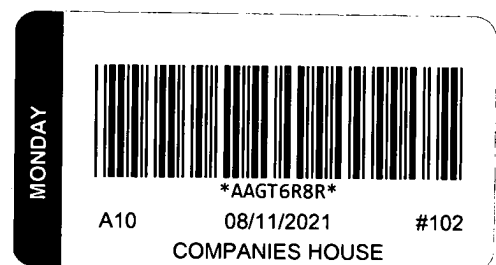


Company Registration No. 01892372 (England and Wales)

Springs Roofing Limited
Annual Report And Financial Statements
For The Year Ended 31 March 2021



SPRINGS ROOFING LIMITED

COMPANY INFORMATION

Directors	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	(Appointed 1 June 2020)
Secretary	Ms W A Edgell	
Company number	01892372	
Registered office	Kimbleworth Industrial Estate Kimbleworth Chester Le Street DH2 3QT	
Independent auditors	Saffery Champness LLP Mitre House North Park Road Harrogate HG1 5RX	
Bankers	Yorkshire Bank 20 Merrion Way Leeds LS2 8NZ	

SPRINGS ROOFING LIMITED

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SPRINGS ROOFING LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

The directors present their strategic report for Springs Roofing Limited ("the Company") for the year ended 31 March 2021.

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.

Contract risk - the company operates via an appropriate contract/order for roofing services. In order to generate trading profits the company is required to submit tenders at appropriate prices, manage operational contract delivery, and agree any variations to the contract with the customer. Should any of these fail to be managed effectively then it could possibly impact on the company's profitability.

Macro-economic environment and impact on supply chain - there has been significant uncertainty in the UK macro-economic environment for some time following the UK decision to exit membership of the European Union, and exacerbated by the more recent COVID-19 pandemic. The Directors consider that the principal risk arising from this uncertainty relates to the company's supply chain. Although principal suppliers are UK based, a number of products are ultimately sourced from overseas and hence any difficulties with the import process, or a weakening of the pound against relevant foreign currencies, could cause pressures on the company's supply chain. Further, the Directors note more recent issues with construction materials availability and price increases as reported in the media. To date, the company has been able to work with key suppliers and customers to manage this situation, but should it persist it could impact on future results.

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.

SPRINGS ROOFING LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

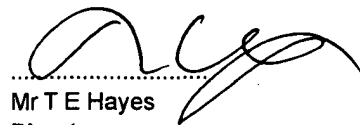
Other performance indicators

Financial performance indicators

The directors monitor KPI's at a business level around turnover, gross profit, operating profit and working capital. These show:

	2021	2020
Turnover	£9,446k	£9,795k
Gross profit	£1,276k	£1,676k
Gross profit margin	13.5%	17.1%
Operating profit	£331k	£439k
Operating profit margin	3.5%	4.4%

On behalf of the board



Mr T E Hayes
Director

Date: .. 1 November 2021

SPRINGS ROOFING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

Principal activities

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

Results and dividends

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

Ordinary interim dividends were paid amounting to £2,500,000 (2020 - £2,000,000). The directors do not recommend payment of a final dividend.

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

(Appointed 1 June 2020)

Qualifying third party indemnity provisions

Qualifying third party indemnity provisions are in place for each of the directors.

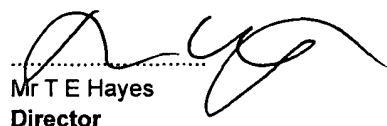
Auditor

Saffery Champness LLP were appointed as auditor to the company and are 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.

On behalf of the board


Mr T E Hayes
Director

Date: 1 November 2021

SPRINGS ROOFING LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

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.

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 for the year ended 31 March 2021 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 significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 2021 and 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

SPRINGS ROOFING LIMITED

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

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 the 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 and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the company by discussions with directors and updating our understanding of the sector in which the company operates.

Laws and regulations of direct significance in the context of the company include The Companies Act 2006, and UK Tax legislation.

