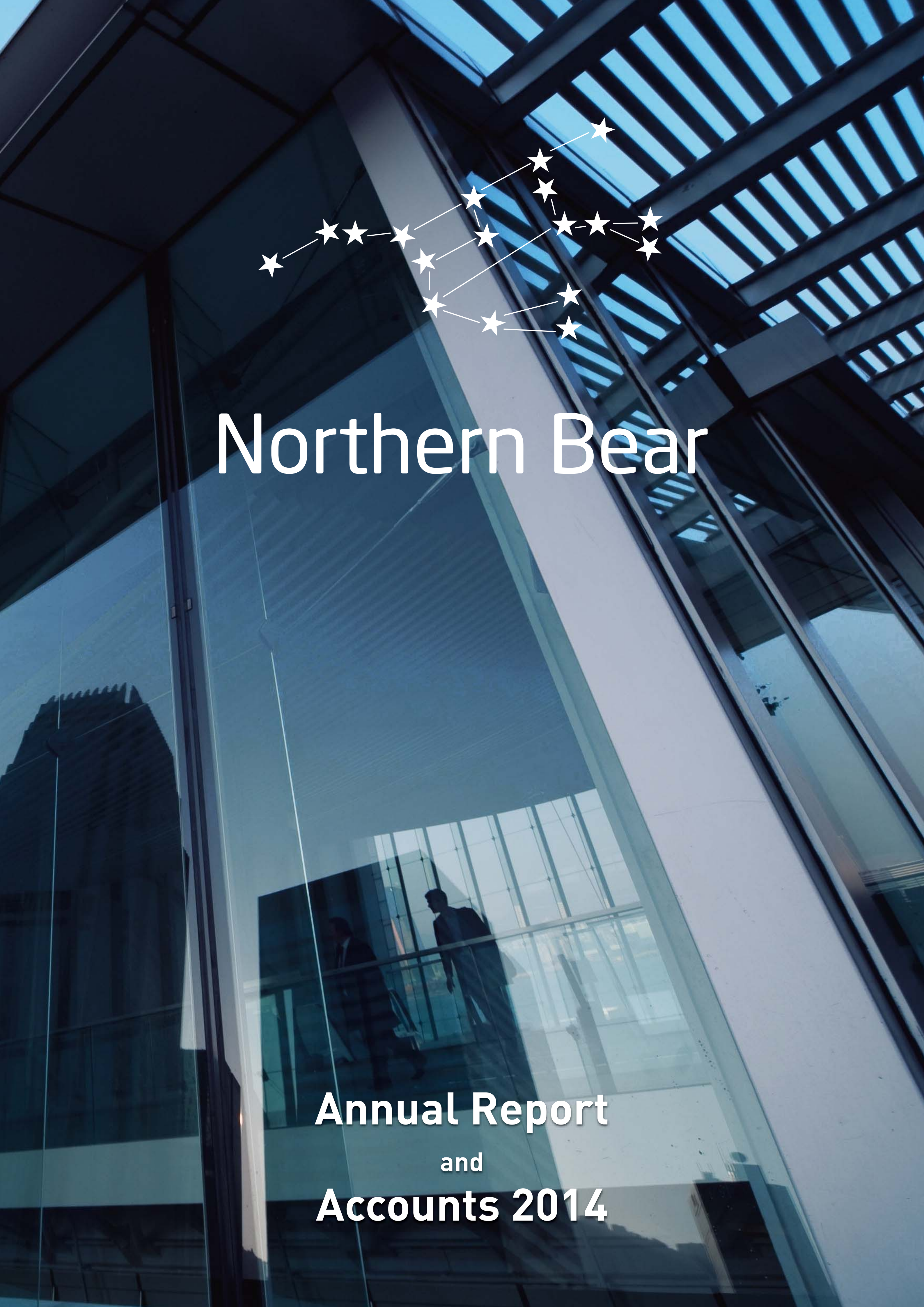

Northern Bear

Annual Report and Accounts 2014

Main Board

Executive Directors

Graham Jennings
Managing Director

Steve Roberts
Executive Chairman

Tom Hayes
Finance Director

Keith Soulsby
Director

Non Executive Directors

Howard Gold
Non Executive Director

Ian McLean
Non Executive Director

Managing Directors of Subsidiary Companies

Graeme Tennick
Joint
Managing Director
A1 Trucks

Derek Wymes
Joint
Managing Director
A1 Trucks

David Wales
Managing Director
Chirmarn &
Chirmarn Surveying

John Gilstin
Managing Director
Isoler

Graham Jennings
Chief Executive
Jennings Roofing

Neil Jukes
Managing Director
Northern Bear
Building Services

Brian Young
Managing Director
MGM

Jason Harrison
Managing Director
Northern Bear
Safety

Keith Muldoon
Managing Director
Springs Roofing

Keith Soulsby
Managing Director
Wensley Roofing

Alan Chapman
Heritage Director
Matthew Charlton
Slaters

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MITSUBISHI
FORKLIFT TRUCKS
A1 Industrial Trucks:
delivering reliability.
HIRE
SALES
SERVICE
A1 Industrial Trucks Ltd


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IND
TRUCKS
LTD
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MITSUBISHI

Advisors

Auditor
Mazars LLP
Mazars House
Gelderd Road
Gildersome
Leeds
LS27 7JN

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

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

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

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




Chairman's statement

Introduction

I am pleased to report the Group's results for the year to 31 March 2014.

The Group has performed well over the year, delivering a net profit of £1.3 million (2013: £0.5 million) and earnings per share of 7.6p (2013: 2.7p).

The new Group reporting structure introduced following Graham Jennings' appointment as Managing Director, under which all divisional Managing Directors now report directly to Graham, continues to deliver benefits for the Group and I am confident that it will continue to do so in the future.

The Group's results were not affected in the financial year by exceptional items or by discontinued operations. In the previous reporting period, exceptional items of £0.6 million were incurred, of which £0.5 million was a loss on a significant contract entered into by one of the Group's subsidiaries, MGM Limited.

Trading

Trading during the year significantly exceeded internal management forecasts, with performance during the second half of the year, which is often adversely affected by bad weather, showing particularly strong results.

The Group's revenue increased to £36.8m (2013: £35.1m) in the year and gross profit to £9.2m (2013: £7.6m) as margins improved across the majority of the Group's companies, which is testament to the hard work of our management teams. Gross profit in the prior year was adversely impacted by the contract entered into by MGM Limited mentioned above.

Operating profit increased to £2.2m (2013: £1.1m) despite an increase in administrative costs to £7.0m (2013: £6.5m). The increase in administrative costs was due to higher operating costs in certain areas, including semi-variable costs such as insurance expenditure increasing with revenue in the year, and the recruitment of additional senior management.

