**	**563**	780	(997)	(217)
Total comprehensive income attributable to equity holders of the parent				**563**			(217)
Basic earnings/(loss) per share	*12*						
- continuing operations				**4.0p**			3.4p
- discontinued operations				**(0.9)p**			(4.6)p
- total operations				**3.1p**			(1.2)p

Consolidated statement of changes in equity

for the year ended 31 March 2012

	Share capital £000	Capital redemption £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
At 1 April 2010	190	-	5,169	12,586	2,029	19,974
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(217)	(217)
Transactions with owners, recorded directly in equity						
Equity settled share based payment transactions	-	-	-	-	(178)	(178)
Buy back of shares	(6)	6	-	(514)	(1,766)	(2,280)
Transfers in respect of discontinued operations	-	-	-	(1,701)	1,701	-
At 31 March 2011	184	6	5,169	10,371	1,569	17,299
At 1 April 2011	184	6	5,169	10,371	1,569	17,299
Total comprehensive income for the year						
Profit for the year	-	-	-	-	563	563
At 31 March 2012	184	6	5,169	10,371	2,132	17,862

Company statement of changes in equity

for the year ended 31 March 2012

	Share capital £000	Capital redemption £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
At 1 April 2010	190	-	5,169	12,586	(1,625)	16,320
Total comprehensive income for the year						
Profit for the year	-	-	-	-	3,063	3,063
Transactions with owners, recorded directly in equity						
Equity settled share based payment transactions	-	-	-	-	(178)	(178)
Buy back of shares	(6)	6	-	(514)	(1,766)	(2,280)
Transfers in respect of discontinued operations	-	-	-	(1,701)	1,701	-
At 31 March 2011	184	6	5,169	10,371	1,195	16,925
At 1 April 2011	184	6	5,169	10,371	1,195	16,925
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(2,536)	(2,536)
At 31 March 2012	184	6	5,169	10,371	(1,341)	14,389

Consolidated balance sheet
at 31 March 2012

	Note	2012 £000	2011 £000
Assets			
Property, plant and equipment	13	**2,220**	2,258
Intangible assets	14	**21,348**	21,348
Deferred tax assets	16	**33**	-
Total non-current assets		**23,601**	23,606
Inventories	17	**807**	851
Trade and other receivables	18	**7,607**	6,028
Prepayments for current assets		**194**	145
Deferred consideration receivable		**222**	-
Cash and cash equivalents	19	**243**	281
Assets classified as held for sale		**-**	3,517
Total current assets		**9,073**	10,822
Total assets		**32,674**	34,428
Equity			
Share capital	23	**184**	184
Capital redemption reserve	23	**6**	6
Share premium	23	**5,169**	5,169
Merger reserve	23	**10,371**	10,371
Retained earnings	23	**2,132**	1,569
Total equity attributable to equity holders of the Company		**17,862**	17,299
Liabilities			
Loans and borrowings	20	**2,470**	3,561
Deferred tax liabilities	16	**-**	103
Total non-current liabilities		**2,470**	3,664
Bank overdraft	19	**4,333**	4,782
Loans and borrowings	20	**858**	754
Trade and other payables	21	**6,713**	5,016
Current tax payable		**438**	275
Liabilities classified as held for sale		-	2,638
Total current liabilities		**12,342**	13,465
Total liabilities		**14,812**	17,129
Total equity and liabilities		**32,674**	34,428

These financial statements were approved by the Board of Directors on 24 August 2012 and were signed on its behalf by:

SM Roberts
Finance Director

Company registered number: 05780581

Company balance sheet
at 31 March 2012

	Note	**2012 £000**	2011 £000
Assets			
Property, plant and equipment	*13*	**37**	41
Investments in subsidiaries	*15*	**35,801**	36,666
Deferred tax assets	*16*	**2**	2
Total non-current assets		**35,840**	36,709
Trade and other receivables	*18*	**661**	62
Prepayments for current assets		**42**	16
Deferred consideration receivable		**222**	-
Cash and cash equivalents	*19*	**9**	-
Total current assets		**934**	78
Total assets		**36,774**	36,787
Equity			
Share capital	*23*	**184**	184
Capital redemption reserve	*23*	**6**	6
Share premium	*23*	**5,169**	5,169
Merger reserve	*23*	**10,371**	10,371
Retained earnings	*23*	**(1,341)**	1,195
Total equity attributable to equity holders of the Company		**14,389**	16,925
Liabilities			
Loans and borrowings	*20*	**2,328**	3,381
Amounts owed to group undertakings		**14,986**	11,296
Total non-current liabilities		**17,314**	14,677
Bank overdraft	*19*	**3,597**	4,367
Loans and borrowings	*20*	**641**	584
Trade and other payables	*21*	**833**	234
Total current liabilities		**5,071**	5,185
Total liabilities		**22,385**	19,862
Total equity and liabilities		**36,774**	36,787

These financial statements were approved by the Board of Directors on 24 August 2012 and were signed on its behalf by:

SM Roberts
Finance Director

Company registered number: 05780581

Consolidated statement of cash flows
for the year ended 31 March 2012

	Note	2012 £000	2011 £000
Cash flows from operating activities			
Profit/(loss) for the year		**563**	(217)
Adjustments for:			
Depreciation	*13*	**495**	562
Impairment		**-**	530
Finance income	*10*	**(1)**	(1)
Finance expense	*10*	**452**	518
Loss on sale of property, plant and equipment	*13*	**24**	8
Equity settled share-based payment transactions	*22*	**-**	(178)
Income tax	*11*	**299**	158
		1,832	1,380
Change in inventories	*17*	**(145)**	(318)
Change in trade and other receivables	*18*	**(1,579)**	735
Change in prepayments		**(49)**	(9)
Change in trade and other payables	*21*	**1,708**	(281)
		1,767	1,507
Interest received	*10*	**1**	1
Interest paid	*10*	**(452)**	(518)
Tax paid		**(271)**	(126)
Net cash from operating activities		**1,045**	864
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	*13*	**70**	99
Acquisition of subsidiary, net of cash acquired		**-**	(50)
Disposal of subsidiary, net of cash disposed of	*4*	**644**	(9)
Acquisition of property, plant and equipment	*13*	**(181)**	(246)
Net cash from investing activities		**533**	(206)
Cash flows from financing activities			
Repayment of borrowings		**(983)**	(955)
Repayment of finance lease liabilities		**(184)**	(232)
Net cash from financing activities		**(1,167)**	(1,187)
Net increase/(decrease) in cash and cash equivalents		**411**	(529)
Cash and cash equivalents at start of year	*19*	**(4,501)**	(3,972)
Cash and cash equivalents at end of year	*19*	**(4,090)**	(4,501)

