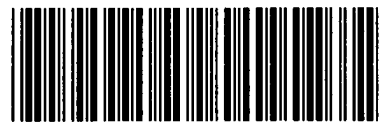


**Springs Roofing Limited**  
**Annual Report And Financial Statements**  
**For The Year Ended 31 March 2020**

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# SPRINGS ROOFING LIMITED

## COMPANY INFORMATION

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|                             |  |                         |
|-----------------------------|--|-------------------------|
| <b>Directors</b>            | Mr K A Muldoon<br>Mr K Soulsby<br>Mr M Rowley<br>Mr S M Roberts<br>Mr R D Gordon<br>Mr P Soulsby<br>Mr T E Hayes | (Appointed 1 June 2020) |
| <b>Secretary</b>            | Ms W A Edgell  |                         |
| <b>Company number</b>       | 01892372   |                         |
| <b>Registered office</b>    | Kimblesworth Industrial Estate<br>Kimblesworth<br>Chester Le Street<br>DH2 3QT                                   |                         |
| <b>Independent auditors</b> | Mazars LLP<br>5th Floor<br>3 Wellington Place<br>Leeds<br>LS1 4AP  |                         |
| <b>Bankers</b>              | Yorkshire Bank<br>20 Merrion Way<br>Leeds<br>LS2 8NZ   |                         |

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# **SPRINGS ROOFING LIMITED**

## **CONTENTS**

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|                                       | <b>Page</b> |
|---------------------------------------|-------------|
| Strategic report                      | 1           |
| Directors' report                     | 2 - 3       |
| Directors' responsibilities statement | 4           |
| Independent auditor's report          | 5 - 7       |
| Statement of comprehensive income     | 8           |
| Statement of financial position       | 9           |
| Statement of changes in equity        | 10          |
| Notes to the financial statements     | 11 - 24     |

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# SPRINGS ROOFING LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

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The directors present their strategic report for Springs Roofing Limited ("the Company") for the year ended 31 March 2020.

### **Business review**

The company continues its principal activity of roofing contractors throughout the current year.

### **Principal risks and uncertainties**

The nature of the roofing industry means that the company is subject to a number of risk factors.

Sector demand - the company is involved in both public sector and new house build markets. Consequently, any sustained material reduction in Government expenditure programmes or a decrease in new house build volumes could have an adverse effect on results.

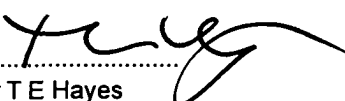
Key clients - there can be no guarantee that the company's key clients will not change suppliers. Whilst the company has many longstanding relationships with a number of key customers, the failure to satisfy the need of these customers could harm the company's business. Providing a quality service to customers is at the heart of what the company does, and regular customer feedback is sought to ensure that standards meet their needs.

Dependence on personnel - the company continue to be dependent on the services of its senior management and employees. Retaining experienced personnel is important to the continued successful operation of the company's business.

### **Key performance indicators**

The directors use a range of performance measures to monitor and manage the business. The primary non-financial key performance indicators relate to three health and safety areas in our businesses which are site activities, documentation, and environmental. Site inspections are held on a regular basis by our health and safety business (Northern Bear Safety) which assess the effectiveness of each company in these areas. Following these inspections a report is prepared and should any issues be identified they would immediately be brought to the board's attention for appropriate action as and when required.

On behalf of the board



.....  
Mr T E Hayes

Director

21 September 2020

# **SPRINGS ROOFING LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020**

---

The directors present their annual report and financial statements for the year ended 31 March 2020.

### **Principal activities**

The principal activity of the company continued to be that of roofing contractors.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr K A Muldoon

Mr K Soulsby

Mr M Rowley

Mr S M Roberts

Mr R D Gordon

Mr P Soulsby

Mr T E Hayes

Mr G R Jennings

(Appointed 1 June 2020)

(Resigned 31 March 2020)

### **Results and dividends**

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £2,000,000 (2019 - £nil). The directors do not recommend payment of a final dividend.