Cash flow

Net bank debt at 31 March 2014 was £5.4m (2013: £6.4m). Bank facilities were renewed on 7 April 2014 and the maturity profile of bank debt has been improved through the renewal process.

Historically, despite very challenging trading conditions which have impacted upon the performance of businesses in all sectors across the UK, Northern Bear has consistently managed to reduce its debt by maintaining a tight control of costs and maximising the performance of its larger divisions. If the apparent upturn in the sector and the strong trading performance continue, this increases the possibility of a larger debt reduction, on an annual basis, in the future.

Share option scheme

To incentivise our key officers and employees, the Company granted options in March 2014 over, in aggregate, 530,000 ordinary shares of 1p each. These options are exercisable at 28.5p per share from 7 March 2017 until 7 March 2024, provided that the option holder is still an officer or employee of the Company at the time.

The Board intends to continue to use share options to incentivise key people in the future.

Dividend

The Board has kept dividend policy under review in recent years and has considered it prudent not to declare interim or final dividends, whilst pursuing a strategy of reducing the Group's level of gearing.

I am delighted to announce that, in view of the solid performance of the business and lower level of bank debt, the Board proposes the payment of a final dividend of 0.75p per share for the year ended 31 March 2014. This is subject to shareholder approval at the Annual General Meeting on 18 August 2014 and, if approved, will be payable on 29 August 2014 to shareholders on the register on 8 August 2014.

Strategy / Outlook

The Board's priority in recent years, whilst trading conditions have been challenging, has been to use operating cash flow to reduce bank debt levels. Whilst this remains our overall priority, we will continue to monitor opportunities for other uses of funds generated, including capital investment, bolt-on acquisitions and capital repurchases.

We have seen positive movement in several sectors during the year, particularly the new house building market, and continued strength in the Social Housing sector for most Group companies.

Current order book levels are very encouraging and, although the roll out of these orders remains difficult to predict, point to the likelihood that the upward trend in performance should continue through the new financial year. The strong pipeline of orders, coupled with a brighter outlook for both the national and local construction sectors, bodes well for our specialist building and support services businesses.

New Trading Division

In May 2014 we announced the launch of a new trading division, Vantage Point Media, which provides an innovative new way of conducting detailed aerial surveys of buildings and roofs using state-of-the-art remote controlled hexacopters. This is an excellent example of how we are prepared to adapt new technologies and work together to provide innovative solutions for our clients.

Board Changes

Howard Gold stepped down in his capacity as Non-Executive Chairman of the Company on 13 February 2014, after five years in the role, in order to focus more on other business commitments, however, we are delighted that he agreed to remain on the Board as a Non-Executive Director. Howard guided the Group through difficult circumstances in his time as Chairman, including a severe recession and a major restructuring process and I feel sure that his continued involvement will deliver benefits for the Group.

I agreed to step up to the role of Executive Chairman, following Howard stepping down. I have been a Director of the Company since its inception and have played a key part in assisting Graham Jennings (Group Managing Director) and the Board with the restructuring of the Group since my appointment as Finance Director in October 2009. I look forward to my new role, guiding the Board as it continues to implement its strategy in the future.

Tom Hayes was appointed as Finance Director and joined the Company Board as an Executive Director on 13 February 2014. Tom is a Chartered Accountant and has substantial experience within 'Big 4' firms, in both Assurance and Corporate Finance services. He has been involved with the Group since January 2008 and has previously worked in both divisional and Group finance roles. I would like to welcome Tom to the Board and wish him every success in his new role.

People

In an industry which has seen a decreasing number of skilled tradesmen over the past few years, our strategy of employing the majority of our workforce, along with investment in training new operatives, continues to reap rewards. We are able to sustain a loyal and dedicated workforce with the skills required to meet the demands of the modern day construction industry.

The quality and experience of our people and the key customer relationships that they maintain remain fundamental to the Group's success and I would like to thank all of our employees for their contribution to the Group's results.

Steve Roberts
Executive Chairman

21 July 2014

Strategic report

The directors present their strategic report for Northern Bear Plc (the Company and its subsidiaries, together "the Group") for the year ended 31 March 2014.

REVIEW AND ANALYSIS OF THE BUSINESS DURING THE CURRENT YEAR

Principal Activities

There have not been any significant changes in the Group's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the Group's principal activities in the year. The subsidiary and associated undertakings of the Group are listed in note 14 of the notes to the Company's financial statements.

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 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.

Key performance indicators

The Group 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.

Financial performance and position

Commentary on financial performance during the year and financial position at the reporting date is included in the Chairman's Statement on pages 5 and 6.

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 a relatively small part 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.

Statement on risks relating to the Group’s business *(continued)*

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. Whilst 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.

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.

Financial instruments

The Group has exposure to risks from its use of financial instruments which include credit risk, liquidity risk and market risk. A full discussion of these risks and how they are managed is included in Note 23 to the Financial Statements.

Outlook

The future outlook for the business is included in the Chairman’s Statement on page 6.

This report was approved by the Board on 21 July 2014 and signed on its behalf by:

Steve Roberts
Executive Chairman

21 July 2014

Directors' report

The directors present their annual report and financial statements for the year ended 31 March 2014.

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.

The Group comprises the Company and a number of subsidiaries which operate in three main operating segments, being Roofing activities, Materials Handling activities, and Building Services activities. In addition the Company and certain intermediate holding companies provide Corporate and other non-trading services and this is classified as a separate operating segment for management information purposes.

Future outlook

The future outlook for the business is included in the Chairman's Statement on page 6.

Going concern

For the purposes of their assessment of the appropriateness of the preparation of the Group's financial statements on a going concern basis, the Directors have considered the current cash position and forecasts of future trading including working capital and investment requirements.

During the year the Group met its day to day working capital requirements through existing bank overdraft and loan facilities. These were renewed on 7 April 2014 and the maturity profile of bank debt was improved through the renewal process.

Overall, the Directors believe the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. The Group's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the Group should have sufficient cash resources to meet its requirements for at least the next 12 months. Accordingly, the adoption of the going concern basis in preparing the financial statements remains appropriate.

Proposed dividend

The Directors have proposed a final ordinary dividend in respect of the current financial year of 0.75p per share, subject to shareholder approval at the forthcoming Annual General Meeting. This has not been included in creditors as it was not approved before the year end.

