

Norman Emerson Group Limited
Annual report
for the year ended 31 January 2012



Norman Emerson Group Limited

Annual report for the year ended 31 January 2012

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Norman Emerson Group Limited

Directors and advisers

Directors

Mr George N Emerson
Mr Kenny W Crooks
Mr Norman C Emerson

Registered office

118 Ardmore Road
Lurgan
Co Armagh
BT66 6QP

Solicitors

Thompson Mitchell
12-14 Mandeville Street
Portadown
Co Armagh
BT62 3NZ

Bankers

Ulster Bank Limited
11-16 Donegall Square East
Belfast
Co Antrim
BT1 5UB

First Trust Bank
4 Market Street
Lurgan
Co Armagh
BT66 6AQ

Independent auditors

AR Wylie & Co Ltd
Unit 63
Armagh Business Centre
2 Loughgall Road
Armagh
BT61 7NH

Norman Emerson Group Limited

Directors' report for the year ended 31 January 2012

The directors present their report and the audited consolidated and parent financial statements for the year ended 31 January 2012.

Principal activities

The principal activities of the company is the extraction, processing and distribution of sand and related products.

Review of business and future developments

During the year covered by these financial statements, the group continued to experience the difficulties posed by the current economic environment and in particular the decline in the construction sector. The directors regret to report that the group made a loss before exceptional items of £437,043 during the year. In 2012 the turnover fell from £7.9 million to £6 million, mainly due to the further decline in the construction sector, which has been detrimental to the group's profit.

On 22 December 2010 the parent company entered into a Company Voluntary Arrangement (CVA) with its creditors. An amendment was agreed on 11 May 2012, details of which are set out below. A significant restructuring program intended to reduce fixed overheads was implemented in the prior year, and has allowed the company to continue to operate at reduced levels of turnover in the current year. As part of the restructuring, the office stationary division of the company was transferred into a subsidiary company Emerson Office Supplies Limited as of 22 December 2010, and the company now presents consolidated group accounts.

The company's creditors agreed to an amended CVA on the 11 May 2012, whereby a minimum of 22 pence to the pound will be paid to creditors over the duration of the arrangement of 60 months and that further payments will be made if the company exceeds certain profitability and cash flow targets.

From the directors review of the current year results and the updated projections, the company is performing at a sufficient level to continue to fund the minimum required contributions to the CVA and to make future contributions as required to deliver the minimum agreed payments to creditors. The directors consider that due to trading conditions at present and in the foreseeable future, it is unlikely that payments to creditors under the CVA will exceed the minimum agreed level and consequently have decided to write back an amount due to creditors under the CVA, which is equivalent to the excess over the minimum payments.

The period subsequent to the year end has seen turnover increase marginally on prior year, however trading conditions continue to prove difficult. The directors feel confident that due to the restructuring program undertaken in December 2010 and the amendment agreed to the CVA on 11 May 2012, the company is in a position to withstand these difficulties and will continue to trade.

Key performance indicators ("KPIs")

Given the straight forward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

The principal risks and uncertainties faced by the group relate to the possible adverse changes in the economic environment, including a decline in the overall activity, actions of competitors which may decrease the company's revenues or margins, rising fuel prices incurring bad debt from customers and inclement weather.

Going concern

As described above in the Business Review above, the current economic environment is difficult and the group has reported a loss before exceptional items of £437,043 for the year. The directors consider that the outlook presents significant challenges in maintaining the level of business in the next financial year however the directors have been encouraged by post year end sales. While the directors have instituted measures to preserve cash, these circumstances create material uncertainties over future trading and cash flows.

The company's creditors agreed to an amended Company Voluntary Arrangement on the 11 May 2012 whereby a minimum of 22 pence to the pound will be paid to creditors if the company meets certain profitability and cash flow targets. The company has made the required monthly payments under the Company Voluntary Arrangement subsequent to the year end.

Norman Emerson Group Limited

Directors' report for the year ended 31 January 2012 (continued)

At the 31 January 2012 the company had bank borrowings of approximately £585,000. The company's current banking facilities expired on the 28 February 2011 and since then the bank has continued to support the company, albeit without formally renewing facilities. The directors are confident that the bank will continue to support the company in this manner as this is in the mutual interests of the company and of its bankers.