### **Auditor**

The auditor, Mazars LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

### **Political and charitable donations**

The company made no political contributions or incurred any political expenditure during the year. Donations to UK charities amounted to £1,705 (2019 - £2,369).

### **Impact of COVID-19 and Brexit**

The COVID-19 pandemic and the accompanying governmental restrictions on working practices had a major impact on trading performance of the company and its fellow group companies in April and early May 2020. We have seen sustained improvement in activity levels since late May 2020 with sites re-opening in line with Government guidance once required safety procedures were in place. Although it is possible that there will be further site closures should cases of the virus increase either nationally or locally, the directors are hopeful that there would be less impact on the industry due to the revised safety procedures now in place. Further information on the impact of COVID-19 is included in the events after the reporting date note to the accounts.

The directors have performed a risk assessment in advance of the ending of the Implementation Period of the Brexit process and consider that the principal risk relates to supply chain. Although principal suppliers are UK based, a number of products are ultimately sourced from overseas.


The impact of both COVID-19 and Brexit have been taken into consideration by the directors in the going concern basis of preparation in note 1.2.

# SPRINGS ROOFING LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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On behalf of the board

  
.....  
Mr T E Hayes  
Director

Date: 21 September 2020

# **SPRINGS ROOFING LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2020**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

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## **SPRINGS ROOFING LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPRINGS ROOFING LIMITED**

---

#### **Opinion**

We have audited the financial statements of Springs Roofing Limited (the 'company') for the year ended 31 March 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the strategic report and directors' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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## **SPRINGS ROOFING LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SPRINGS ROOFING LIMITED**

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#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

#### **Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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## **SPRINGS ROOFING LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SPRINGS ROOFING LIMITED**

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#### **Use of the audit report**

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.



Alistair Wesson (Senior Statutory Auditor)

for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
5<sup>th</sup> Floor  
3 Wellington Place  
Leeds  
LS1 4AP

21 September 2020

# SPRINGS ROOFING LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

|  |          | 2020             | 2019             |
|--|----------|------------------|------------------|
|  | Notes    | £                | £                |
| Turnover                               | 3        | 9,794,635        | 12,406,506       |
| Cost of sales                          |          | (8,118,734)      | (10,199,749)     |
| <b>Gross profit</b>                    |          | <b>1,675,901</b> | <b>2,206,757</b> |
| Administrative expenses                |          | (1,236,648)      | (1,303,685)      |
| <b>Operating profit</b>                | <b>4</b> | <b>439,253</b>   | <b>903,072</b>   |
| Interest receivable and similar income | 8        | -                | 192              |
| Interest payable and similar expenses  | 9        | (4,084)          | (4,387)          |
| <b>Profit before taxation</b>          |          | <b>435,169</b>   | <b>898,877</b>   |
| Tax on profit                          | 10       | (5,228)          | (179,680)        |
| <b>Profit for the financial year</b>   |          | <b>429,941</b>   | <b>719,197</b>   |

The income statement has been prepared on the basis that all operations are continuing operations.

There is no other comprehensive income in 2020 (2019 - £nil).