Directors

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

HB Gold
SM Roberts
K Soulsby
GR Jennings
IT McLean
TE Hayes (appointed 13 February 2014)

The directors who held office at the end of the financial year had the following interests, including family interests, in the ordinary shares of the Company and share options according to the register of directors' interests:

	31 March 2014 Shares	**31 March 2014 Options**	31 March 2013 Shares	31 March 2013 Options
GR Jennings	**1,254,038**	**60,000**	1,168,324	-
SM Roberts	**753,300**	**60,000**	753,300	-
K Soulsby	**730,481**	**60,000**	730,481	-
IT McLean	**100,000**	**-**	71,428	-
HB Gold	**70,000**	**-**	70,000	-
TE Hayes	**50,000**	**10,000**	-	-

In total the directors' interests in the ordinary shares of the Company totalled 2,957,819 shares (2013: 2,793,533), representing 16.7% (2013: 15.8%) 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 30 June 2014, 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	3,071,914	17.4
Radmat Building Products	1,871,944	10.6
GR Jennings	1,254,038	7.1
R Stanley	896,500	5.1
SM Roberts	753,300	4.3
K Soulsby	730,481	4.1
S Gray	655,952	3.7
GJ Tennick	591,251	3.3
DM Wymes	591,251	3.3
D Jay	543,000	3.1

Political and charitable contributions

Neither the Company nor any of its subsidiaries made any political contributions during the year (2013: £nil). Charitable donations amounted to £7,370 (2013: £7,752).

Corporate governance

The Company is not obliged to and does not apply the UK Corporate Governance Code. Nonetheless, the directors recognise that some of its principles are relevant to the Company and will consider how these might be applied so far as is practicable and appropriate for a public company of its size. The Company 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 accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee has unrestricted access to the Company's auditors.

Corporate governance *(continued)*

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.

Statement of Directors' responsibilities

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.

Directors' report *(continued)*

Annual general meeting

The business of the AGM is set out in the accompanying circular to shareholders. The AGM is to be held at A1 Grainger, Prestwick Park, Prestwick, Newcastle upon Tyne, NE20 9SJ at 11am on 18 August 2014.

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 Mazars LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

T E Hayes
Finance Director

A1 Grainger
Prestwick Park
Prestwick
Newcastle upon Tyne
NE20 9SJ

21 July 2014

Mazars LLP
Mazars House
Gelderd Road
Gildersome
Leeds
LS27 7JN

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 2014 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. 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.

Scope of the audit of the financial statements

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

Opinion on the 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 2014 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 European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor’s report to the members of 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.

Shaun Mullins (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

21 July 2014

Mazars House
Gelderd Road
Gildersome
Leeds LS27 7JN

Consolidated statement of comprehensive income

for the year ended 31 March 2014

	Note	**Year ended 31 March 2014 Total £000**	Year ended 31 March 2013 Total £000
Revenue	*4*	**36,781**	35,147
Cost of sales			
Exceptional expenses		**-**	(532)
Other cost of sales		**(27,542)**	(26,985)
		(27,542)	(27,517)
Gross profit		**9,239**	7,630
Other operating income	*5*	**20**	23
Administrative expenses			
Exceptional items		**-**	(114)
Share based payment		**(1)**	-
Other administrative expenses		**(7,025)**	(6,458)
		(7,026)	(6,572)
Operating profit		**2,233**	1,081
Finance income	*9*	**21**	-
Finance expense	*9*	**(502)**	(399)
Profit before income tax		**1,752**	682
Income tax expense		**(417)**	(195)
Profit for the year		**1,335**	487
Total comprehensive income attributable to equity holders of the parent		**1,335**	487
Earnings per share from continuing operations			
Basic earnings per share	*11*	**7.6p**	2.7p
Diluted earnings per share	*11*	**7.5p**	2.7p
Adjusted (pre exceptional) earnings per share	*11*	**7.6p**	5.5p
Diluted adjusted (pre exceptional) earnings per share	*11*	**7.5p**	5.5p

Consolidated statement of changes in equity

for the year ended 31 March 2014

	Share capital £000	Capital redemption £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
At 1 April 2012	184	6	5,169	10,371	2,132	17,862
Total comprehensive income for year						
Profit for the year	-	-	-	-	487	487
Transactions with owners, recorded directly in equity						
Buy back of shares	-	-	-	-	(15)	(15)
At 31 March 2013	184	6	5,169	10,371	2,604	18,334
At 1 April 2013	184	6	5,169	10,371	2,604	18,334
Total comprehensive income for year						
Profit for the year	-	-	-	-	1,335	1,335
Transactions with owners, recorded directly in equity						
Equity settled share-based payment transactions	-	-	-	-	1	1
At 31 March 2014	184	6	5,169	10,371	3,940	19,670

Company statement of changes in equity

for the year ended 31 March 2014

	Share capital £000	Capital redemption £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
At 1 April 2012	184	6	5,169	10,371	(1,341)	14,389
Total comprehensive income for the year						
Profit for the year	-	-	-	-	1,035	1,035
Transactions with owners, recorded directly in equity						
Buy back of shares					(15)	(15)
At 31 March 2013	184	6	5,169	10,371	(321)	15,409
At 1 April 2013	184	6	5,169	10,371	(321)	15,409
Total comprehensive income for the year						
Profit for the year	-	-	-	-	3,746	3,746
Transactions with owners, recorded directly in equity						
Equity settled share-based payment transactions	-	-	-	-	1	1
At 31 March 2014	184	6	5,169	10,371	3,426	19,156

Consolidated balance sheet
at 31 March 2014

	Note	2014 £000	2013 £000
Assets			
Property, plant and equipment	12	**2,530**	2,418
Intangible assets	13	**21,355**	21,357
Total non-current assets		**23,885**	23,775
Inventories	16	**831**	715
Trade and other receivables	17	**9,151**	7,456
Prepayments		**169**	142
Deferred consideration receivable	17	**166**	197
Cash and cash equivalents	18	**111**	202
Total current assets		**10,428**	8,712
Total assets		**34,313**	32,487
Equity			
Share capital	22	**184**	184
Capital redemption reserve		**6**	6
Share premium		**5,169**	5,169
Merger reserve		**10,371**	10,371
Retained earnings		**3,940**	2,604
Total equity attributable to equity holders of the Company		**19,670**	18,334
Liabilities			
Loans and borrowings	19	**1,039**	1,692
Deferred tax liabilities	15	**66**	24
Total non-current liabilities		**1,105**	1,716
Bank overdraft	18	**3,664**	4,242
Loans and borrowings	19	**1,169**	920
Trade and other payables	20	**8,261**	7,109
Current tax payable		**444**	166
Total current liabilities		**13,538**	12,437
Total liabilities		**14,643**	14,153
Total equity and liabilities		**34,313**	32,487

These financial statements were approved by the Board of Directors on 21 July 2014 and were signed on its behalf by:

T E Hayes
Finance Director
Company registered number: 05780581

Company balance sheet

at 31 March 2014

	Note	2014 £000	2013 £000
Assets			
Property, plant and equipment	12	**54**	72
Investments in subsidiaries	14	**35,801**	35,801
Deferred tax assets	15	**1**	-
Total non-current assets		**35,856**	35,873
Inventories	16	**-**	3
Trade and other receivables	17	**3**	412
Prepayments		**38**	39
Deferred consideration receivable	17	**166**	197
Current tax receivable		**2**	-
Total current assets		**209**	651
Total assets		**36,065**	36,524
Equity			
Share capital	22	**184**	184
Capital redemption reserve		**6**	6
Share premium		**5,169**	5,169
Merger reserve		**10,371**	10,371
Retained earnings		**3,426**	(321)
Total equity attributable to equity holders of the Company		**19,156**	15,409
Liabilities			
Loans and borrowings	19	**843**	1,579
Amounts owed to group undertakings		**11,496**	14,673
Total non-current liabilities		**12,339**	16,252
Bank overdraft	18	**3,287**	3,525
Loans and borrowings	19	**993**	755
Trade and other payables	20	**290**	583
Total current liabilities		**4,570**	4,863
Total liabilities		**16,909**	21,115
Total equity and liabilities		**36,065**	36,524

These financial statements were approved by the Board of Directors on 21 July 2014 and were signed on its behalf by:

T E Hayes
Finance Director
Company registered number: 05780581

Consolidated statement of cash flows

for the year ended 31 March 2014

	Note	2014 £000	2013 £000
Cash flows from operating activities			
Profit for the year		**1,335**	487
Adjustments for:			
Depreciation	*12*	**496**	494
Amortisation	*13*	**2**	2
Finance income	*9*	**(21)**	-
Finance expense	*9*	**502**	399
Loss on sale of property, plant and equipment	*12*	**16**	7
Equity settled share-based payment transactions		**1**	-
Income tax	*10*	**417**	195
		2,748	1,584
Change in inventories and materials handling property, plant and equipment	*12, 16*	**(116)**	(284)
Change in trade and other receivables	*17*	**(1,695)**	151
Change in prepayments		**(26)**	52
Change in trade and other payables	*20*	**1,151**	396
		2,062	1,899
Interest received		**21**	-
Interest paid		**(433)**	(399)
Tax paid		**(97)**	(410)
Net cash from operating activities		**1,553**	1,090
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	*12*	**147**	80
Proceeds from subsidiary disposal	*17*	**31**	25
Purchase of own shares	*22*	**-**	(15)
Acquisition of property, plant and equipment	*12*	**(436)**	(228)
Acquisition of intangible assets	*13*	**-**	(11)
Net cash from investing activities		**(258)**	(149)
Cash flows from financing activities			
Repayment of borrowings		**(564)**	(684)
Repayment of finance lease liabilities		**(244)**	(207)
Net cash from financing activities		**(808)**	(891)
Net increase in cash and cash equivalents		**487**	50
Cash and cash equivalents at start of year	*18*	**(4,040)**	(4,090)
Cash and cash equivalents at end of year	*18*	**(3,553)**	(4,040)

Company statement of cash flows

for the year ended 31 March 2014

	Note	2014 £000	2013 £000
Cash flows from operating activities			
Profit for the year		**3,746**	1,035
Adjustments for:			
Depreciation	*12*	**18**	16
Finance income		**(21)**	-
Finance expense		**474**	370
Equity settled share-based payment transactions		**1**	-
Income tax		**(1)**	2
		4,217	1,423
Change in inventories	*16*	**3**	(3)
Change in trade and other receivables	*17*	**409**	249
Change in prepayments		**1**	3
Change in amounts owed to group undertakings		**(3,177)**	(313)
Change in trade and other payables	*20*	**(293)**	(250)
		1,160	1,109
Interest received		**21**	-
Interest paid		**(405)**	(370)
Tax paid		**(2)**	-
Net cash from operating activities		**774**	739
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	*12*	**2**	-
Acquisition of property, plant and equipment	*12*	**(2)**	(51)
Purchase of own shares	*22*	**-**	(15)
Proceeds from subsidiary disposal	*17*	**31**	25
Net cash from investing activities		**31**	(41)
Cash flows from financing activities			
Repayment of borrowings		**(562)**	(634)
Repayment of finance lease liabilities		**(5)**	(1)
Net cash from financing activities		**(567)**	(635)
Net increase in cash and cash equivalents		**238**	63
Cash and cash equivalents at start of year	*18*	**(3,525)**	(3,588)
Cash and cash equivalents at end of year	*18*	**(3,287)**	(3,525)

Notes to the financial statements

year ended 31 March 2014

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 1 'Presentation of Financial Statements';
- Revised IAS 19 'Employee Benefits';
- Revised IFRS 7 'Financial Instruments: Disclosure';
- Revised IFRS 13 'Fair Value Measurement'; and
- Improvements to IFRSs (2009-2011).

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 26.

2 Basis of preparation *(continued)*

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 Strategic Report on pages 8 and 9. The financial position of the Group, its cash flows and liquidity position are described in the Chairman's Statement on pages 5 and 6. In addition, note 23 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. These facilities were renewed and restructured on 7 April 2014 as described in note 19. The overdraft element of the facilities is next due for routine review and renewal on 31 March 2015. 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 for at least the next 12 months.

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.

3 Significant accounting policies *(continued)*

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.

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.

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.

Acquired brands are stated at cost less accumulated amortisation and impairment losses.

Property, plant and equipment

Property, plant and equipment (PPE) 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.

Prior to 1 April 2012, transfers between PPE and inventory in relation to materials handling equipment (fork lift trucks) reflected 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 reflected previously leased items being made available for sale and items previously available for sale being leased. Transfers occurred at net book value with no profit or loss. From 1 April 2012, once fork lift trucks have been transferred into PPE (as leased) these trucks are retained within PPE on the basis that there is no clear intention of a change in purpose for which they are held. This change has had no impact on the result for the year. Proceeds from disposals of fork lift trucks continue to be accounted for as revenue.

3 Significant accounting policies *(continued)*

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 (applied when on hire for fork lift trucks)
Motor vehicles	25% diminishing balance
Fixtures and fittings (including computer equipment)	15-33% diminishing balance
Leasehold, buildings and improvements	life of lease straight line

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

Investments in subsidiaries

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

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.

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.

3 Significant accounting policies *(continued)*

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.

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.

3 Significant accounting policies *(continued)*

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.