To support the going concern assumption the directors have prepared a cash flow forecast to 31 January 2014 based on anticipated revenues. The company is also dependent on the continued support of the company's bank. Given the uncertainty surrounding the construction industry for which the company operates there will be some uncertainty about whether the forecasted revenues will be met in full in the anticipated timeframe.

The directors have concluded that the combination of these circumstances represents a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business. After making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the cash flow forecast predicts that future sales and profitability will enable the company to have adequate resources to continue in operational existence, and meet the obligations placed upon it under the CVA, in the foreseeable future. For these reasons the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Financial risk management

Given the nature and location of its operations, the group is not significantly exposed to price risk, foreign exchange risk or liquidity risk. The group's interest bearing debt is predominately at variable rates and the directors consider that is appropriate given the size and nature of the company's operations. Regarding credit risk, it is standard company policy to perform appropriate credit checks on all potential customers before contracts are entered into. The limited size of contract normally undertaken means there is no undue amount of exposure to any individual customer.

Results and dividends

The profit for the financial year, after taxation, amounted to £136,732 (2011: £443,501).

The directors do not recommend a payment of a dividend (2011: £Nil).

Directors

The directors who served during the year were:

Mr George N Emerson
Mr Kenny W Cooks
Mr Norman C Emerson

Political and charitable donations

The group made charitable donations amounting to £2,712 (2011: £2,230) during the year for the benefit of local charities. No donations for political purposes were made during the year (2011: £Nil).

Norman Emerson Group Limited

Directors' report for the year ended 31 January 2012 (continued)

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare the 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 the group and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

Each of the persons who are directors at the time when the Directors' report is approved has confirmed that:


- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- the director has taken all the steps that ought to have taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information.

Independent Auditors

AR Wylie & Co were appointed as auditors on 31 January 2012 and succeeded by AR Wylie & Co Ltd on 2 July 2012 who have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

This report was approved by the board on 26 October 2012 and signed on its behalf.

By order of the Board



Mr George N Emerson
Director

Date: 26 October 2012

Norman Emerson Group Limited

Independent auditors' report to the members of Norman Emerson Group Limited

We have audited the group and parent company financial statements (the "financial statements") of Norman Emerson Group Limited for the year ended 31 January 2012, which comprise the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 January 2012 and of the group's profit and cash flows 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.

Emphasis of matters – going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a loss before exceptional items totalling £437,043 during the year ended 31 January 2012. The current economic environment remains difficult and these conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

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

Norman Emerson Group Limited

Independent auditors' report to the members of Norman Emerson Group Limited (continued)

Matters on which we are required to report by exception

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

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



Alan Robert Wylie (Senior Statutory Auditor)
For and on behalf of AR Wylie & Co Ltd
Statutory Auditor

Unit 63
Armagh Business Centre
2 Loughgall Road
Armagh
BT61 7NH

Date: 26 October 2012

Norman Emerson Group Limited

Consolidated profit and loss account for the year ended 31 January 2012

	Notes	2012 £	2011 £
Turnover	1, 2	5,965,722	7,940,578
Cost of sales		(5,132,187)	(6,801,847)
Exceptional cost of sales	8	378,442	746,341
Total cost of sales		(4,753,745)	(6,055,506)
Gross profit		1,211,977	1,885,072
Distribution costs		(69,380)	(72,640)
Administrative expenses		(1,164,648)	(1,783,577)
Exceptional administrative expenses	8	195,333	397,500
Total administrative expenses		(969,315)	(1,386,077)
Other operating income	3	38,944	30,618
Operating profit	4	212,226	456,973
Interest receivable and similar income		5,717	3,629
Interest payable and similar charges	7	(81,211)	(137,952)
Profit on ordinary activities before taxation		136,732	322,650
Tax on profit on ordinary activities	9	-	120,851
Profit for the financial year	19	136,732	443,501

All amounts relate to continuing operations.

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above, and their historical cost equivalents.