SPRINGS ROOFING LIMITED

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

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our 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.



Martin Holden (Senior Statutory Auditor)
For and on behalf of Saffery Champness LLP

2 November 2021

Chartered Accountants
Statutory Auditor

Mitre House
North Park Road
Harrogate
HG1 5RX

SPRINGS ROOFING LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Turnover	3	9,445,840	9,794,635
Cost of sales		(8,169,357)	(8,118,734)
Gross profit		1,276,483	1,675,901
Administrative expenses		(1,194,159)	(1,236,648)
Other operating income		248,490	-
Operating profit	4	330,814	439,253
Interest payable and similar expenses	8	(4,403)	(4,084)
Profit before taxation		326,411	435,169
Tax on profit	9	(16,812)	(5,228)
Profit for the financial year		309,599	429,941

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


There is no other comprehensive income in 2021 (2020 - £nil).

SPRINGS ROOFING LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	11		263,258		209,115
Current assets					
Stocks	12	330,982		314,239	
Debtors falling due after more than one year	13	283,030		321,460	
Debtors falling due within one year	13	2,069,520		3,235,722	
Cash at bank and in hand		1,033,008		1,136,103	
		<u>3,716,540</u>		<u>5,007,524</u>	
Creditors: amounts falling due within one year	15	<u>(2,850,903)</u>		<u>(1,916,752)</u>	
Net current assets			865,637		3,090,772
Total assets less current liabilities			<u>1,128,895</u>		<u>3,299,887</u>
Creditors: amounts falling due after more than one year	16		(49,447)		(28,803)
Provisions for liabilities					
Deferred tax liability	17	21,208		22,443	
		<u>(21,208)</u>		<u>(22,443)</u>	
Net assets			<u>1,058,240</u>		<u>3,248,641</u>
Capital and reserves					
Called up share capital	19		3,040		3,040
Capital redemption reserve			12,808		12,808
Profit and loss reserves			1,042,392		3,232,793
Total equity			<u>1,058,240</u>		<u>3,248,641</u>

The financial statements were approved by the board of directors and authorised for issue on 1 November 2021 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 2021

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2019		3,040	12,808	4,802,852	4,818,700
Year ended 31 March 2020:					
Profit and total comprehensive income for the year		-	-	429,941	429,941
Dividends	10	-	-	(2,000,000)	(2,000,000)
Balance at 31 March 2020		3,040	12,808	3,232,793	3,248,641
Year ended 31 March 2021:					
Profit and total comprehensive income for the year		-	-	309,599	309,599
Dividends	10	-	-	(2,500,000)	(2,500,000)
Balance at 31 March 2021		3,040	12,808	1,042,392	1,058,240

SPRINGS ROOFING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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 8 June 2021 and is committed until 31 May 2022. The group's revolving credit facility is committed to 31 May 2023.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance including the impact of Covid-19, show that the company 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 2021

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 construction contracts 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 based on valuations by surveyors. 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.

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.

SPRINGS ROOFING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

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.

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.

SPRINGS ROOFING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

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.

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.

SPRINGS ROOFING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

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 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.

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.

SPRINGS ROOFING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.13 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.14 Contract balances

Amounts recoverable on contracts which are included in debtors are stated as the net sales value of the work done less amounts received as progress payments on account. Excess progress payments are included in creditors as deferred income. Cumulative costs incurred net of amounts transferred to cost of sales less provision for anticipated future losses on contracts are included as contract balances in stock.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

2 Judgements and key sources of estimation uncertainty

The company recognises revenue and profit on contracts in accordance with FRS 102 based on the stage of completion of the contract. This requires forecasts to be made on the outcome of the contract which requires estimation and judgement to be made on income and cost recognition on each contract. Variations during the course of contracts are taken into account but invariably are only finalised at completion of the contracts. 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.

Contract accounting impacts a number of balances and transactions in the financial statements including revenue, cost of sales, debtors and accruals and deferred income.