Company statement of cash flows

for the year ended 31 March 2012

	Note	2012 £000	2011 £000
Cash flows from operating activities			
(Loss)/profit for the year		**(2,536)**	3,063
Adjustments for:			
Depreciation	*13*	**14**	19
Impairment	*15*	**-**	4,103
Finance income	*10*	**(1)**	-
Finance expense	*10*	**428**	493
Loss on sale of subsidiary		**-**	38
Equity settled share-based payment transactions	*22*	**-**	(178)
Income tax		**-**	(2)
		(2,095)	7,536
Change in trade and other receivables	*18*	**(599)**	215
Change in prepayments		**(26)**	(3)
Change in trade and other payables	*21*	**4,289**	(5,960)
		1,569	1,788
Interest received	*10*	**1**	-
Interest paid	*10*	**(428)**	(493)
Net cash from operating activities		**1,142**	1,295
Cash flows from investing activities			
Acquisition of subsidiary		**-**	(50)
Acquisition of property, plant and equipment	*13*	**(11)**	(19)
Disposal of subsidiary	*4*	**644**	-
Net cash from investing activities		**633**	(69)
Cash flows from financing activities			
Repayment of borrowings		**(976)**	(843)
Repayment of finance lease liabilities		**(20)**	-
Net cash from financing activities		**(996)**	(843)
Net increase in cash and cash equivalents		**779**	383
Cash and cash equivalents at start of year	*19*	**(4,367)**	(4,750)
Cash and cash equivalents at end of year	*19*	**(3,588)**	(4,367)

Notes
(forming part of the financial statements)

1 Reporting entity

Northern Bear Plc (the “Company”) is a company incorporated in England and Wales.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the “Group”). The Parent Company financial statements present information about the Company as a separate entity and not about its Group.

2 Basis of preparation

Statement of compliance

Both the Parent Company financial statements and the Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”).

On publishing the Parent Company financial statements here, together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual statement of comprehensive income and related notes that form a part of these approved financial statements.

Standards and interpretations applied for the first time

In these financial statements the following Adopted IFRSs, which became effective for the first time, were adopted by the Group:

- Revised IAS 24 ‘Related Party Disclosure’;
- Improvements to IFRSs.

The adoption of the above standards and interpretations has not had a significant impact on the Group’s results for the year or equity.

Basis of measurement

The financial statements are prepared on the historical cost basis.

Functional and presentation currency

These financial statements are presented in sterling, which is the Company’s functional currency.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements and estimates made by management in the application of Adopted IFRSs that have a significant impact on the consolidated financial statements with a significant risk of material adjustment in the next year are described in note 27.

Going concern

The Group’s business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 5 and 6. The financial position of the Group, its cash flows and liquidity position are described in the Chairman’s statement on pages 3 and 4. In addition, note 24 to the financial statements includes the Group’s objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposures to credit risk and liquidity risk.

The Group meets its day to day working capital requirements through bank overdraft and loan facilities. The overdraft element of the facilities is due for routine review and renewal on 31 January 2013. Whilst the current economic outlook remains uncertain, the Group’s forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities.

2 Basis of preparation *(continued)*

Going concern *(continued)*

Taking into account all of the above, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

3 Significant accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

Basis of consolidation

Control exists where the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial information from the date that control commences until the date that control ceases.

Intercompany balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated when preparing the consolidated financial information.

Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in equity

Investments in subsidiaries are carried at cost less impairment in the Parent Company accounts.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

3 Significant accounting policies *(continued)*

Intangible assets and goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries. Goodwill represents the difference between the cost of the acquisition and the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Research

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Transfers between PPE and inventory in relation to fork lift trucks reflect changes in the method of recovering value, with those available for sale held in inventory and those leased to customers held in PPE. Movements between these classifications reflect previously leased items being made available for sale and items previously available for sale being leased. Transfers occur at net book value with no profit or loss.

Depreciation is charged to the income statement on a straight line basis over the estimated useful economic lives of each part of an item of property, plant and equipment. The depreciation rates are as follows:

Freehold buildings	2% straight line
Plant and equipment	15% diminishing balance
Motor vehicles	25% diminishing balance
Fixtures and fittings	15-33% diminishing balance
Leasehold improvements	life of lease straight line

The residual value, and useful economic life, is reassessed annually. Land is not depreciated.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Construction work in progress

Construction work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction work in progress is presented as part of trade and other receivables in the balance sheet.

Impairment

The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated. For goodwill which has an indefinite life the recoverable amount is estimated at each reporting date.

3 Significant accounting policies *(continued)*

Impairment *(continued)*

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then to reduce the carrying amount of other assets within the unit on a pro-rata basis.

Employee benefits

Defined contribution pension plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as service is provided.

Share-based payment transactions

The share option programme allows Group and Company employees to acquire shares of the Company. The fair value of share options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date, using an appropriate model taking into account the terms and conditions upon which the share options were granted, and is spread over the period during which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to market conditions.

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

In relation to key revenue streams (other than construction contracts which are discussed below) this policy is applied as follows:

- Building services – revenue is recognised based on agreed valuations certified by a quantity surveyor;
- Roofing – revenue is recognised based on agreed valuations certified by a quantity surveyor;
- Materials handling – for product sales, revenue is recognised on delivery to the customer (when significant risks and rewards of ownership are transferred);
  – for assets leased to customers, revenue is recognised on a straight line basis over the hire term.

Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract.

3 Significant accounting policies *(continued)*

Construction contracts *(continued)*

The stage of completion is assessed by reference to the proportion of contract costs incurred for the work performed to date in relation to total estimated contract costs. When the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

Expenses

(i) Operating lease payments

Payments under operating leases are recognised in the income and expenditure account on a straight line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

(ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(iii) Finance income

Finance income comprises interest receivable on funds invested. Interest income is recognised in the income statement as it accrues using the effective interest method.