# SPRINGS ROOFING LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

|  | Notes | 2020<br>£          | £                | 2019<br>£          | £                |
|--|-------|--------------------|------------------|--------------------|------------------|
| <b>Fixed assets</b>  |       |                    |                  |                    |                  |
| Tangible assets  | 12    |                    | 209,115          |                    | 212,303          |
| <b>Current assets</b>  |       |                    |                  |                    |                  |
| Stocks   | 13    | 314,239            |                  | 258,350            |                  |
| Debtors falling due after more than one year                   | 14    | 321,460            |                  | 247,778            |                  |
| Debtors falling due within one year                            | 14    | 3,235,722          |                  | 5,561,498          |                  |
| Cash at bank and in hand                                       |       | 1,136,103          |                  | 1,201,720          |                  |
|  |       | <u>5,007,524</u>   |                  | <u>7,269,346</u>   |                  |
| <b>Creditors: amounts falling due within one year</b>          | 16    | <u>(1,916,752)</u> |                  | <u>(2,624,366)</u> |                  |
| <b>Net current assets</b>                                      |       |                    | 3,090,772        |                    | 4,644,980        |
| <b>Total assets less current liabilities</b>                   |       |                    | <u>3,299,887</u> |                    | <u>4,857,283</u> |
| <b>Creditors: amounts falling due after more than one year</b> | 17    |                    | (28,803)         |                    | (21,242)         |
| <b>Provisions for liabilities</b>                              | 18    |                    | (22,443)         |                    | (17,341)         |
| <b>Net assets</b>  |       |                    | <u>3,248,641</u> |                    | <u>4,818,700</u> |
| <b>Capital and reserves</b>                                    |       |                    |                  |                    |                  |
| Called up share capital  | 21    |                    | 3,040            |                    | 3,040            |
| Capital redemption reserve                                     |       |                    | 12,808           |                    | 12,808           |
| Profit and loss reserves                                       |       |                    | 3,232,793        |                    | 4,802,852        |
| <b>Total equity</b>  |       |                    | <u>3,248,641</u> |                    | <u>4,818,700</u> |

The financial statements were approved by the board of directors and authorised for issue on 21 September 2020 and are signed on its behalf by:

  
 .....  
 Mr T E Hayes  
 Director

Company Registration No. 01892372

# SPRINGS ROOFING LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

|  | Notes | Share<br>capital<br>£ | Capital<br>redemption<br>reserve<br>£ | Profit and<br>loss<br>reserves<br>£ | Total<br>£  |
|--|-------|-----------------------|---------------------------------------|-------------------------------------|-------------|
| <b>Balance at 1 April 2018</b>                     |       | 3,040                 | 12,808                                | 4,083,655                           | 4,099,503   |
| <b>Year ended 31 March 2019:</b>                   |       |                       |                                       |                                     |             |
| Profit and total comprehensive income for the year |       | -                     | -                                     | 719,197                             | 719,197     |
| <b>Balance at 31 March 2019</b>                    |       | 3,040                 | 12,808                                | 4,802,852                           | 4,818,700   |
| <b>Year ended 31 March 2020:</b>                   |       |                       |                                       |                                     |             |
| Profit and total comprehensive income for the year |       | -                     | -                                     | 429,941                             | 429,941     |
| Dividends  | 11    | -                     | -                                     | (2,000,000)                         | (2,000,000) |
| <b>Balance at 31 March 2020</b>                    |       | 3,040                 | 12,808                                | 3,232,793                           | 3,248,641   |

# SPRINGS ROOFING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

---

### 1 Accounting policies

#### Company information

Springs Roofing Limited is a private company limited by shares incorporated in England and Wales. The registered office is Kimblesworth Industrial Estate, Kimblesworth, Chester Le Street, DH2 3QT.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The company's immediate and ultimate parent undertaking is Northern Bear Plc.

The results of Springs Roofing Limited are included in the consolidated financial statements of Northern Bear Plc. The registered office of Northern Bear Plc is A1 Grainger, Prestwick Park, Prestwick, Newcastle Upon Tyne, NE20 9SJ.

#### 1.2 Going concern

The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The group meets its day to day working capital requirement through bank overdraft and revolving credit facilities. The overdraft element of the facilities was last renewed on 19 March 2020 and is committed until 28 February 2021. The group's revolving credit facility is committed to 31 May 2023.

The group's forecasts and projections, taking account of reasonably possible changes in trading performance including the impact of Covid-19, 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.

# SPRINGS ROOFING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 1 Accounting policies

(Continued)

#### 1.3 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be reliably measured;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

|                       |                             |
|-----------------------|-----------------------------|
| Plant and equipment   | 15% reducing balance        |
| Fixtures and fittings | 15% to 33% reducing balance |
| Motor vehicles        | 25% reducing balance        |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Depreciation is charged to administrative expenses in the statement of comprehensive income.