Discontinued operations

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

At the date of the authorisation of these financial statements, the following standards, amendments and interpretations, which have not been adopted early in this financial year, were in issue but not yet effective:

- IFRS 10 'Consolidated Financial Statements';
- IFRS 11 'Joint Arrangements'';
- IFRS 12 'Disclosure of Interests in Other Entities';
- IAS 27 'Separate Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' (Revised)
- IFRS 10 (amendment) 'Consolidated Financial Statements', IFRS 11 (amendment) 'Joint Arrangements' and IFRS 12 (amendment) 'Disclosure of Interest in Other Entities', Amendments in relation to the transitional guidance and accounting for investment entities;
- IAS 32 (amendment) 'Financial Instruments: Presentation';
- IFRIC 21 'Levies';
- IAS 39 (amendment) 'Financial Instruments: Recognition and Measurement', Novation of derivatives;
- IAS 36 (amendment) 'Impairment of Assets', Recoverable amounts disclosures for non-financial assets;
- IAS 19 (amendment) 'Employee Benefits', Defined benefit plans, employee contributions;
- Annual Improvements to IFRS (2010-2012) and (2011-2013);
- IFRS 14 'Regulatory Deferral Accounts';
- IFRS 11 (amendment) 'Joint Arrangements', Accounting for acquisitions on interests in joint operations;
- IAS 16 (amendment) 'Property, Plant and Equipment', IAS 38 (amendment) 'Intangible Assets', Clarification of acceptable methods of depreciation and amortisation;
- IFRS 9 'Financial Instruments: Classification and measurement'; and
- IFRS 15 'Revenue from Contracts with Customers'.

The Directors are still assessing the impact of IFRS 15, which is effective for the year ending 31 March 2018.

The Directors do not anticipate that the adoption of the other standards, amendments and interpretations in future financial periods will have a material impact on the financial statements for the Group and Company.

4 Segmental analysis

The analysis by segments below is presented on the basis of those segments whose operating results are regularly reviewed by the Board of Directors (the Chief Operating Decision Maker) 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.

2014	Roofing activities £000	Materials handling activities £000	Building services activities £000	Corporate and other activities £000	Total £000
Revenue					
Total segment revenue	22,961	2,554	11,876	-	37,391
Inter-segment revenue	(180)	(6)	(424)	-	(610)
External revenue	22,781	2,548	11,452	-	36,781
Operating profit/(loss)	1,726	491	670	(654)	2,233
Net finance expense					(481)
Income tax expense					(417)
Profit for the financial year					1,335
Segment assets	18,274	4,841	9,997	1,201	34,313
Segment liabilities	5,353	397	3,081	5,812	14,643
Depreciation charge	164	224	90	18	496
Capital expenditure	214	132	158	2	506

4 Segmental analysis *(continued)*

2013	Roofing activities £000	Materials handling activities £000	Building services activities £000	Corporate and other activities £000	Total £000
Revenue					
Total segment revenue	19,936	2,561	13,123	-	35,620
Inter-segment revenue	(218)	(5)	(250)	-	(473)
External revenue	19,718	2,556	12,873	-	35,147
Operating profit/(loss) before exceptional items	1,480	497	400	(650)	1,727
Exceptional items	-	-	(593)	(53)	(646)
Operating profit/(loss)	1,480	497	(193)	(703)	1,081
Net finance expense					(399)
Income tax expense					(195)
Profit for the financial year					487
Segment assets	15,989	4,777	10,024	1,697	32,487
Segment liabilities	3,493	330	3,483	6,847	14,153
Depreciation charge	159	218	102	15	494
Capital expenditure	310	36	6	51	403

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.

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

Notes to the financial statements

year ended 31 March 2014 (continued)

5 Other operating income

	2014 £000	2013 £000
Rental income	**17**	15
Other income	**3**	8
	20	23

Other operating income relates to the rental of premises and advertising space, along with a compensation payment received from a supplier. As these receipts are not part of the Group's trading activities they have been classified separately.

6 Expenses

Auditor's remuneration:

	2014 £000	2013 £000
Audit of these financial statements	**22**	19
Amounts receivable by auditor and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	**67**	65
Non-audit services provided to the Group:		
Corporation tax compliance services	**16**	16
iXBRL tax tagging services	**5**	5

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.

Exceptional expenses:

One of the Group's subsidiaries, MGM Limited, took on a significant contract for building works on a care home in February 2011. The majority of the work in relation to this contract took place during the financial year ended 31 March 2013. This was a new sphere of work for the Group and, with hindsight, not one that MGM was in a position to carry out at the contracted price. Accordingly, exceptional expenses included within cost of sales of £nil (2013: £532,000) have been presented separately and comprise the loss on this significant contract (including reversal of previously recognised margin).

Administrative expenses include the following exceptional expenses:

	2014 £000	2013 £000
Continuing operations:		
Redundancy costs	**-**	61
Legal and professional fees	**-**	53
	-	114

Redundancy costs include redundancy expenses and the related costs, including professional fees, relating to former Directors of the group and subsidiary undertakings who have not been replaced.

7 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 **2014**	2013
Directors	**6**	6
Administration	**82**	85
Production	**285**	245
	373	336

The aggregate payroll costs of these persons were as follows:

	2014 **£000**	2013 £000
Wages and salaries	**8,626**	7,880
Share-based payments	**1**	-
Social security costs	**806**	703
Contributions to defined contribution plans	**65**	67
	9,498	8,650

8 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 or for the period served as director if less than the full year (excluding pension contributions, details of which are set out separately below):

Directors' emoluments	Salary/fees £000	Annual bonus £000	Estimated value of benefits £000	**Total 2014 £000**	Total 2013 £000
HB Gold	-	-	-	**-**	-
GR Jennings	96	44	15	**155**	189
SM Roberts	60	20	-	**80**	62
S Gray	-	-	-	**-**	57
K Soulsby	71	40	16	**127**	88
IT McLean	20	-	-	**20**	20
TE Hayes	6	1	-	**7**	-
	253	105	31	**389**	416

Pension contributions	**2014 £000**	2013 £000
K Soulsby	12	11
S Gray	-	11

	Number of directors **2014**	2013
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**1**	2

Notes to the financial statements

year ended 31 March 2014 (continued)

9 Finance income and expense

Finance income	2014 £000	2013 £000
Bank interest	**21**	-

Finance expense	2014 £000	2013 £000
On bank loans and overdrafts	**341**	367
Finance charges payable in respect of finance leases and hire purchase contracts	**28**	32
Amortisation of transaction costs included in borrowings	**133**	-
Total finance expense	**502**	399

In the year ended 31 March 2013 amortisation of transaction costs of £106,000 was included in other administrative expenses.