(iv) Finance expenses

Finance expenses comprise interest payable on borrowings. All borrowing costs are recognised in profit or loss using the effective interest method.

v) Exceptional expenses

Exceptional items are defined as items of expenditure which are material and unusual in nature and which are considered to be of such significance that they require separate disclosure on the face of the statement of comprehensive income, in accordance with IAS 1.

Income tax

Income tax on the profit or loss for the period comprises both current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits nor differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that a related tax benefit will be realised.

3 Significant accounting policies *(continued)*

Segment reporting

Segmental information is provided based on internal reports regularly reviewed by the Chief Operating Decision Maker, which is deemed to be the Board of Directors.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that are allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are not expected to be used for more than one segment.

Non-current assets held for sale and discontinued operations

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent remeasurement although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation has been discontinued from the start of the comparative period.

Standards and Interpretations in use but not applied

The following standards and interpretations, which have not been applied in these financial statements, were available for early adoption:

- Amendments to IFRS 7 'Disclosures – Transfers of Financial Assets'

The directors anticipate that the adoption of the above will have no material effect on the Group's financial statements.

4 Discontinued operations

The Group has disposed of operations as follows:

- The Roof Truss Company (Northern) Limited – on 26 May 2011;
- Hastie D Burton Limited – on 20 April 2011; and
- DJ McGough Limited – on 15 September 2010.

These operations were classified as discontinued in the prior year.

4 Discontinued operations *(continued)*

Results from discontinued operations – 2012

	D J McGough £000	Hastie £000	Roof Truss £000	**2012 Total £000**
Exceptional expenses	-	(54)	(105)	**(159)**
Loss before income tax	-	(54)	(105)	**(159)**
Income tax	-	-	-	**-**
Loss for the year	-	(54)	(105)	**(159)**
Basic loss per share				**(0.9p)**

Results from discontinued operations - 2011

	D J McGough £000	Hastie £000	Roof Truss £000	2011 Total £000
Revenue	479	2,523	1,551	4,553
Expenses	(568)	(2,624)	(1,528)	(4,720)
Exceptional expenses	(50)	(470)	(192)	(712)
Loss before income tax	(139)	(571)	(169)	(879)
Income tax	26	(2)	(1)	23
Loss for the year	(113)	(573)	(170)	(856)
Basic loss per share				(4.6p)

Notes *(continued)*

5 Segmental analysis

The analysis by segments below is presented in accordance with IFRS 8 on the basis of those segments whose operating results are regularly reviewed by the Board of Directors (the Chief Operating Decision Maker as defined by IFRS 8) to assess performance and allocate resources.

- Roofing activities – companies providing a comprehensive range of roofing services including slating, tiling, leadwork, felting, refurbishment and maintenance for domestic, commercial and public sector properties;
- Materials handling activities – supply, service and maintenance of fork lift trucks and warehouse equipment both on hire and for sale;
- Building services activities – aggregation of other specialist building services companies providing services including fire protection and asbestos removal; and
- Corporate and other activities - the provision of head office activity and consolidation items.

2012	**Roofing activities £000**	**Materials handling activities £000**	**Building services activities £000**	**Corporate and other activities £000**	**Total £000**
Revenue					
Total segment revenue	19,883	2,793	14,172	-	36,848
Inter-segment revenue	(166)	(8)	(262)	-	(436)
External revenue	19,717	2,785	13,910	-	36,412
Operating profit/(loss) before exceptional items	1,464	435	376	(612)	1,663
Exceptional items	(56)	-	-	(135)	(191)
Operating profit/(loss)	1,408	435	376	(747)	1,472
Net finance expense					(451)
Income tax expense					(299)
Profit for the financial year – continuing operations					722
Segment assets	17,026	4,740	10,603	305	32,674
Segment liabilities	4,474	243	3,530	6,565	14,812
Depreciation charge	136	217	128	14	495
Capital expenditure	132	9	31	10	182

5 Segmental analysis *(continued)*

2011	Roofing activities £000	Materials handling activities £000	Building services activities £000	Corporate and other activities £000	Total £000
Revenue					
Total segment revenue	14,250	2,782	10,742	-	27,774
Inter-segment revenue	(430)	(12)	(172)	-	(614)
External revenue	13,820	2,770	10,570	-	27,160
Operating profit/(loss) before exceptional items	819	594	828	(595)	1,646
Exceptional items	(280)	-	-	(29)	(309)
Operating profit/(loss)	539	594	828	(624)	1,337
Net finance expense					(517)
Income tax expense					(181)
Profit for the financial year – continuing operations					639
Segment assets	12,812	4,732	16,763	121	34,428
Segment liabilities	5,697	541	2,325	8,566	17,129
Depreciation charge	139	236	119	19	513
Capital expenditure	77	91	76	2	246

As the Board of Directors receives segment revenue and operating profit/(loss) on the same basis as for the statutory financial statements no further reconciliation is considered to be necessary.

Revenue

Further analysis of significant categories of gross revenue is provided below:

		2012 £000	2011 £000
Roofing		**19,717**	13,820
Materials handling	- sales	**1,753**	1,643
	- leasing	**1,032**	1,127
Building services		**13,910**	10,570
		36,412	27,160

All revenue is derived from the UK, with no single customer contributing 10% or more of the Group's revenue.

Notes *(continued)*

6 Other operating income

	2012	2011
	£000	£000
Rental income	**16**	20

7 Expenses and auditor's remuneration

Auditor's remuneration:

	2012	2011
	£000	£000
Audit of these financial statements	**31**	31
Amounts receivable by auditor and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	**59**	68

Amounts paid to the Company's auditor and their associates in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

Administrative expenses include the following exceptional expenses:

	2012	2011
	£000	£000
Continuing operations		
Redundancy costs	**86**	-
Legal and professional fees	**55**	-
Aborted transaction costs	**50**	29
Trade receivable provisions	**-**	280
	191	309
Discontinued operations		
Legal and professional fees	**159**	91
Impairment goodwill	**-**	405
Impairment property	**-**	125
Net asset impairment	**-**	91
	159	712

Redundancy costs include redundancy expenses and related costs, including professional fees.

Aborted transaction costs represent fees incurred on potential business acquisitions which aborted.

Impairments of goodwill, property and net assets relate to assets in discontinued operations, together with legal fees in relation to disposal. The impairments represent total impairment losses recognised during the year and did not include any revalued assets. There were no reversals of impairment losses during the year.