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

# SPRINGS ROOFING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

---

### 1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Finished good include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

#### 1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

# SPRINGS ROOFING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

---

### 1 Accounting policies

(Continued)

#### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

# SPRINGS ROOFING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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### 1 Accounting policies

(Continued)

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### ***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

### 1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

### 1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

### 1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

# SPRINGS ROOFING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 1 Accounting policies

(Continued)

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### Stock valuation

The valuation of stock, particularly the net realisable value regarding obsolete or damaged stock has to be assessed. Assessment of such valuations requires management judgement.

#### Bad debt provision

Outstanding trade debtor balances are reviewed on a line by line basis by management to identify possible amounts where a provision is required. Management closely manage the collection of trade debtors and are therefore able to identify balances where there is uncertainty about its recoverability, and determine what provision is required (if any).

### 3 Turnover and other revenue

|   | 2020<br>£        | 2019<br>£         |
|---|------------------|-------------------|
| <b>Turnover analysed by class of business</b>   |                  |                   |
| Roofing contracting                             | 9,794,635        | 12,406,506        |
|   | <u>9,794,635</u> | <u>12,406,506</u> |
|   | 2020<br>£        | 2019<br>£         |
| <b>Turnover analysed by geographical market</b> |                  |                   |
| UK  | 9,794,635        | 12,406,506        |
|   | <u>9,794,635</u> | <u>12,406,506</u> |

# SPRINGS ROOFING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 4 Operating profit

|   | 2020<br>£         | 2019<br>£         |
|---|-------------------|-------------------|
| Operating profit for the year is stated after charging:         |                   |                   |
| Depreciation of owned tangible fixed assets                     | 17,644            | 22,791            |
| Depreciation of tangible fixed assets held under finance leases | 29,630            | 37,515            |
| Loss on disposal of tangible fixed assets                       | 1,664             | 5,414             |
| Operating lease charges   | 7,650             | 6,713             |
|   | <u>          </u> | <u>          </u> |

### 5 Auditor's remuneration

|   | 2020<br>£         | 2019<br>£         |
|---|-------------------|-------------------|
| Fees payable to the company's auditor and associates: |                   |                   |
| <b>For audit services</b>                             |                   |                   |
| Audit of the financial statements of the company      | 7,000             | 7,000             |
|   | <u>          </u> | <u>          </u> |

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

### 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

|                               | 2020<br>Number    | 2019<br>Number    |
|-------------------------------|-------------------|-------------------|
| Operations                    | 52                | 63                |
| Management and administration | 11                | 11                |
|                               | <u>          </u> | <u>          </u> |
| Total                         | 63                | 74                |
|                               | <u>          </u> | <u>          </u> |

Their aggregate remuneration comprised:

|                       | 2020<br>£         | 2019<br>£         |
|-----------------------|-------------------|-------------------|
| Wages and salaries    | 1,548,958         | 1,842,646         |
| Social security costs | 158,641           | 168,534           |
| Pension costs         | 39,241            | 30,658            |
|                       | <u>          </u> | <u>          </u> |
|                       | 1,746,840         | 2,041,838         |
|                       | <u>          </u> | <u>          </u> |

# SPRINGS ROOFING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 7 Directors' remuneration

|   | 2020<br>£      | 2019<br>£      |
|---|----------------|----------------|
| Remuneration for qualifying services                          | 285,630        | 372,603        |
| Company pension contributions to defined contribution schemes | 6,646          | 5,229          |
|   | <u>292,276</u> | <u>377,832</u> |

Remuneration disclosed above include the following amounts paid to the highest paid director:

|   | 2020<br>£      | 2019<br>£      |
|---|----------------|----------------|
| Remuneration for qualifying services                          | 111,401        | 148,816        |
| Company pension contributions to defined contribution schemes | 1,200          | 1,200          |
|   | <u>112,601</u> | <u>150,016</u> |

During the year retirement benefits were accruing to 4 directors (2019 - 3) in respect of defined contribution pension schemes.