10 Taxation

Recognised in the income statement	2014 £000	2013 £000
Current tax expense:		
Current year	**374**	138
Current tax expense	**374**	138
Deferred tax expense:		
Origination and reversal of temporary differences	**47**	46
Adjustments for prior years	**(2)**	11
Effect of change in tax rates	**(2)**	-
Deferred tax expense	**43**	57
Total tax expense	**417**	195

Reconciliation of effective tax rate	2014 £000	2013 £000
Profit before tax	**1,752**	682
Tax using the UK corporation tax rate of 23% (2013: 24%)	**403**	164
Expenses not deductible for tax purposes	**30**	23
Adjustments for prior years	**(2)**	11
Effect of rate changes	**(2)**	-
Other differences	**(12)**	(3)
Total tax expense	**417**	195

10 Taxation *(continued)*

Factors that may affect future tax expenses

The Chancellor announced a reduction in the main rate of UK corporation tax to 23% with effect from 1 April 2013. This change became substantively enacted in March 2013 and therefore the effect of the rate reduction on deferred tax balances as at 31 March 2013 has been included in the figures above.

Reductions to the main rate of corporation tax by 2% to 21% from 1 April 2014 and by a further 1% from 1 April 2015 have been substantively enacted and therefore are included in the figures above insofar as pertaining to deferred tax balances at 31 March 2014.

11 Earnings per share

Basic earnings per share is the profit for the year divided by the weighted average number of ordinary shares outstanding, excluding those in treasury, calculated as follows:

	2014	2013
Profit for the year (£000)	**1,335**	487
Weighted average number of ordinary shares excluding shares held in treasury for the proportion of the year held in treasury (note 22) ('000)	**17,670**	17,765
Basic earnings per share	**7.6p**	2.7p

The calculation of diluted earnings per share is the profit for the year divided by the weighted average number of ordinary shares outstanding, after adjustment for the effects of all potential dilutive ordinary shares, excluding those in treasury, calculated as follows:

	2014	2013
Profit for the year (£000)	**1,335**	487
Weighted average number of ordinary shares excluding shares held in treasury for the proportion of the year held in treasury (note 22) ('000)	**17,670**	17,765
Effect of potential dilutive ordinary shares ('000)	**90**	-
Diluted weighted average number of ordinary shares excluding shares held in treasury for the proportion of the year held in treasury ('000)	**17,760**	17,765
Diluted earnings per share	**7.5p**	2.7p

The calculation of basic adjusted earnings per share is the profit for the year, adjusted for exceptional charges, divided by the weighted average number of ordinary shares outstanding above. Adjusted earnings is calculated as follows:

	2014	2013
Profit for the year (£000)	**1,335**	487
Exceptional expenses (£000)	**-**	491
Profit for the year before exceptionals (£000)	**1,335**	978
Basic adjusted (pre exceptional) earnings per share	**7.6p**	5.5p

11 Earnings per share *(continued)*

The calculation of diluted adjusted earnings per share is calculated as the profit for the year, adjusted for exceptional charges, divided by the diluted weighted average number of ordinary shares outstanding, both of which are as calculated above, giving rise to a diluted adjusted (pre exceptional) earnings per share of 7.5p (2013: 5.5p).

12 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 2012	139	2,343	431	1,821	4,734
Transfers from stock	-	810	-	-	810
Other acquisitions	-	18	45	340	403
Materials handling disposals	-	(544)	-	-	(544)
Other disposals	-	(10)	(14)	(265)	(289)
Balance at 31 March 2013	139	2,617	462	1,896	5,114
Balance at 1 April 2013	139	2,617	462	1,896	5,114
Transfers from stock	-	418	-	-	418
Other acquisitions	-	36	22	453	511
Materials handling disposals	-	(243)	-	-	(243)
Other disposals	-	(7)	(20)	(538)	(565)
Balance at 31 March 2014	139	2,821	464	1,811	5,235
Depreciation and impairment					
Balance at 1 April 2012	129	1,106	269	1,010	2,514
Depreciation charge for the year	1	209	48	236	494
Materials handling disposals	-	(110)	-	-	(110)
Other disposals	-	(9)	(14)	(179)	(202)
Balance at 31 March 2013	130	1,196	303	1,067	2,696
Balance at 1 April 2013	130	1,196	303	1,067	2,696
Depreciation charge for the year	1	205	38	252	496
Materials handling disposals	-	(89)	-	-	(89)
Other disposals	-	(4)	(14)	(380)	(398)
Balance at 31 March 2014	131	1,308	327	939	2,705
Net book value					
At 1 April 2012	10	1,237	162	811	2,220
At 31 March 2013	9	1,421	159	829	2,418
At 31 March 2014	**8**	**1,513**	**137**	**872**	**2,530**

Leased property, plant and equipment

At 31 March 2014 the net carrying amount of plant and equipment held on finance leases was £552,506 (2013: £477,584) and the depreciation charge thereon for the year ended 31 March 2014 was £142,472 (2013: £120,412).

Security

Leased equipment secures lease obligations.

Materials handling equipment

Materials handling equipment is leased out under operating leases that are primarily short term.

12 Property, plant and equipment *(continued)*

Company	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost			
Balance at 1 April 2012	75	-	75
Additions	32	19	51
Balance at 31 March 2013	107	19	126
Balance at 1 April 2013	107	19	126
Additions	2	-	2
Disposals	(9)	-	(9)
Balance at 31 March 2014	100	19	119
Depreciation and impairment			
Balance at 1 April 2012	38	-	38
Depreciation charge for the year	16	-	16
Balance at 31 March 2013	54	-	54
Balance at 1 April 2013	54	-	54
Depreciation charge for the year	13	5	18
Disposals	(7)	-	(7)
Balance at 31 March 2014	60	5	65
Net book value			
At 1 April 2012	37	-	37
At 31 March 2013	53	19	72
At 31 March 2014	**40**	**14**	**54**

At 31 March 2014 the net carrying amount of motor vehicles held on finance leases was £13,664 (2013: £18,219) and the depreciation charge thereon for the year ended 31 March 2014 was £4,555 (2013: £388).

13 Intangible assets

Group	Goodwill £000	Brands £000	Goodwill £000
Cost			
Balance at 1 April 2012	21,348	-	21,348
Additions	-	11	11
Balance at 31 March 2013	21,348	11	21,359
Balance at 1 April 2013	21,348	11	21,359
Additions	-	-	-
Balance at 31 March 2014	21,348	11	21,359
Amortisation and impairment			
Balance at 1 April 2012	-	-	-
Amortisation	-	2	2
Balance at 31 March 2013	-	2	2
Balance at 1 April 2013	-	2	2
Amortisation	-	2	2
Balance at 31 March 2014	-	4	4
Net book value			
At 1 April 2012	21,348	-	21,348
At 31 March 2013	21,348	9	21,357
At 31 March 2014	21,348	7	21,355

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:

	2014 £000	2013 £000
Isoler Limited	**1,526**	1,526
Wensley Roofing Limited	**3,126**	3,126
Springs 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

Brands comprise the Matthew Charlton Slaters brand acquired in the prior year, which is being amortised on a straight line basis over a period of five years.