Norman Emerson Group Limited

Consolidated balance sheet as at 31 January 2012

Registered No: NI007919

	Notes	2012 £	2011 £
Fixed assets			
Intangible assets	10	-	-
Tangible assets	11	2,507,597	2,960,323
		2,507,597	2,960,323
Current assets			
Stocks	13	355,148	451,908
Debtors	14	1,318,816	1,465,552
Cash at bank and in hand		60,695	26,363
		1,734,659	1,943,823
Creditors: amounts falling due within one year	15	(2,207,382)	(2,674,281)
Net current liabilities		(472,723)	(730,458)
Total assets less current liabilities		2,034,874	2,229,865
Creditors: amounts falling due after more than one year	16	(1,318,570)	(1,650,293)
Provisions for liabilities			
Deferred taxation	17	-	-
Net assets		716,304	579,572
Capital and reserves			
Called up share capital	18	200,005	200,005
Profit and loss account	19	516,299	379,567
Total shareholders' funds	20	716,304	579,572

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 October 2012.


Mr George N Emerson – Director

The notes on pages 11 to 26 form part of these financial statements.


Norman Emerson Group Limited

Company balance sheet as at 31 January 2012

Registered No: NI007919

	Notes	2012 £	2011 £
Fixed assets			
Intangible assets	10	-	-
Tangible assets	11	2,489,252	2,936,730
Investments	12	1	1
		2,489,253	2,936,731
Current assets			
Stocks	13	330,571	423,966
Debtors	14	1,289,524	1,454,142
Cash at bank and in hand		41,809	8,878
		1,661,904	1,886,986
Creditors: amounts falling due within one year	15	(2,125,729)	(2,584,904)
Net current liabilities		(463,825)	(697,918)
Total assets less current liabilities		2,025,428	2,238,813
Creditors: amounts falling due after more than one year	16	(1,318,570)	(1,650,293)
Provisions for liabilities			
Deferred taxation	17	-	-
Net assets		706,858	588,520
Capital and reserves			
Called up share capital	18	200,005	200,005
Profit and loss account	19	506,853	388,515
Total shareholders' funds	20	706,858	588,520

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 October 2012.


 Mr George N. Emerson – Director

The notes on pages 11 to 26 form part of these financial statements.

Norman Emerson Group Limited

Consolidated cash flow statement for the year ended 31 January 2012

	Notes	2012 £	2011 £
Net cash inflow from operating activities	21	548,478	854,403
Returns on investments and servicing of finance	22	(75,494)	(134,323)
Taxation		-	-
Capital expenditure and financial investment	22	(41,183)	89,462
Net cash inflow before financing		431,801	809,542
Financing	22	(409,674)	99,036
Increase in net cash in the year		22,127	908,578

Reconciliation of net cash flow to movement in net debt for the year ended 31 January 2012

	Notes	2012 £	2011 £
Increase in cash in the year		22,127	908,578
Cash outflow/ (inflow) from decrease/(increase) in debt and lease financing		409,674	(99,036)
Change in net debt resulting from cash flows		431,801	809,542
New finance lease		-	-
Movement in net debt in the year		431,801	809,542
Net debt at 1 February 2012		(2,490,312)	(3,299,854)
Net debt at 31 January 2012	23	(2,058,511)	(2,490,312)

Norman Emerson Group Limited

Notes to the financial statements for the year ended 31 January 2012

1 Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared on the going concern basis under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The accounting policies have been applied consistently during the year.

Going concern

As described above in the Business Review in page 2, the current economic environment is difficult and the group has reported a loss before exceptional items of £437,043 for the year. The directors consider that the outlook presents significant challenges in maintaining the level of business in the next financial year. While the directors have instituted measures to preserve cash, these circumstances create material uncertainties over future trading and cash flows.

The company's creditors agreed to an amended Company Voluntary Arrangement on the 11 May 2012 whereby a minimum of 22 pence to the pound will be paid to creditors if the company meets certain profitability and cash flow targets. The company has made the required monthly payments under the Company Voluntary Arrangement subsequent to the year end.