Trade receivable provisions relate to specific exceptional cases where customers have entered administration, owing significant debts to the Group.

8 Staff numbers and costs

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

	Number of employees	
	2012	2011
Directors	**7**	7
Administration	**81**	86
Production	**261**	327
	349	420

The aggregate payroll costs of these persons were as follows:

	2012	2011
	£000	£000
Wages and salaries	**8,704**	9,516
Social security costs	**774**	954
Contributions to defined contribution plans	**124**	89
	9,602	10,559

9 Directors' remuneration

The table below sets out details of the emoluments in respect of qualifying services and compensation of each person who served as a Director during the year (excluding pension contributions, details of which are set out separately below):

Directors' emoluments	**Salary/fees**	**Annual bonus**	**Estimated value of benefits**	**Total 2012**	Total 2011
	£000	£000	£000	**£000**	£000
HB Gold	10	-	-	**10**	10
GSL Forrest	89	-	-	**89**	155
SM Roberts	69	-	-	**69**	63
S Gray	81	-	23	**104**	98
K Soulsby	21	-	13	**34**	90
GR Jennings	100	42	15	**157**	116
IT McLean	20	-	-	**20**	20
	390	42	51	**483**	552

Pension contributions	**2012**	2011
	£000	£000
K Soulsby	**6**	-
GR Jennings	**46**	-

9 Directors' remuneration *(continued)*

	Number of directors 2012	2011
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**2**	-

10 Finance income and expense

Finance income	**2012 £000**	2011 £000
Bank interest	**1**	1

Finance expense	**2012 £000**	2011 £000
On bank loans and overdrafts	**424**	484
Finance charges payable in respect of finance leases and hire purchase contracts	**28**	34
Total finance expense	**452**	518

11 Taxation

Recognised in the income statement	**2012 £000**	2011 £000
Current tax expense		
Current year	**418**	167
Adjustments for prior years	**17**	(27)
Current tax expense	**435**	140
Deferred tax expense		
Origination and reversal of temporary differences	**(130)**	18
Adjustments for prior years	**(8)**	23
Effect of change in tax rates	**2**	-
Deferred tax (credit)/expense	**(136)**	41
Tax expense in income statement (excluding tax on discontinued operations)	**299**	181
Tax from discontinued operations	**-**	(23)
Total tax expense	**299**	158

Notes *(continued)*

11 Taxation *(continued)*

Reconciliation of effective tax rate

	2012 **£000**	2011 £000
Profit before tax	**1,021**	820
Tax using the UK corporation tax rate of 26% (2011: 28%)	**265**	230
Non-deductible expenses	**72**	50
Small companies tax rate	**(8)**	(9)
Over provided in prior years	**9**	(4)
Income not taxable for tax purposes	**-**	(48)
Effect of rate changes	**2**	(12)
Other differences	**(41)**	(26)
Total tax expense	**299**	181

Factors that may affect future tax expenses

In March 2012 the Chancellor announced a reduction in the main rate of UK corporation tax to 24% with effect from 1 April 2012. This change became substantively enacted on 26 March 2012 and therefore the effect of the rate reduction on deferred tax balances as at 31 March 2012 has been included in the figures above.

The Chancellor also proposed changes to further reduce the main rate of corporation tax by 1% per annum to 22% by 1 April 2014, but these changes have not yet been substantively enacted and therefore are not included in the figures above. The overall effect of the further reductions from 24% to 22%, if these were applied to the deferred tax balances at 31 March 2012, would be to further reduce the deferred tax asset by approximately £3,000.

12 Earnings/(loss) per share

The calculation of basic earnings/(loss) per share was based on the profit/(loss) for the period and on the weighted average number of ordinary shares outstanding, calculated as follows:

		2012	2011
Profit/(loss) for the period (£000)	- continuing operations	**722**	639
	- discontinued operations	**(159)**	(856)
	- total	**563**	(217)
Weighted average number of ordinary shares (‘000)		**18,420**	18,663
Earnings/(loss) per share	- continuing operations	**4.0p**	3.4p
	- discontinued operations	**(0.9p)**	(4.6p)
	- total	**3.1p**	(1.2p)

Notes *(continued)*

13 Property, plant and equipment

Group	Land and buildings £000	Plant and equipment £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost					
Balance at 1 April 2010	957	3,339	391	2,132	6,819
Disposals through sale of subsidiary	(3)	(97)	-	(80)	(180)
Transfers to 'assets held for resale'	(815)	(511)	(36)	(249)	(1,611)
Transfers from stock	-	817	-	-	817
Other acquisitions	-	20	130	417	567
Transfers to stock	-	(978)	-	-	(978)
Disposals	-	-	-	(343)	(343)
Balance at 31 March 2011	139	2,590	485	1,877	5,091
Balance at 1 April 2011	139	2,590	485	1,877	5,091
Transfers from stock	-	823	-	-	823
Other acquisitions	-	29	22	307	358
Transfers to stock	-	(939)	-	-	(939)
Disposals	-	(160)	(76)	(363)	(599)
Balance at 31 March 2012	139	2,343	431	1,821	4,734
Depreciation and impairment					
Balance at 1 April 2010	292	1,892	271	1,238	3,693
Impairment charge	125	-	-	-	125
Depreciation charge for year	1	249	51	261	562
Depreciation on transfers to stock	-	(329)	-	(37)	(366)
Disposals	-	-	-	(190)	(190)
Disposals through sale of subsidiary	(1)	(49)	-	(47)	(97)
Transfers to 'assets held for resale'	(290)	(398)	(29)	(177)	(894)
Balance at 31 March 2011	127	1,365	293	1,048	2,833
Balance at 1 April 2011	127	1,365	293	1,048	2,833
Depreciation charge for the year	2	204	50	239	495
Depreciation on transfers to stock	-	(305)	-	-	(305)
Disposals	-	(158)	(74)	(277)	(509)
Balance at 31 March 2012	129	1,106	269	1,010	2,514
Net book value					
At 1 April 2010	665	1,447	120	894	3,126
At 31 March 2011	12	1,225	192	829	2,258
At 31 March 2012	**10**	**1,237**	**162**	**811**	**2,220**

Impairment loss

During 2011 the Group conducted a review of the net book value of its properties in light of the deterioration in the UK property market. Where the net book value was less than its carrying value within the balance sheet the Group has impaired the property recoverable amount. Impairment losses on properties amounted to £nil (2011: £125,000), arising in the 'building services activities' operating segment.