### 8 Interest receivable and similar income

|                       | 2020<br>£ | 2019<br>£  |
|-----------------------|-----------|------------|
| Interest income       |           |            |
| Other interest income | -         | 192        |
|                       | <u>-</u>  | <u>192</u> |

### 9 Interest payable and similar expenses

|  | 2020<br>£    | 2019<br>£    |
|--|--------------|--------------|
| Interest on finance leases and hire purchase contracts | 3,465        | 4,387        |
| Other interest   | 619          | -            |
|  | <u>4,084</u> | <u>4,387</u> |

### 10 Taxation

|  | 2020<br>£  | 2019<br>£      |
|--|------------|----------------|
| Current tax  |            |                |
| UK corporation tax on profits for the current period | 950        | 187,698        |
| Adjustments in respect of prior periods              | (824)      | (1,030)        |
|  | <u>126</u> | <u>186,668</u> |

# SPRINGS ROOFING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 10 Taxation

(Continued)

|  | 2020<br>£        | 2019<br>£          |
|--|------------------|--------------------|
| <b>Deferred tax</b>                            |                  |                    |
| Origination and reversal of timing differences | 3,062            | (6,988)            |
| Changes in tax rates                           | 2,040            | -                  |
| Total deferred tax                             | <u>5,102</u>     | <u>(6,988)</u>     |
| <br>Total tax charge                           | <br><u>5,228</u> | <br><u>179,680</u> |

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

|  | 2020<br>£      | 2019<br>£      |
|--|----------------|----------------|
| Profit before taxation   | <u>435,169</u> | <u>898,877</u> |
| <br>Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%) | 82,682         | 170,787        |
| Tax effect of expenses that are not deductible in determining taxable profit                             | 7,127          | 9,101          |
| Group relief   | (85,830)       | -              |
| Adjustments in respect of prior years  | (824)          | (1,030)        |
| Rate change adjustment relating to deferred tax  | 2,073          | 822            |
| Taxation charge for the year   | <u>5,228</u>   | <u>179,680</u> |

The UK corporation tax rate was 19% throughout the year.

The main UK corporation tax rate was due to reduce to 17% from 1 April 2020, however in March 2020 this reduction was cancelled. Although the cancellation is yet to receive Royal Assent as at the year end, the rate of 19% is considered by the directors to be substantively enacted as at the reporting date and as such has been used when calculating deferred tax. As such, deferred tax balances at the reporting date are measured at 19% (2019 - 17%).

### 11 Dividends

|              | 2020<br>£        | 2019<br>£ |
|--------------|------------------|-----------|
| Interim paid | <u>2,000,000</u> | <u>-</u>  |

# SPRINGS ROOFING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 12 Tangible fixed assets

|                                    | Plant and<br>equipment<br>£ | Fixtures and<br>fittings<br>£ | Motor<br>vehicles<br>£ | Total<br>£ |
|------------------------------------|-----------------------------|-------------------------------|------------------------|------------|
| <b>Cost</b>                        |                             |                               |                        |            |
| At 1 April 2019                    | 113,135                     | 39,581                        | 340,765                | 493,481    |
| Additions                          | 4,250                       | -                             | 47,617                 | 51,867     |
| Disposals                          | (1,895)                     | (427)                         | (38,745)               | (41,067)   |
| At 31 March 2020                   | 115,490                     | 39,154                        | 349,637                | 504,281    |
| <b>Depreciation and impairment</b> |                             |                               |                        |            |
| At 1 April 2019                    | 49,471                      | 32,435                        | 199,272                | 281,178    |
| Depreciation charged in the year   | 9,914                       | 1,628                         | 35,732                 | 47,274     |
| Eliminated in respect of disposals | (1,358)                     | (281)                         | (31,647)               | (33,286)   |
| At 31 March 2020                   | 58,027                      | 33,782                        | 203,357                | 295,166    |
| <b>Carrying amount</b>             |                             |                               |                        |            |
| At 31 March 2020                   | 57,463                      | 5,372                         | 146,280                | 209,115    |
| At 31 March 2019                   | 63,664                      | 7,146                         | 141,493                | 212,303    |