At the 31 January 2012 the company had bank borrowings of approximately £585,000. The company's current banking facilities expired on the 28 February 2011 and since then the bank has continued to support the company, albeit without formally renewing facilities. The directors are confident that the bank will continue to support the company in this manner as this is in the mutual interests of the company and of its bankers.

To support the going concern assumption the directors have prepared a cash flow forecast to 31 January 2014 based on anticipated revenues. The company is also dependent on the continued support of the company's bank. Given the uncertainty surrounding the construction industry for which the company operates there will be some uncertainty about whether the forecasted revenues will be met in full in the anticipated timeframe.

The directors have concluded that the combination of these circumstances represents a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business. After making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the cash flow forecast predicts that future sales and profitability will enable the company to have adequate resources to continue in operational existence, and meet the obligations placed upon it under the CVA, in the foreseeable future. For these reasons the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Basis of consolidation

The financial statements consolidate the accounts of Norman Emerson Group Limited and all of its subsidiary undertakings ('subsidiaries').

Turnover

Turnover represents the invoiced value of goods supplied during the year excluding value added tax and is net of sales returns, trade discounts and rebates. Revenue is recognised upon shipment of goods.

Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Consolidated profit and loss account over its estimated economic life.

Norman Emerson Group Limited

Notes to the financial statements for the year ended 31 January 2012

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic cost less accumulated depreciation. The cost of tangible fixed assets is their purchase costs, together with any incidental costs of acquisition. Where applicable, the cost of plant and equipment includes interest paid on funds specifically taken out to finance assets in the course at construction. This capitalisation ceases when substantially all the activities necessary to prepare the assets for their intended use are completed. Depreciation is provided at rates calculated to write off the cost fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	-	2% - 20%	Straight line
Leasehold improvements	-	2% - 20%	Straight line
Plant and equipment	-	10% - 25%	Straight line/reducing balance
Motor vehicles	-	25%	Reducing balance
Fixtures and fittings	-	20%	Reducing balance
Sand barges	-	6.67%	Straight line

Freehold land is not depreciated.

Fixed asset investments

Investments in subsidiaries are valued at cost less provision for impairment.

Finance lease and hire purchase contracts

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined using first in, first out method. Cost comprises materials, direct wages and other direct production costs together with a proportion of production overheads relevant to the stage of completion of work in progress and finished goods. Provision is made for slow moving and obsolete stocks.

Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Consolidated profit and loss account.

Norman Emerson Group Limited

Notes to the financial statements for the year ended 31 January 2012

Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Consolidated profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the Consolidated profit and loss account as the related expenditure is incurred.

Pension

The company operates a defined contribution scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2 Turnover

No analysis of turnover is presented as the directors consider such disclosure to be seriously prejudicial to the company's interests.

3 Other operating income

	2012	2011
	£	£
Net rents receivable	18,000	1,104
Government grants receivable	-	9,938
Sundry income	7,999	7,716
Fees receivable	12,945	11,860
	38,944	30,618

4 Operating profit

	2012	2011
	£	£
Depreciation of tangible fixed assets:		
- owned by the group	459,469	571,615
- held under finance leases	13,033	64,345
Auditors' remuneration	7,000	7,000
Auditors' remuneration – services relating to taxation	1,000	1,000
Difference on foreign exchange	7,893	25,587
Exceptional cost of sales	(378,442)	(746,341)
Exceptional administrative expenses	(195,333)	(397,500)
Operating lease rentals – other	129,000	299,600
Deferred grants release	(8,316)	(8,365)
Loss on disposal of tangible fixed assets	21,407	40,703

Norman Emerson Group Limited

Notes to the financial statements for the year ended 31 January 2012

5 Staff costs

	2012 £	2011 £
Wages and salaries	1,139,714	1,688,062
Social security costs	101,672	164,102
Other pension costs	36,807	54,085
	1,278,193	1,906,249

The average monthly number of employees, including the directors, during the year was as follows:

	2012 Number	2011 Number
Production, selling and distribution	46	72
Administration	12	18
	58	90

6 Directors' remuneration

	2012 £	2011 £
Aggregate remuneration	109,362	276,253
Company pension contributions to defined contribution pension schemes	3,728	10,343