Trade debtors are included at amortised cost less impairment at the year-end. Debtors include retention balances, some of which are due after more than one year at the balance sheet date. An estimate is made of recoverability of debts at the year-end and a provision made for any doubtful debts. Total trade debtors and retention balances at 31 March 2021 is £2,050,794 (2020 - £2,254,985) and is net of a provision for doubtful debt of £4,608.

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by class of business		
Roofing contracting	9,445,840	9,794,635
	<u> </u>	<u> </u>
	2021 £	2020 £
Other revenue		
Grants received	238,490	-
	<u> </u>	<u> </u>

SPRINGS ROOFING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

3 Turnover and other revenue (Continued)

	2021 £	2020 £
Turnover analysed by geographical market		
UK	9,445,840	9,794,635

4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(238,490)	-
Depreciation of owned tangible fixed assets	17,751	17,644
Depreciation of tangible fixed assets held under finance leases	38,700	29,630
(Profit)/loss on disposal of tangible fixed assets	(5,073)	1,664
Operating lease charges	7,710	7,650

5 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	7,000	7,000

There were no non-audit services provided by the auditor in the year.

6 Employees

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

	2021 Number	2020 Number
Operations	47	52
Management and administration	12	11
Total	59	63

SPRINGS ROOFING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

6 Employees (Continued)

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	1,540,861	1,548,958
Social security costs	136,815	158,641
Pension costs	41,105	39,241
	<u>1,718,781</u>	<u>1,746,840</u>

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	269,266	285,630
Company pension contributions to defined contribution schemes	6,791	6,646
	<u>276,057</u>	<u>292,276</u>

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

	2021 £	2020 £
Remuneration for qualifying services	91,282	111,401
Company pension contributions to defined contribution schemes	1,200	1,200
	<u>92,482</u>	<u>112,601</u>

During the year retirement benefits were accruing to 4 directors (2020 - 4) in respect of defined contribution pension schemes.

8 Interest payable and similar expenses

	2021 £	2020 £
Interest on finance leases and hire purchase contracts	4,396	3,465
Other interest	7	619
	<u>4,403</u>	<u>4,084</u>

SPRINGS ROOFING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

9 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	23,891	950
Adjustments in respect of prior periods	(5,844)	(824)
Total current tax	18,047	126
Deferred tax		
Origination and reversal of timing differences	(2,188)	3,062
Changes in tax rates	-	2,040
Adjustment in respect of prior periods	953	-
Total deferred tax	(1,235)	5,102
Total tax charge	16,812	5,228

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:

	2021 £	2020 £
Profit before taxation	326,411	435,169
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	62,018	82,682
Tax effect of expenses that are not deductible in determining taxable profit	1,038	7,127
Adjustments in respect of prior years	(5,844)	-
Group relief	(41,353)	(85,830)
Deferred tax adjustments in respect of prior years	953	-
Adjustments in respect of prior years	-	(824)
Rate change adjustment relating to deferred tax	-	2,073
Taxation charge for the year	16,812	5,228

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

The UK budget on 3 March 2021 announced the intention to increase the tax rate from the current rate of 19% to 25%, with effect from April 2023. As this change had not been substantively enacted by the balance sheet date, the impact is not included in these financial statements. Therefore, deferred tax balances at the reporting date are measured at 19% (2020 - 19%).

SPRINGS ROOFING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

10 Dividends

	2021 £	2020 £
Interim paid	2,500,000	2,000,000

11 Tangible fixed assets

	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 April 2020	115,490	39,154	349,637	504,281
Additions	10,350	5,315	115,945	131,610
Disposals	(6,880)	(6,525)	(58,660)	(72,065)
At 31 March 2021	118,960	37,944	406,922	563,826
Depreciation and impairment				
At 1 April 2020	58,027	33,782	203,357	295,166
Depreciation charged in the year	9,026	1,624	45,801	56,451
Eliminated in respect of disposals	(1,318)	(5,344)	(44,387)	(51,049)
At 31 March 2021	65,735	30,062	204,771	300,568
Carrying amount				
At 31 March 2021	53,225	7,882	202,151	263,258
At 31 March 2020	57,463	5,372	146,280	209,115