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

|                       | 2020<br>£ | 2019<br>£ |
|-----------------------|-----------|-----------|
| Plant and equipment   | 13,746    | 16,172    |
| Fixtures and fittings | 1,289     | 1,923     |
| Motor vehicles        | 119,892   | 103,799   |
|                       | 134,927   | 121,894   |

### 13 Stocks

|                               | 2020<br>£ | 2019<br>£ |
|-------------------------------|-----------|-----------|
| Raw materials and consumables | 314,239   | 258,350   |

# SPRINGS ROOFING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 14 Debtors

|  | 2020<br>£        | 2019<br>£        |
|--|------------------|------------------|
| <b>Amounts falling due within one year:</b>          |                  |                  |
| Trade debtors  | 1,933,525        | 2,632,990        |
| Corporation tax recoverable                          | 173              | -                |
| Amounts owed by group undertakings                   | 1,279,182        | 2,907,429        |
| Prepayments and accrued income                       | 22,842           | 21,079           |
|  | <u>3,235,722</u> | <u>5,561,498</u> |
| <b>Amounts falling due after more than one year:</b> |                  |                  |
| Trade debtors  | 321,460          | 247,778          |
|  | <u>321,460</u>   | <u>247,778</u>   |
| <b>Total debtors</b>                                 | <u>3,557,182</u> | <u>5,809,276</u> |

The amounts owed by group undertakings are interest free and repayable on demand.

### 15 Finance lease obligations

|  | 2020<br>£     | 2019<br>£     |
|--|---------------|---------------|
| <b>Future minimum lease payments due under finance leases:</b> |               |               |
| Within one year  | 32,434        | 27,925        |
| In two to five years   | 28,803        | 21,242        |
|  | <u>61,237</u> | <u>49,167</u> |

The finance leases primarily relate to motor vehicles, fixtures and fitting and plant and machinery. There are no contingent rental, renewal or purchases option clauses. Finance lease obligations are secured against the assets to which they relate.

### 16 Creditors: amounts falling due within one year

|                                    | Notes | 2020<br>£        | 2019<br>£        |
|------------------------------------|-------|------------------|------------------|
| Obligations under finance leases   | 15    | 32,434           | 27,925           |
| Trade creditors                    |       | 1,480,621        | 1,773,718        |
| Corporation tax                    |       | -                | 110,875          |
| Other taxation and social security |       | 197,244          | 394,840          |
| Accruals and deferred income       |       | 206,453          | 317,008          |
|                                    |       | <u>1,916,752</u> | <u>2,624,366</u> |

Amounts owed under finance leases are secured as detailed in note 15.

# SPRINGS ROOFING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 17 Creditors: amounts falling due after more than one year

|                                  | Notes | 2020<br>£ | 2019<br>£ |
|----------------------------------|-------|-----------|-----------|
| Obligations under finance leases | 15    | 28,803    | 21,242    |

Amounts owed under finance leases are secured as detailed in note 15.

### 18 Provisions for liabilities

|                          | Notes | 2020<br>£ | 2019<br>£ |
|--------------------------|-------|-----------|-----------|
| Deferred tax liabilities | 19    | 22,443    | 17,341    |

### 19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

|   | Liabilities<br>2020<br>£ | Liabilities<br>2019<br>£ |
|---|--------------------------|--------------------------|
| <b>Balances:</b>                              |                          |                          |
| Accelerated capital allowances                | 22,510                   | 17,341                   |
| Other timing differences                      | (67)                     | -                        |
|   | <u>22,443</u>            | <u>17,341</u>            |
| <b>Movements in the year:</b>                 |                          | <b>2020<br/>£</b>        |
| Liability at 1 April 2019                     |                          | 17,341                   |
| Charge to profit or loss                      |                          | 3,062                    |
| Effect of change in tax rate - profit or loss |                          | 2,040                    |
| Liability at 31 March 2020                    |                          | <u>22,443</u>            |