During the year retirement benefits were accruing to 3 directors (2011: 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £54,583 (2011: £56,155).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2011: £1,907)

7 Interest payable and similar charges

	2012 £	2011 £
On bank loans and overdrafts	32,758	35,402
On other loans	-	640
On finance leases and hire purchase contracts	8,441	44,336
Other interest payable	40,012	57,574
	81,211	137,952

Norman Emerson Group Limited

Notes to the financial statements for the year ended 31 January 2012

8 Exceptional items

	2012	2011
	£	£
Redundancy payments	-	(38,606)
Write back of Creditors included with the Company Voluntary Arrangement	573,775	1,182,447
	573,775	1,143,841

The tax charge arising on the exceptional items above is £Nil (2011: £Nil)

The company's creditors agreed to an amended Company Voluntary Agreement on the 11 May 2012 whereby a minimum of 22 pence to the pound will be paid to creditors over the duration of 60 months and that further payments will be made if the company exceeds certain profitability and cash flow targets.

From the directors' review of the current year results and the updated projections the company is performing at a sufficient level to continue to fund the minimum required contributions to the Company Voluntary Arrangement and to make future contributions as required to deliver the minimum required payments to creditors. The directors consider that due to trading conditions at present and in the foreseeable future, it is unlikely that payments to creditors under the CVA will exceed the minimum agreed level and consequently have decided to write back an amount due to creditors under the CVA which is equivalent to the excess over the minimum payments.

9 Tax on profit on ordinary activities

	2012	2011
	£	£
Analysis of tax charge/(credit) in the year		
Deferred tax		
Origination and reversal of timing differences	-	(115,097)
Change in tax rates	-	(5,754)
Total deferred tax (see note 17)	-	(120,851)
Tax on profit on ordinary activities	-	(120,851)

Norman Emerson Group Limited

Notes to the financial statements for the year ended 31 January 2012

9 Tax on profit on ordinary activities (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2010: higher than) the standard rate of corporation tax in the UK of 20% (2011: 21%). The differences are explained below:-

	2012 £	2011 £
Profit on ordinary activities before taxation	136,732	322,650
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2011: 21%)	27,346	67,757
Effects of:		
Expenses not deductible for tax purposes	17,640	14,383
Capital allowances for year in excess of depreciation	(9,766)	125,566
Other timing differences	-	40,608
Non-taxable income	(116,418)	(248,314)
Deferred tax asset not recognised	81,198	-
Current tax charge for the year (see note above)	-	-

Factors that may affect future tax charges

The group has tax losses of approximately £1,072,338 (2011: £666,345) available for carry forward and offset against future taxable profits arising from the same trade. The group has a potential deferred tax asset of £214,468 (2011: £133,269), which has not been recognised in these financial statements as its future recovery is uncertain. The potential deferred tax asset will be recognised when it can be regarded as more likely than not that there will be sufficient taxable profits from which the tax losses can be deducted.

Norman Emerson Group Limited

Notes to the financial statements for the year ended 31 January 2012

10 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 February 2011 and 31 January 2012	280,000
Amortisation	
At 1 February 2011 and 31 January 2012	280,000
Net book value	
At 31 January 2012	-
At 31 January 2011	-

Company	Goodwill £
Cost	
At 1 February 2011 and 31 January 2012	280,000
Amortisation	
At 1 February 2011 and 31 January 2012	280,000
Net book value	
At 31 January 2012	-
At 31 January 2011	-