13 Property, plant and equipment *(continued)*

Leased property, plant and equipment

At 31 March 2012 the net carrying amount of plant and equipment held on finance leases was £450,656 (2011: £498,910).

Security

Leased equipment secures lease obligations.

Freehold land and buildings at 2a Rainhill Close, Washington secured a £416,000 mortgage loan at 31 March 2011. Following the sale of The Roof Truss Company (Northern) Limited on 26 May 2011, these freehold land and buildings were disposed of and the mortgage repaid in full.

Company

	Fixtures and fittings £000
Cost	
Balance at 1 April 2010	10
Other acquisitions	55
Balance at 31 March 2011	65
Balance at 1 April 2011	65
Other acquisitions	10
Balance at 31 March 2012	75
Depreciation and impairment	
Balance at 1 April 2010	5
Depreciation charge for the year	19
Balance at 31 March 2011	24
Balance at 1 April 2011	24
Depreciation charge for the year	14
Balance at 31 March 2012	38
Net book value	
At 1 April 2010	5
At 31 March 2011	41
At 31 March 2012	**37**

14 Intangible assets

Group	Goodwill £000
Cost	
Balance at 1 April 2010	25,264
Disposal of subsidiary	(1,870)
Balance at 31 March 2011	23,394
Balance at 1 April 2011	23,394
Disposal of subsidiary	(2,046)
Balance at 31 March 2012	21,348
Amortisation and impairment	
Balance at 1 April 2010	1,641
Impairment charge	405
Balance at 31 March 2011	2,046
Balance at 1 April 2011	2,046
Disposal of subsidiary	(2,046)
Balance at 31 March 2012	-
Net book value	
At 1 April 2010	23,623
At 31 March 2011	21,348
At 31 March 2012	**21,348**

Goodwill is allocated to the Group's cash generating units ("CGUs"), which have been identified on a company basis. A summary of the carrying value presented at CGU basis is shown below:

	2012 £000	2011 £000
Ron Gone Limited	**1,526**	1,526
Maximuse Limited	**3,126**	3,126
Kelmax Roofing Limited	**4,507**	4,507
MGM Limited	**1,599**	1,599
Chirmarn Holdings Limited	**3,891**	3,891
Jennings Properties Limited	**4,087**	4,087
A1 Industrial Trucks Limited	**2,612**	2,612
	21,348	21,348

14 Intangible assets *(continued)*

Impairment testing

Goodwill is tested annually for impairment, or more frequently if there are indications the goodwill may be impaired. All recoverable amounts are based on value in use and the key assumptions applied in the value in use calculations are as follows:

- Cash flow projections – cash flow projections cover a 20 year period based on detailed approved budget forecasts for the next year, directors' projections of profits for years two to five and an assumption of 2% annual growth in profits thereafter.
- Growth rate – taking into account the current economic climate, management have made a prudent assumption that the long term growth rate in each of the CGUs from year five onwards will be 2% per annum when extrapolating future cash flows.
- Discount rate – management have applied a discount rate of 9% (2011: 9%) to the cash flow forecasts, which represents their best estimate of the Group's weighted average cost of capital. The calculation is based on the split of equity and debt funding at the balance sheet date and estimated long term costs for debt and equity. Management believe the market risk associated with each CGU is similar and has applied the average rate across the business. The discount rate reflects the continued difficult trading conditions and economic environment, and is comparable to rates used by other groups operating in similar segments.

Sensitivity analysis

The key sensitivities in assessing the value in use of goodwill are forecast cash flows and the discount rate applied:

- a 1% reduction in growth rate in forecast cash flows would have no impact on carrying values; and
- a 1% increase in the discount rate applied would have no impact on carrying values.

Impairment losses

In the year ended 31 March 2011 the forecast cash flows for the business were recalculated based on a revised budget for 2012 and directors' assessments for the following four years, based on detailed projections given historical and current trading levels. Long term growth rates of 2% and a discount rate of 9% were retained for the calculation. Based on the discount cash flow forecasts and terminal value estimate management prudently recognised losses against the carrying value.

15 Investments in subsidiaries

Company	Shares in group undertakings £000
Cost	
Balance at 1 April 2010	43,087
Disposals	(2,318)
Balance at 31 March 2011	40,769
Balance at 1 April 2011	40,769
Disposals	(4.968)
Balance at 31 March 2012	35,801
Impairment	
Balance at 1 April 2010	-
Charged in year	4,103
Balance at 31 March 2011	4,103
Balance at 1 April 2011	4,103
Credited on disposal	(4,103)
Balance at 31 March 2012	-
Net book value	
At 1 April 2010	43.087
At 31 March 2011	36,666
At 31 March 2012	**35,801**

The Company has the following investments in subsidiaries:

Company	Country of Incorporation	Class of shares held	Ownership 2012	Ownership 2011
Ron Gone Limited	England and Wales	Ordinary	**100%**	100%
Isoler Limited	England and Wales	Ordinary	**100%**	100%
		A Ordinary	**100%**	100%
Dudley Wilson Limited	England and Wales	A Ordinary	**100%**	100%
		B Ordinary	**100%**	100%
The Roof Truss Company (Northern) Limited	England and Wales	Ordinary	**-**	100%
Kelmax Roofing Limited	England and Wales	A Ordinary	**100%**	100%
		B Ordinary	**100%**	100%
Springs Roofing Limited	England and Wales	Ordinary	**100%**	100%
		A Ordinary	**100%**	100%
		B Ordinary	**100%**	100%
		C Ordinary	**100%**	100%
		D Ordinary	**100%**	100%
Maximuse Limited	England and Wales	A Ordinary	**100%**	100%
		B Ordinary	**100%**	100%

15 Investments in subsidiaries *(continued)*

Company	Country of Incorporation	Class of shares held	Ownership 2012	2011
Wensley Roofing Limited	England and Wales	Ordinary	**100%**	100%
		A Ordinary	**100%**	100%
MGM Limited	England and Wales	Ordinary	**100%**	100%
		A Ordinary	**100%**	100%
The Floor Joist Company (Northern) Limited	England and Wales	Ordinary	**-**	100%
Chirmarn Holdings Limited	England and Wales	Ordinary	**100%**	100%
Chirmarn Limited	England and Wales	Ordinary	**100%***	100%*
Chirmarn (Surveying) Limited	England and Wales	Ordinary	**100%***	100%*
Hastie Limited	England and Wales	Ordinary	**100%**	100%
Hastie D Burton Limited	England and Wales	Ordinary	**-**	100%*
Jennings Properties Limited	England and Wales	Ordinary	**100%**	100%
		A Ordinary	**100%**	100%
		B Ordinary	**100%**	100%
Jennings Roofing Limited	England and Wales	Ordinary	**100%***	100%*
A1 Industrial Trucks Limited	England and Wales	Ordinary	**100%**	100%
Northern Bear Safety Limited	England and Wales	Ordinary	**100%**	100%

*held indirectly.