# SPRINGS ROOFING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 20 Retirement benefit schemes

|   | 2020   | 2019   |
|---|--------|--------|
| Defined contribution schemes  | £      | £      |
| Charge to profit or loss in respect of defined contribution schemes | 39,241 | 30,658 |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions totalling £350 (2019 - £590) were payable to the fund at the year end and included within other creditors.

### 21 Share capital

|                                   | 2020         | 2019         |
|-----------------------------------|--------------|--------------|
|                                   | £            | £            |
| <b>Ordinary share capital</b>     |              |              |
| <b>Issued and fully paid</b>      |              |              |
| 3,000 Ordinary shares of £1 each  | 3,000        | 3,000        |
| 10 'A' Ordinary shares of £1 each | 10           | 10           |
| 10 'B' Ordinary shares of £1 each | 10           | 10           |
| 10 'C' Ordinary shares of £1 each | 10           | 10           |
| 10 'D' Ordinary shares of £1 each | 10           | 10           |
|                                   | <u>3,040</u> | <u>3,040</u> |

The company has five classes of ordinary shares (2019 - 5); each share carries one voting right per share but no fixed right to fixed income. The holders of the A, B, C and D ordinary share classes have the same rights as those attached to the ordinary shares.

### 22 Reserves

#### Capital redemption reserve

This reserve represents the value of own shares repurchased by the company.

#### Profit and loss account

This reserve represents the cumulative profits and losses of the company.

### 23 Financial commitments, guarantees and contingent liabilities

The company, together with fellow subsidiary companies and the ultimate parent undertaking, has entered into a composite banking arrangement to secure group interest and banking facilities. As part of this arrangement a cross guarantee was given to the bank by the company.

Group borrowings secured but unprovided in these financial statements amount to £3,500,000 (2019 - £1,000,000).

# SPRINGS ROOFING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 24 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

|                            | 2020<br>£    | 2019<br>£     |
|----------------------------|--------------|---------------|
| Within one year            | 7,500        | 11,250        |
| Between two and five years | -            | 7,500         |
|                            | <u>7,500</u> | <u>18,750</u> |

### 25 Events after the reporting date

The directors consider the Coronavirus pandemic and the associated household isolation measures introduced by the UK government to have begun on the 23 March 2020. Although this was prior to the year end of the company, the resultant economic deterioration in the United Kingdom is considered to have materialised after the year end. Insofar as they are able, the directors will reflect the effects of these developments in the Statement of Financial Position of the company as at 31 March 2020. But it is noted that changes to the economy that have been triggered by the pandemic mitigation measures do continue to manifest beyond year end. The position of the company at 31 March 2020 should be viewed in this context.

### 26 Related party transactions

The company has taken advantage of the exemption available under FRS 102 section 33 'Related Party Disclosures' not to disclose related party transactions entered into with wholly owned members of the group headed by Northern Bear Plc.

During the year the company purchases £242,977 (2019 - £395,841) of subcontracting services from a company controlled by close family members of a director. Amounts due in respect of these purchases totalled £5,760 (2019 - £9,416) at the balance sheet date.

During the year the company paid £34,805 (2019 - £20,650) to close family members of the director group for employment services.

Details of outstanding balances are included within notes 14 and 16.

### 27 Ultimate controlling party

The company's immediate and ultimate parent undertaking is Northern Bear Plc.

The results of Springs Roofing Limited are included in the consolidated financial statements of Northern Bear Plc. The registered office of Northern Bear Plc is A1 Grainger, Prestwick Park, Prestwick, Newcastle Upon Tyne, NE20 9SJ.