Norman Emerson Group Limited

Notes to the financial statements for the year ended 31 January 2012

11 Tangible fixed assets

Group	Freehold land and buildings £	Leasehold improvements £	Plant and equipment £	Motor vehicles £	Fixtures and fittings £	Sand barges £
Cost						
At 1 February 2011	906,234	653,644	3,996,342	2,436,116	545,425	386,451
Additions	-	-	54,594	51,486	3,218	4,485
Disposals	-	-	(305,124)	(630,534)	(110,401)	-
Transfers	(258,003)	258,003	-	-	-	-
At 31 January 2012	648,231	911,647	3,745,812	1,857,068	438,242	390,936
Depreciation						
At 1 February 2011	219,240	490,581	2,730,433	1,909,405	372,861	241,369
Charge for the year	9,005	72,227	198,558	129,462	37,475	25,775
On disposals	-	-	(258,190)	(576,513)	(117,349)	-
Transfers	(45,783)	45,783	-	-	-	-
At 31 January 2012	182,462	608,591	2,670,801	1,462,354	292,987	267,144
Net book value						
At 31 January 2012	465,769	303,056	1,075,011	394,714	145,255	123,792
At 31 January 2011	686,994	163,063	1,265,909	526,711	172,564	145,082
Group						Total £
Cost						
At 1 February 2011						8,924,212
Additions						113,783
Disposals						(1,046,059)
Transfers						-
At 31 January 2012						7,991,936
Depreciation						
At 1 February 2011						5,963,889
Charge for the year						472,502
On disposals						(952,052)
Transfers						-
At 31 January 2012						5,484,339
Net book value						
At 31 January 2012						2,507,597
At 31 January 2011						2,960,323

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

Group	2012 £	2011 £
Motor vehicles	39,096	193,033

Norman Emerson Group Limited

Notes to the financial statements for the year ended 31 January 2012

11 Tangible fixed assets (continued)

Company	Freehold land and buildings £	Leasehold improvements £	Plant and equipment £	Motor vehicles £	Fixtures and fittings £	Sand barges £
Cost						
At 1 February 2011	906,234	653,644	3,996,305	2,425,210	531,912	386,451
Additions	-	-	54,594	51,486	3,218	4,485
Disposals	-	-	(305,124)	(630,534)	(110,401)	-
Transfers	(258,003)	258,003	-	-	-	-
At 31 January 2012	648,231	911,647	3,745,775	1,846,162	424,729	390,936
Depreciation						
At 1 February 2011	219,240	490,581	2,730,432	1,909,081	372,323	241,369
Charge for the year	9,005	72,227	198,551	126,816	34,880	25,775
On disposals	-	-	(258,190)	(576,513)	(117,349)	-
Transfers	(45,783)	45,783	-	-	-	-
At 31 January 2012	182,462	608,591	2,670,793	1,459,384	289,854	267,144
Net book value						
At 31 January 2012	465,769	303,056	1,074,982	386,778	134,875	123,792
At 31 January 2011	686,994	163,063	1,265,873	516,129	159,589	145,082
	Total					
Company	£					
Cost						
At 1 February 2011						8,899,756
Additions						113,783
Disposals						(1,046,059)
Transfers						-
At 31 January 2012						7,967,480
Depreciation						
At 1 February 2011						5,963,026
Charge for the year						467,254
On disposals						(952,052)
Transfers						-
At 31 January 2012						5,478,228
Net book value						
At 31 January 2012						2,489,252
At 31 January 2011						2,936,730

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

Company	2012 £	2011 £
Motor vehicles	39,096	193,033

Norman Emerson Group Limited

Notes to the financial statements for the year ended 31 January 2012

12 Fixed asset investments

Company	Investments in subsidiary Companies £
Cost or valuation	
At 1 February 2011	1
Additions	-
At 31 January 2012	1
Net book value	
At 31 January 2012	1
At 31 January 2011	1

13 Stocks

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Finished goods and goods for resale	355,148	451,908	330,571	423,966

14 Debtors

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	1,131,604	1,175,647	1,029,828	1,086,357
Amounts owed by group undertakings	-	-	83,926	88,243
Amount owed by related party	9,264	-	-	-
Other debtors	105,384	167,164	105,384	167,164
Prepayments and accrued income	72,564	122,741	70,386	112,378
	1,318,816	1,465,552	1,289,524	1,454,142

Norman Emerson Group Limited

Notes to the financial statements for the year ended 31 January 2012

15 Creditors: amounts falling due within one year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans and overdrafts	584,719	670,095	584,719	670,095
Net obligations under finance leases and hire purchase contracts	13,919	50,750	13,919	50,750
Trade creditors	362,337	274,199	288,081	200,709
Other tax and social security	265,684	62,578	262,101	51,179
Proceeds of factored debts	628,795	616,623	628,795	616,623
Other creditors	108,360	621,324	108,360	621,324
Accruals and deferred income	243,568	378,712	239,754	374,224
	2,207,382	2,674,281	2,125,729	2,584,904

Security

Bank loans and overdrafts are secured by charges over the company's land and buildings, a fixed charge on debtors less the amount advanced on debtors sold, a floating charge on the company's other assets and a personal guarantee from the directors totalling £300,000.