The Roof Truss Company (Northern) Limited and Hastie D Burton Limited were disposed of on 26 May 2011 and 20 April 2011 respectively.

The Floor Joist Company (Northern) Limited was dissolved by voluntary strike off on 29 November 2011.

16 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2012 £000	2011 £000
Property, plant and equipment	**15**	(107)
Other	**18**	4
Net tax assets/(liability)	**33**	(103)

Movement in deferred tax during the year

	1 April 2011 £000	**Recognised in income £000**	**31 March 2012 £000**
Property, plant and equipment	(107)	122	**15**
Provisions	4	14	**18**
	(103)	136	**33**

Notes *(continued)*

16 Deferred tax assets and liabilities *(continued)*

Movement in deferred tax during the prior year

	1 April 2010 £000	Recognised in income £000	31 March 2011 £000
Property, plant and equipment	(108)	1	(107)
Provisions	46	(42)	4
	(62)	(41)	(103)

Company

Deferred tax assets in the Company represent temporary differences on property, plant and equipment.

17 Inventories

	Group		Company	
	2012 £000	2011 £000	**2012 £000**	**2011** £000
Raw materials and consumables	**807**	851	**-**	-

All inventory is expected to be recovered in less than 12 months. There were no write downs in the year.

18 Trade and other receivables

	Group		Company	
	2012 £000	2011 £000	**2012 £000**	**2011** £000
Trade receivables	**7,591**	6,028	**459**	57
Other receivables	**16**	-	**202**	5
	7,607	6,028	**661**	62

At 31 March 2012 trade receivables include retentions of £975,000 (2011: £757,000) relating to construction contracts in progress.

19 Cash and cash equivalents / bank overdrafts

	Group		Company	
	2012 £000	2011 £000	**2012 £000**	**2011** £000
Cash and cash equivalents per balance sheet	**243**	281	**9**	-
Bank overdrafts	**(4,333)**	(4,782)	**(3,597)**	(4,367)
Cash and cash equivalents per cash flow statements	**(4,090)**	(4,501)	**(3,588)**	(4,367)

20 Loans and borrowings

This note provides information about the contractual terms of the Group and Company's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group and Company's exposure to interest rate risk, see note 24.

	Group		Company	
	2012 £000	2011 £000	**2012 £000**	2011 £000
Non-current liabilities				
Secured bank loans	**2,328**	3,365	**2,328**	3,365
Finance lease liabilities	**134**	181	**-**	16
Other loans	**8**	15	**-**	-
	2,470	3,561	**2,328**	3,381
Current liabilities				
Current portion of secured bank loans	**625**	564	**625**	564
Current portion of finance lease liabilities	**184**	141	**16**	20
Shareholder loans	**49**	49	**-**	-
	858	754	**641**	584

Terms and debt repayment schedule

	Currency	**Nominal interest rate**	**Year of maturity**	**Face value 2012 £000**	**Carrying amount 2012 £000**	Face value 2011 £000	Carrying amount 2011 £000
Yorkshire Bank term loan A	GBP	Libor + 4.25	2016	**2,953**	**2,953**	3,513	3,513
Mortgage loan	GBP	Libor + 3.50	2017	**-**	**-**	416	416
Shareholder loan	GBP	n/a	n/a	**49**	**49**	49	49
Revolving credit facility and bank overdraft	GBP	Libor + 4.25	2013	**4,333**	**4,333**	4,782	4,782
Finance lease and hire purchase liabilities	GBP	n/a	Within 5 years	**318**	**318**	322	322
Other loans	GBP	n/a	n/a	**8**	**8**	15	15

Freehold land and buildings at 2a Rainhill Close, Washington secured a £416,000 mortgaged loan at 31 March 2011. Following the sale of The Roof Truss Company (Northern) Limited on 26 May 2011 these freehold land and buildings were disposed of and the mortgage loan repaid in full.

The term loan of £2,953,000 (of which £625,000 is due within one year) is secured on a fixed and floating charge over assets (including inventories and trade receivables) of the Group.

Notes *(continued)*

20 Loans and borrowings *(continued)*

Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	Minimum lease payments 2012 £000	Interest 2012 £000	Principal 2012 £000	2011 £000
Less than one year	**208**	**(24)**	**184**	141
Between one and five years	**152**	**(18)**	**134**	181
	360	**(42)**	**318**	322

21 Trade and other payables

	Group		Company	
	2012 £000	2011 £000	**2012 £000**	2011 £000
Trade payables	**4,924**	3,647	**421**	113
Non-trade payables and accrued expenses	**1,789**	1,369	**412**	121
	6,713	5,016	**833**	234

22 Employee benefits

Defined contribution plans

The Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £124,000 *(2011: £89,000).*

Share-based payments

The Group operates an Inland Revenue Approved Share Option Scheme and an Inland Revenue Unapproved Share Option Scheme.