13 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 an 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% (2013: 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.

14 Investments in subsidiaries

Company	Shares in group Undertakings £000
Cost	
Balance at 1 April 2012	35,801
Disposals	-
Balance at 31 March 2013	35,801
Balance at 1 April 2013	35,801
Disposals	-
Balance at 31 March 2014	35,801
Impairment	
Balance at 31 March 2012 - 31 March 2014	-
Net book value	
At 1 April 2012	35,801
At 31 March 2013	35,801
At 31 March 2014	**35,801**

14 Investments in subsidiaries *(continued)*

The Company has the following investments in subsidiaries:

Company	Country of Incorporation	Class of shares held	Ownership 2014	Ownership 2013
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%
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%
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%
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%*
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%
Northern Bear Building Services Limited	England and Wales	Ordinary	100%	100%

*held indirectly.

Hastie Limited was dissolved by voluntary strike off on 10 April 2012.

15 Deferred tax assets and liabilities

Group

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2014 £000	2013 £000
Property, plant and equipment	**(66)**	(24)
Net tax liability	**(66)**	(24)

Movement in deferred tax during the year

	1 April 2013 £000	Recognised in income £000	**31 March 2014 £000**
Property, plant and equipment	(24)	(42)	**(66)**
	(24)	(42)	**(66)**

Movement in deferred tax during the prior year

	1 April 2012 £000	Recognised in income £000	**31 March 2013 £000**
Property, plant and equipment	15	(39)	**(24)**
Provisions	18	(18)	**-**
	33	(57)	**(24)**

Company

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

16 Inventories

	Group		Company	
	2014 £000	2013 £000	**2014 £000**	2013 £000
Raw materials and consumables	**831**	715	**-**	3

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

17 Receivables

Trade and other receivables

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Trade receivables (note 23)	**9,151**	7,418	**3**	376
Other trade receivables	**-**	38	**-**	36
	9,151	7,456	**3**	412

At 31 March 2014 Group trade receivables include retentions of £1,223,000 (2013: £1,148,000) relating to contract work.

Construction Contracts

Group

Construction contracts

	2014	2013
	£000	£000
Amounts due from contract customers included in trade and other receivables	**-**	210
	-	210

	2014	2013
	£000	£000
Contract costs incurred plus recognised profits less recognised losses to date	**-**	2,957
Less: progress billings	**-**	(2,957)
	-	-

Company

The Company has no construction contracts.

Deferred consideration receivable

Deferred consideration is receivable from the sale of The Roof Truss Company (Northern) Limited in a prior period. The full balance is shown as receivable in current assets as under the terms of the sale and purchase agreement the Company was entitled to demand payment in full at 31 March 2014.

18 Cash and cash equivalents / bank overdrafts

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Cash and cash equivalents per balance sheet	**111**	202	**-**	-
Bank overdrafts	**(3,664)**	(4,242)	**(3,287)**	(3,525)
Cash and cash equivalents per cash flow statements	**(3,553)**	(4,040)	**(3,287)**	(3,525)

19 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 23.

	Group		Company	
	2014 £000	2013 £000	**2014 £000**	2013 £000
Non-current liabilities				
Secured bank loans	**838**	1,569	**838**	1,569
Finance lease liabilities	**201**	123	**5**	10
	1,039	1,692	**843**	1,579
Current liabilities				
Current portion of secured bank loans	**988**	750	**988**	750
Current portion of finance lease liabilities	**175**	163	**5**	5
Other loans	**6**	7	**-**	-
	1,169	920	**993**	755

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Fair value 2014 £000	Carrying amount 2014 £000	Fair value 2013 £000	Carrying amount 2013 £000
Yorkshire Bank term loan A	GBP	Libor + 4.25%	2016	**1,826**	**1,826**	2,319	2,319
Revolving credit facility and bank overdraft	GBP	Libor + 4.25%	2014	**3,664**	**3,664**	4,242	4,242
Finance lease and hire purchase liabilities	GBP	n/a	Within 5 years	**376**	**376**	286	286
Other loans	GBP	n/a	n/a	**6**	**6**	7	7

The term loan of £1,826,000 (of which £988,000 is due within one year) stated net of £239,000 unamortised directly attributable transaction costs, is secured on a fixed and floating charge over all of the assets (including inventories and trade receivables) of the Group.

The Group restructured the whole of its banking facilities on 7 April 2014. The revolving credit facility was converted to term debt and aggregated with term loan A with the next renewal date being 31 March 2017. The overdraft facility used for working capital purposes is now due for renewal on 31 March 2015.

19 Loans and borrowings *(continued)*

Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	Principal 2014 £000	Interest 2014 £000	Minimum lease payments 2014 £000	2013 £000
Less than one year	**175**	**20**	**195**	183
Between one and five years	**201**	**21**	**222**	137
	376	**41**	**417**	**320**

20 Trade and other payables

	Group		Company	
	2014 £000	2013 £000	**2014 £000**	2013 £000
Trade payables	**6,162**	5,299	**62**	307
Non-trade payables and accrued expenses	**2,099**	1,810	**228**	276
	8,261	7,109	**290**	583

21 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 £65,000 (2013: £67,000).

Share-based payments

The Group operates Inland Revenue Approved Share Option Schemes 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	Exercise price
18 December 2006	Equity	700,000	3 years of service	Dec 2007 – Dec 2016	88p
1 March 2007	Equity	300,000	3 years of service	Mar 2010 – Mar 2017	98p
17 December 2007	Equity	230,000	3 years of service	Dec 2010 – Dec 2017	120p
30 June 2008	Equity	25,000	3 years of service	June 2011 – June 2018	98p
7 March 2014	Equity	530,000	3 years of service	Mar 2017 – Mar 2024	28.5p

21 Employee benefits *(continued)*

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

	Weighted average exercise price 2014	**Number of options 2014**	Weighted average exercise price 2013	Number of options 2013
Outstanding at the beginning of the year	**97.7p**	**915,000**	97.5p	1,090,000
Granted during the year	**28.5p**	**530,000**		
Forfeited during the year	**-**	**-**	96.6p	(175,000)
Outstanding at the end of the year	**82.8p**	**1,445,000**	97.7p	915,000
Exercisable at the end of the year		**915,000**		915,000

The options outstanding at the year end have an exercise price in the range of 28.5p to 120p and a weighted average contractual life of 5.7 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 for options issued in the year ended 31 March 2014 are as follows:

Fair value at measurement date	7p
Exercise price	28.5p
Expected volatility	44.0%
Option life (from inception)	3.5 years
Expected dividends	3.0%
Risk-free interest rate (based on national government bonds)	1.24%

For options issued on 7 March 2014, the expected volatility is based on the Company's share price movements over the three years from 1 April 2011.