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

	2021 £	2020 £
Plant and equipment	11,684	13,746
Fixtures and fittings	-	1,289
Motor vehicles	138,049	119,892
	149,733	134,927

12 Stocks

	2021 £	2020 £
Raw materials and consumables	330,982	314,239

SPRINGS ROOFING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

13 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	2,050,794	1,933,525
Corporation tax recoverable	-	173
Amounts owed by group undertakings	-	1,279,182
Prepayments and accrued income	18,726	22,842
	<u>2,069,520</u>	<u>3,235,722</u>
Amounts falling due after more than one year:		
Trade debtors	<u>283,030</u>	<u>321,460</u>
Total debtors	<u>2,352,550</u>	<u>3,557,182</u>

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

14 Finance lease obligations

	2021 £	2020 £
Future minimum lease payments due under finance leases:		
Within one year	37,346	32,434
In two to five years	49,447	28,803
	<u>86,793</u>	<u>61,237</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.

SPRINGS ROOFING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

15 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Obligations under finance leases	14	37,346	32,434
Trade creditors		1,932,390	1,480,621
Amounts owed to group undertakings		448,877	-
Corporation tax		18,048	-
Other taxation and social security		155,663	197,244
Other creditors		3,864	-
Accruals and deferred income		254,715	206,453
		<u>2,850,903</u>	<u>1,916,752</u>

Amounts owed under finance leases are secured as detailed in note 14.

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

16 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Obligations under finance leases	14	<u>49,447</u>	<u>28,803</u>

Amounts owed under finance leases are secured as detailed in note 14.

17 Deferred taxation

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

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Accelerated capital allowances	21,942	22,510
Other timing differences	(734)	(67)
	<u>21,208</u>	<u>22,443</u>
Movements in the year:		2021 £
Liability at 1 April 2020		22,443
Credit to profit or loss		(1,235)
Liability at 31 March 2021		<u>21,208</u>

SPRINGS ROOFING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

18 Retirement benefit schemes

	2021	2020
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	41,105	39,241

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 £3,864 (2020 - £350) were payable to the fund at the year end and included within other creditors.

19 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	3,000	3,000	3,000	3,000
'A' Ordinary shares of £1 each	10	10	10	10
'B' Ordinary shares of £1 each	10	10	10	10
'C' Ordinary shares of £1 each	10	10	10	10
'D' Ordinary shares of £1 each	10	10	10	10
	<u>3,040</u>	<u>3,040</u>	<u>3,040</u>	<u>3,040</u>

The company has five classes of ordinary shares (2020 - 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.

20 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.

SPRINGS ROOFING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

21 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 £nil (2020 - £3,500,000).

The company acts as a guarantor for its parent, Northern Bear PLC. Northern Bear PLC hold fixed and floating charges over all land, intellectual property and undertakings owned by the company at any time.

The company received correspondence during the year regarding a potential claim of up to £2 million on a roofing contract. The work was undertaken over a two year period from April 2009 to March 2011. The Directors have reviewed the correspondence and believe that any claim would be entirely without merit. This position of the Directors is supported by third party technical expert and legal advice taken which suggests that the customer would have great difficulty in making a successful claim. All correspondence to date has taken the form of pre action protocol and, should any formal proceedings be issued, Springs Roofing will vigorously defend the claim. Accordingly, no provision has been made in the company's accounts for this matter.

22 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:

	2021 £	2020 £
Within one year	-	7,500

23 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 purchased £253,722 (2020 - £242,977) of subcontracting services from a company controlled by close family members of a director. Amounts due in respect of these purchases totalled £13,953 (2020 - £5,760) at the balance sheet date.

During the year the company paid £23,226 (2020 - £34,805) to close family members of the director group for employment services.

Details of outstanding balances are included within notes 13 and 15.

24 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.