The terms and conditions of the grants are as follows:

Grant date	Method of settlement accounting	Number of instruments	Vesting conditions	Contractual life of options
18 December 2006	Equity	700,000	3 years of service	Dec 07 – Dec 16
1 March 2007	Equity	300,000	3 years of service	Mar 10 – Mar 17
17 December 2007	Equity	230,000	3 years of service	Dec 10 – Dec 17
30 June 2008	Equity	25,000	3 years of service	June 11 – June 18

22 Employee benefits *(continued)*

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2012	**Number of options 2012**	Weighted average exercise price 2011	Number of options 2011
Outstanding at the beginning and end of the year	**96p**	**1,255,000**	96p	1,255,000
Exercisable at the end of the year		**1,255,000**		1,230,000

The options outstanding at the year end have an exercise price in the range of 88p to 120p and a weighted average contractual life of 5.5 years.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The fair value of employee share options is measured using a Black-Scholes model. Measurement inputs and assumptions are as follows:

	18 December 2006	1 March 2007	17 December 2007	30 June 2008
Fair value at measurement date	17p	18p	22p	17p
Exercise price	88p	98p	120p	98p
Expected volatility	19.0%	17.8%	18.1%	17.0%
Option life (from inception)	5.5 years	5.5 years	5.5 years	5.5 years
Expected dividends	3.0%	3.0%	3.0%	3.0%
Risk-free interest rate (based on national government bonds)	5.0%	5.0%	5.0%	5.0%

The expected volatility is based on the volatility of the FTSE AIM All-Share Index from 1 September 2001 to the date of the award.

Share options are granted under a service condition and, for grants after 19 December 2006, a non-market performance condition. Such conditions are not taken into account in the grant date fair value measurement of the services received.

The total (credit)/expense recognised for the year arising from share based payments are as follows:

	2012 £000	2011 £000
Equity settled share based payment (credit)/expense	**-**	(178)

23 Capital and reserves

Reconciliation of movement in capital and reserves – Group

	Share capital £000	Capital redemption £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
At 1 April 2010	190	-	5,169	12,586	2,029	19,974
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(217)	(217)
Transactions with owners, recorded directly in equity						
Equity-settled share based payment transactions	-	-	-	-	(178)	(178)
Buy back of shares	(6)	6	-	(514)	(1,766)	(2,280)
Transfers in respect of discontinued operations	-	-	-	(1,701)	1,701	-
At 31 March 2011	184	6	5,169	10,371	1,569	17,299
At 1 April 2011	184	6	5,169	10,371	1,569	17,299
Total comprehensive income for the year						
Profit for the year	-	-	-	-	563	563
At 31 March 2012	**184**	**6**	**5,169**	**10,371**	**2,132**	**17,862**

Reconciliation of movement in capital and reserves – Company

	Share capital £000	Capital redemption £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 1 April 2010	190	-	5,169	12,586	(1,625)	16,320
Total comprehensive income for the year						
Profit for the year	-	-	-	-	3,063	3,063
Transactions with owners, recorded directly in equity						
Equity settled share based payment transactions	-	-	-	-	(178)	(178)
Buy back of shares	(6)	6	-	(514)	(1,766)	(2,280)
Transfers in respect of discontinued operations	-	-	-	(1,701)	1,701	-
Balance at 31 March 2011	184	6	5,169	10,371	1,195	16,925
Balance at 1 April 2011	184	6	5,169	10,371	1,195	16,925
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(2,536)	(2,536)
Balance at 31 March 2012	**184**	**6**	**5,169**	**10,371**	**(1,341)**	**14,389**

23 Capital and reserves *(continued)*

Share capital

	Ordinary shares	
In millions of shares	**2012**	**2011**
In issue at start of period	**18**	19
Buy back of shares	**-**	(1)
In issue at end of period – fully paid	**18**	18

	2012 £000	2011 £000
Allotted, called up and fully paid		
18,419,724 (2011: 18,419,724) ordinary shares of 1p each	**184**	184
Shares classified in shareholders' funds	**184**	184

The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the Company.

During the prior period, as part of the disposal of DJ McGough Limited, the buyers gifted to the company 547,368 ordinary shares of 1p each in the capital of the Company for nil consideration. These ordinary shares were subsequently cancelled.

615,548 1p ordinary shares with an aggregate nominal value of £6,155 were purchased during the period in relation to the disposal of the Roof Truss Company (Northern) Limited, and are held in treasury.

24 Financial instruments

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

This applies to:

Trade and other receivables

The fair value of trade and other receivables, excluding construction contract debtors, is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

24 Financial instruments *(continued)*

Interest-bearing borrowings

Fair value, which after initial recognition is determined for disclosure purposes only, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. Due to the nature of sales (high volume, low value) revenue is attributable to a large number of customers. Geographically there is a concentration of credit risk in the United Kingdom.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings where available. Purchase limits are established for each customer; these limits are reviewed regularly.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Capital management

The Group's policy is to maintain a strong capital base with a view to ensuring that entities within the Group will be able to continue as going concerns. To achieve this objective, the Group aims to maintain a prudent mix of debt and equity financing and considers the current capital structure to be appropriate.

Equity funding comprises issued share capital, reserves and retained earnings as disclosed in note 23 to the financial statements. Debt funding comprises bank facilities as described below.

The Group's treasury policy has as its principal objective the achievement of the maximum interest rate on any cash balances whilst maintaining an acceptable level of risk.

24 Financial instruments *(continued)*

Financial assets and liabilities

The Group's main financial assets comprise trade receivables arising from the Group's activities and cash at bank.

Other than the bank overdraft, loans and borrowings and trade and other payables, the Group had no financial liabilities within the scope of IAS 39 as at 31 March 2012.

Fair values

The fair value of the Group's financial assets and liabilities is not materially different from their carrying values. As the Group has no financial instruments carried at fair value the Group is not required to disclose a fair value hierarchy.

Profit and loss account

Details of finance income and finance expenses are included in note 10.

	Group		**Company**	
	2012	2011	**2012**	**2011**
	£000	£000	**£000**	£000
Trade receivables	**7,591**	6,028	**459**	57
Cash at bank	**243**	281	**9**	-
	7,834	6,309	**468**	57

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date for the Group was £7,834,000 (2011: £6,309,000) and for the Company was £468,000 (2011: £57,000) being the total of the carrying amount of financial assets.

Credit quality of financial assets and impairment losses

Trade receivables consist of the following:

	Group		**Company**	
	2012	2011	**2012**	**2011**
	£000	£000	**£000**	£000
Sales ledger	**7,789**	6,112	**459**	57
Bad debt provision	**(198)**	(84)	**-**	-
Net trade receivables	**7,591**	6,028	**459**	57

Movements in the bad debt provision are summarised below:

	Bad debt provision £000
At beginning of year	84
Provided in year	202
Write offs and recoveries	(88)
At end of year	198

24 Financial instruments *(continued)*

Financial assets and liabilities

The allowance account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly.