Amounts advanced on sale of debtors sold are secured by equitable assignment on book debts.

16 Creditors: amounts falling due after more than one year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans	-	35,812	-	35,812
Other loans	152,639	498,702	152,639	498,702
Net obligations under finance leases and hire purchase contracts	9,450	23,369	9,450	23,369
Trade creditors	252,979	577,926	252,979	577,926
Other tax and social security	174,382	398,372	174,382	398,372
Government grants received	107,796	116,112	107,796	116,112
Other creditors	621,324	-	621,324	-
Accruals and deferred income	-	-	-	-
	1,318,570	1,650,293	1,318,570	1,650,293

Included within the above are amounts falling due as follows:

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Between one and two years				
Bank loans	-	35,812	-	35,812
Other loans	152,639	498,702	152,639	498,702

Norman Emerson Group Limited

Notes to the financial statements for the year ended 31 January 2012

16 Creditors: amounts falling due after more than one year (continued)

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Between one and five years	9,450	23,369	9,450	23,369

17 Deferred taxation

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
At beginning of year	-	120,851	-	120,851
Released to the profit and loss account	-	(120,851)	-	(120,851)
At end of year	-	-	-	-

The provision for deferred taxation is made up as follows:

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Accelerated capital allowances	-	-	-	-
Tax losses brought forward	-	-	-	-
	-	-	-	-

18 Called up share capital

	2012	2011
	£	£
Allotted, called up and fully paid		
40,001 A Shares shares of £1 each	40,001	40,001
40,001 B Shares shares of £1 each	40,001	40,001
40,001 C Shares shares of £1 each	40,001	40,001
40,001 D Shares shares of £1 each	40,001	40,001
40,001 E Shares shares of £1 each	40,001	40,001
	200,005	200,005

Norman Emerson Group Limited

Notes to the financial statements for the year ended 31 January 2012

19 Reserves

Group	Profit and loss account £
At 1 February 2011	379,567
Profit for the financial year	136,732
At 31 January 2012	516,299

Company	Profit and loss account £
At 1 February 2011	388,515
Profit for the financial year	118,338
At 31 January 2012	506,853

20 Reconciliation of movements in shareholders' funds

Group	2012 £	2011 £
Opening shareholders' funds	579,572	136,071
Profit for the financial year	136,732	443,501
Closing shareholders' funds	716,304	579,572

Company	2012 £	2011 £
Opening shareholders' funds	588,520	136,070
Profit for the financial year	118,338	452,450
Closing shareholders' funds	706,858	588,520

The company has taken advantage of the exemption contained with section 408 of the Companies Act 2006 not to present its own Profit and loss account.

The profit for the year dealt with in the accounts of the company was £118,338 (2011: £452,450)

Norman Emerson Group Limited

Notes to the financial statements for the year ended 31 January 2012

21 Net cash flow from operating activities

	2012 £	2011 £
Operating profit	212,226	456,973
Amortisation of intangible fixed assets	-	-
Depreciation of tangible fixed assets	472,502	635,960
Loss on disposal of tangible fixed assets	21,407	40,703
Government grants	(8,316)	(8,365)
Decrease in stocks	96,760	189,189
Decrease in debtors	146,736	660,401
Decrease in creditors	(392,837)	(1,120,458)
Net cash inflow from operating activities	548,478	854,403

22 Analysis of cash flows for headings netted in cash flow statement

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	5,717	3,629
Interest paid	(72,770)	(93,616)
Hire purchase interest	(8,441)	(44,336)
Net cash outflow from returns on investments and servicing of finance	(75,494)	(134,323)

	2012 £	2011 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(113,783)	(71,113)
Sale of tangible fixed assets	72,600	160,575
Net cash inflow from capital expenditure	(41,183)	89,462