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 expense recognised for the year arising from share-based payments are as follows:

	2014 £000	2013 £000
Equity settled share based payment expense	**1**	-

22 Share capital and reserves

Share capital

	Ordinary shares	
	2014	2013
In millions of shares		
In issue at start and end of period – fully paid	**18**	18

	2014	2013
	£000	£000
Allotted, called up and fully paid		
18,419,724 (2013: 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.

On 13 December 2012 the Company purchased 133,992 ordinary shares of one penny each in the Company ("Ordinary Shares") at a price of 11.5p per Ordinary Share from Graham Forrest, the Company's former Chief Executive. The shares are held in treasury.

615,548 1p ordinary shares with an aggregate nominal value of £6,155 were purchased as part of the disposal of The Roof Truss Company (Northern) Limited on 26 May 2011. These shares are also held in treasury.

Reserves

The capital redemption reserve relates to the buy back of shares in the Company as part of the disposal of D J McGough Limited on 15 September 2010.

The share premium account arose through premiums on share issues, less applicable expenses, in prior years.

The merger reserve arose where more than 90% of the shares in subsidiary undertakings were acquired and the consideration included the issue of new shares by the Company, thereby attracting merger relief under the Companies Act 1985, and, from 1 October 2009, the Companies Act 2006.

Retained earnings is the cumulative total of earnings reported by the Group.

23 Financial instruments

Overview

The Group and Company have 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.

23 Financial instruments *(continued)*

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.

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.

23 Financial instruments *(continued)*

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 22 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.

Financial assets and liabilities

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

All of the Group's financial liabilities have been classified as other financial liabilities measured at amortised cost.

Fair values

The fair value of the Group's financial assets and liabilities is not materially different from their carrying values.

Profit and loss account

Details of finance income and finance expenses are included in note 9.

Carrying amounts of financial assets

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Trade receivables	**9,151**	7,418	**3**	376
Cash at bank	**111**	202	**-**	-
	9,262	7,620	**3**	376

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 £9,262,000 (2013: £7,620,000) and for the Company was £3,000 (2013: £376,000) 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	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Sales ledger	9,381	7,834	3	376
Bad debt provision	(230)	(416)	-	-
Net trade receivable	9,151	7,418	3	376

23 Financial instruments *(continued)*

Movements in the bad debt provision are summarised below:

	2014 £000	2013 £000
At beginning of year	**416**	198
Provided in year	**86**	352
Write offs and recoveries	**(272)**	(134)
At end of year	**230**	416

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; unimpaired amounts relate entirely to sales in the United Kingdom.

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.

Interest rate risk

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.

	2014 Interest rate	2013 Interest rate
Cash and cash equivalents	**Nil**	Nil
Revolving credit facility and bank overdraft	**Libor+4.25**	Libor+4.25
Bank loan	**Libor+4.25**	Libor+4.25
Other loans	**n/a**	n/a

A change of 100 basis points in interest would increase or decrease profit by £49,000 (2013: £57,000)

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.

Foreign exchange risk

The Group is not exposed to significant foreign exchange risk.

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:

23 Financial instruments *(continued)*

31 March 2014

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	8,261	(8,261)	(8,261)	-	-	-	-
Revolving credit facility and bank overdraft	3,664	(3,664)	(1,832)	(1,832)	-	-	-
Finance lease liabilities	376	(418)	(117)	(89)	(150)	(62)	-
Bank loan	2,065	(2,225)	(426)	(416)	(803)	(580)	-
Other loans	6	(6)	-	-	-	-	(6)
	14,372	(14,574)	(10,636)	(2,337)	(953)	(642)	(6)

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	290	(290)	(290)	-	-	-	-
Revolving credit facility and bank overdraft	3,287	(3,287)	(1,644)	(1,643)	-	-	-
Finance lease liabilities	10	(10)	(3)	(2)	(5)	-	-
Bank loan	2,065	(2,225)	(426)	(416)	(803)	(580)	-
	5,652	(5,812)	(2,363)	(2,061)	(808)	(580)	-

24 Operating leases

Operating leases in which Group is a lessee

The total of future minimum lease payments under non-cancellable operating leases are as follows:

	Company		Group	
	2014 £000	2013 £000	**2014 £000**	2013 £000
Less than one year	**40**	40	**141**	156
Between one and five years	**84**	124	**288**	382
More than five years	**-**	-	**1**	-
	124	164	**430**	538

Operating leases in which the Group operates as lessee comprise properties on both short and long term rental agreements. Operating lease rental expenses incurred during the year in relation to properties amounted to £205,000 (2013: £199,000).

25 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 the balance sheet date.

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

	Group	
	2014	2013
	£000	£000
Key management emoluments excluding social security costs	**389**	438

Group

Directors' loans existed as follows:

	2014	2013
	£000	£000
Loan from SM Roberts		
Balance at start of year	**-**	49
Balance at end of year	**-**	-
Maximum balance outstanding during the year	**-**	49

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

	Wensley Roofing Limited DPS	**Mincoffs Solicitors LLP £000**
Balance as at beginning of period	-	(5)
Purchases	(21)	(10)
Settled	21	15
Balance as at end of period	-	-

HB Gold 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.

K Soulsby is a member of Wensley Roofing Limited DPS, a pension scheme for certain current and former directors of Wensley Roofing Limited. Wensley Roofing Limited DPS owns land and buildings at Station House, Station Road, Chester-le-Street, DH3 3DU leased to Wensley Roofing Limited.

25 Related parties *(continued)*

Trading transactions with subsidiaries – Parent Company

The Group operates a cash pooling arrangement and receives dividend income from subsidiaries. Dividend income in the year was £4,853,000 (2013: £2,000,000) and the amount outstanding at the year end was £3,903,000 (2013: £nil).

26 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 13 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. The directors have assessed whether there has been any indication that property, plant and equipment may be impaired and have determined that there have been no indicators of impairment.

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 or loss to be recognised on the contract.

27 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

industrial trucks Ltd
Established Since 1983

VANTAGE POINT MEDIA
UNMANNED AERIAL IMAGERY

chirmarn LIMITED

MGM
Specialist Construction Services

ASBESTOS SURVEYORS
chirmarn (SURVEYING) LIMITED

Northern Bear
Building Services Ltd

ISOLER
Fire Protection and Building Integrity Services

Springs Roofing Ltd

JENNINGS ROOFING LTD

WENSLEY
ROOFING LIMITED

Northern Bear
Safety Ltd

MATTHEW CHARLTON
SLATERS

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