Management has no indication that any unimpaired amounts will be irrecoverable, and relate entirely to sales in the United Kingdom.

Interest risk

The Group's credit risk policy is to manage its trade receivables by taking credit references and requesting payment in advance should this be considered necessary.

Effective interest rates

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature.

	2012 Interest rate	2011 Interest rate
Cash and cash equivalents	**Base-1**	Base-1
Revolving credit facility and bank overdraft	**Libor+4.25**	Libor+4.25
Finance lease liabilities	**n/a**	n/a
Bank loan	**Libor+4.25**	Libor+4.25
Shareholder loan	**n/a**	n/a
Mortgage	**n/a**	Libor+3.50
Other loans	**n/a**	n/a

A change of 100 basis points in interest would increase or decrease equity by £115,000 (2011: £136,000).

Both cash and cash equivalents and bank overdraft pay interest on a floating rate basis. The fair value of the financial assets liabilities is substantially the same as their carrying value.

Liquidity risks

The Group's policy on liquidity risk has been to maintain sufficient cash balances and undrawn facilities to provide flexibility in the management of the Group's liquidity.

The following are contractual maturities of financial liabilities, and exclude the impact of netting agreements:

31 March 2012

Non-derivative financial instruments

Group	Carrying amount £000	Contractual cash flow £000	6 months or less £000	6-12 months £000	1-2 years £000	2-5 years £000	More than 5 years £000
Trade and other payables	6,713	(6,713)	(6,713)	-	-	-	-
Revolving credit facility and bank overdraft	4,333	(4,333)	(2,167)	(2,166)	-	-	-
Finance lease liabilities	318	(360)	(100)	(108)	(108)	(44)	-
Bank loan	2,953	(3,314)	(324)	(418)	(808)	(1,764)	-
Shareholder loan	49	(49)	(49)	-	-	-	-
Other loans	8	(8)	-	-	-	-	(8)
	14,374	(14,777)	(9,353)	(2,692)	(916)	(1,808)	(8)

Notes *(continued)*

24 Financial instruments *(continued)*

Company	Carrying amount £000	Contractual cash flow £000	6 months or less £000	6-12 months £000	1-2 years £000	2-5 years £000	More than 5 years £000
Trade and other payables	833	(833)	(833)	-	-	-	-
Revolving credit facility and bank overdraft	3,597	(3,597)	(1,799)	(1,798)	-	-	-
Finance lease liabilities	16	(19)	(12)	(7)	-	-	-
Bank loan	2,953	(3,314)	(324)	(418)	(808)	(1,764)	-
	7,399	(7,763)	(2,968)	(2,223)	(808)	(1,764)	-

25 Operating leases

Operating leases in which Group is a lessee

Non-cancellable operating lease rentals are payable as follows:

	Company		Group	
	2012 £000	2011 £000	**2012 £000**	2011 £000
Less than one year	**39**	-	**180**	135
Between one and five years	**161**	-	**498**	443
More than five years	**-**	-	**45**	107
	200	-	**723**	685

Operating leases in which the Group operates as lessee comprise properties on both short and long term rental agreements.

26 Related parties

Group

Identity of related parties with which the Group has transacted

The Group is controlled by its shareholders.

The Company had a related party relationship with its subsidiaries and with its directors and executive officers.

Transactions with key management personnel

Directors of the Company and their immediate relatives controlled 15% of the voting shares of the Company at 31 March 2012.

The compensation of key management personnel (including the directors) is as follows:

	Group	
	2012 £000	2011 £000
Key management emoluments excluding social security costs	**535**	552

Notes *(continued)*

26 Related parties

Group

Directors' loans existed as follows:

	2012 **£000**
Loan from SM Roberts	
Balance at start of year	**49**
Balance at end of year	**49**
Maximum balance outstanding during the year	**49**

The loan is unsecured, non-interest bearing and repayable on demand, subject to prior repayment of the loans and revolving credit facility term.

The following transactions were undertaken with entities in which the directors have a vested interest.

	Mincoffs Solicitors LLP **£000**
Balance as at beginning of period	(85)
Purchases	(136)
Settled	193
Balance as at end of period	(28)

HB Gold, Chairman, is a partner of Mincoffs Solicitors LLP. Mincoffs Solicitors LLP are the Group's legal advisors and provided legal advice to the Group throughout the period.

The above balances are included within trade creditors.

Trading transactions with subsidiaries – Parent Company

The Group operates a cash pooling arrangement and receives dividend income from subsidiaries.

27 Accounting estimates and judgments

The key areas requiring the use of estimates and judgements which may significantly affect the financial statements are considered to be:

Measurements of the recoverable amounts of cash generating units containing goodwill

This requires the identification of appropriate cash generating units and the allocation of goodwill to these units. Details of the estimation techniques used are set out in note 14 to the financial statements.

Measurement of the net book value of property, plant and equipment

This requires the identification of recoverable value, being the higher of value in use and fair value less costs to sell. In light of the deterioration in the UK property market and losses made in specific businesses, the estimation of recoverable value of Group properties was revised in the prior year. Fair value less costs to sell was assessed based on third party value estimations, with value in use calculations based on estimation techniques as above. The resulting recognition of impairment losses for a property in the prior year is set out in note 13.

27 Accounting estimates and judgements *(continued)*

Revenue and profit recognition on contracting activities

The principal estimation technique used by the Group in attributing profit on contracts to a particular period is the preparation of forecasts on a contract by contract basis. These focus on revenue and costs to complete and enable an assessment to be made on the final outturn on each contract. Variations during the course of contracts are taken into account but invariably are only finalised at completion. This can lead to previous estimates being amended which may have an impact on the final profit to be recognised on the contract.

28 Off balance sheet arrangements

There are no parties with whom the Group or Company has contractual or other arrangements that are considered material to the Group or Company's financial position other than those arrangements disclosed in the financial statements.

Northern Bear

Northern Bear

A1 industrial trucks Ltd
Established Since 1983

Northern Bear (Renewables) Ltd

chirmarn LIMITED

MGM
Specialist Construction Services

chirmarn (SURVEYING) LIMITED
ASBESTOS SURVEYORS

Northern Bear Safety Ltd

ISOLER
Fire Protection and Building Integrity Services

SPRINGS ROOFING LTD

JENNINGS ROOFING LTD

WENSLEY ROOFING LIMITED

Northern Bear Building Services

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