	2012 £	2011 £
Financing		
New secured loans	-	498,866
Repayment of bank loans	(121,221)	(239,503)
Other new loans	-	220,708
Repayment of other loans	(346,063)	-
Repayment of hire purchase and finance lease agreements	(50,750)	(331,035)
Loans from directors	108,360	-
Loans repaid to directors	-	(50,000)
Net cash (outflow)/inflow from financing	(409,674)	99,036

Norman Emerson Group Limited

Notes to the financial statements for the year ended 31 January 2012

23 Analysis of net funds

	1 February 2011 £	Cash flow £	Other non-cash changes £	31 January 2012 £
Cash at bank and in hand	26,363	34,332	-	60,695
Bank overdraft	(111,165)	(33)	-	(111,198)
Proceeds of factored debts	(616,623)	(12,172)	-	(628,795)
	(701,425)	22,127	-	(679,298)
Debt:				
Finance leases	(74,119)	50,750	-	(23,369)
Debts due within one year	(1,180,254)	598,373	-	(581,881)
Debts falling due after more than one year	(534,514)	(239,449)	-	(773,963)
Net debt	(2,490,312)	431,801	-	(2,058,511)

24 Contingent liabilities

Grant

There is a contingent liability to repay certain government grants under the terms of a letter of offer from Invest NI if the company fails to comply with the terms and achieve specified targets. In the opinion of the directors, the terms of the letter of offer have been complied with and no loss is expected.

Creditors

The company's creditors agreed to an amended Company Voluntary Arrangement on the 11 May 2012, whereby a minimum of 22 pence to the pound will be paid to creditors over the duration of 60 months and that further payments will be made if the company exceeds certain profitability and cash flow targets.

From the directors review of the current year results and the updated projections the company is performing at a sufficient level to continue to fund the minimum required contributions to the Company Voluntary Arrangement and to make future contributions as required to deliver the minimum agreed payments to creditors. As such, the directors have decided to write back the balances of those creditors who are party to the Company Voluntary Arrangement.

If the company were to exceed profitability and cash flow targets the company will make additional contributions to the Company Voluntary Arrangement.

25 Pension commitments

The company participates in a number of defined contribution schemes for the benefit of the directors and certain employees.

The total pension cost for the company was £36,542 (2011: £54,085). There were no prepaid or outstanding contributions at 31 January 2012.

Norman Emerson Group Limited

Notes to the financial statements for the year ended 31 January 2012

26 Operating lease commitments

At 31 January 2012 the Group and the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2012	2011	2012	2011
Group	£	£	£	£
Expiry date:				
Within 1 year	-	-	-	1,598
Between 2 and 5 years	-	-	-	-
After more than 5 years	81,840	299,600	-	-

27 Related party transactions

Nature of relationship	Nature of transaction	Amount of transactions		Amount owed (to)/by related party	
		2012	2011	2012	2011
		£	£	£	£
Loan from shareholders to Norman Emerson Group Limited pre CVA agreement	Loan	-	-	(221,324)	(221,324)
Loan from shareholders to Norman Emerson Group Limited post CVA agreement	Loan	41,640	(150,000)	(108,360)	(150,000)
Rent payable to Emerson Special Pension Fund	Rent payable	129,000	299,600	-	(169,749)
Emerson Special Pension Fund Loan to Norman Emerson Group Limited	Loan	-	-	(400,000)	(400,000)
Owed from Emerson Special Pension Fund to Emerson Office Supplies Limited	Expenses paid on behalf of the SSAS	-	-	9,264	-

The trustees and members of the The Emerson Special Pension Fund include George Emerson (Managing Director) and Norman Emerson Jnr, Alan Emerson, Geoffrey Emerson and Kenneth Emerson (retired directors).

The company has taken advantage of the exemptions contained in FRS 8 "Related Party Transactions" not to disclose transactions with related parties as all of the voting rights of the company are controlled within the group.

28 Controlling party

There is no ultimate controlling party.

29 Principal subsidiaries

Company name	Country	Percentage Shareholding	Description
Emerson Office Supplies Limited	Northern Ireland	100	Retail sales of office supplies