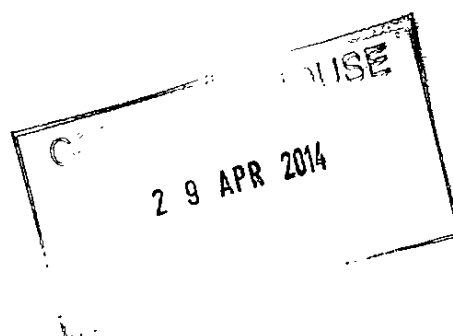
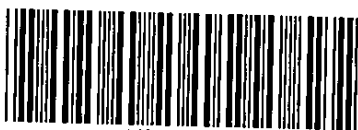


Company Number: NI007919

Norman Emerson Group Limited
Report and Consolidated Financial Statements
for the period ended 31 July 2013



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Norman Emerson Group Limited

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Norman Emerson Group Limited

DIRECTORS AND OTHER INFORMATION

Directors	Mr. George N Emerson Mr. Kenny W Crooks Mr. Norman C Emerson
Company Number	NI007919
Business Address	118 Ardmore Road Lurgan Armagh BT66 6QP Northern Ireland
Auditors	AR Wylie & Co Ltd Unit 63 Armagh Business Centre 2 Loughgall Road Armagh BT61 7NH Northern Ireland
Bankers	Ulster Bank Limited 11-16 Donegall Square East Belfast Antrim BT1 5UB Northern Ireland
Solicitors	Thompson Mitchell 12-14 Mandeville Street Portadown Armagh BT62 3NZ Northern Ireland

Norman Emerson Group Limited

DIRECTORS' REPORT

for the period ended 31 July 2013

The directors present their report and the audited financial statements for the period ended 31 July 2013.

Principal Activity and Review of the Business

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

There has been no significant change in these activities during the period ended 31 July 2013.

During the period 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 of £790,359 during the period. In 2013 the turnover remained relatively static on the prior year, mainly due to the sustained suppression of 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 year ended 31 January 2011, and has allowed the company to continue to operate at reduced levels of turnover.

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 period 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.

The period subsequent to the period end has seen turnover increase marginally on prior year, however trading conditions continue to prove difficult. Forecasts prepared by the directors indicate an expected turnover of £5,971,000 for the year ended 31 July 2014. Actual turnover to 31 March 2014 indicates that the turnover target will be achieved. The directors feel confident that due to the restructuring program undertaken in December 2010, the amendment agreed to the CVA on 11 May 2012 and the increased activity in the construction sector, the company is in a position to continue to trade.

Norman Emerson Group Limited

DIRECTORS' REPORT

for the period ended 31 July 2013

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 in the Business Review above, the current economic environment is difficult and the group has reported a loss of £790,359 for the period. The directors consider that the outlook presents significant challenges, however they have been encouraged by post period end sales. The installation of a new ready mix plant at the Ardmore yard was completed July 2013 to enable the company to capitalise on an anticipated increase in activity in the construction sector. This plant offers significant transportation efficiencies which will help to improve profitability. While the directors have been buoyed by the volume of confirmed orders at 1 April 2014, they acknowledge that material uncertainties exist 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 period end.

At the 31 July 2013 the company had bank borrowings of approximately £472,000. The company's current banking facilities were renewed on the 6 January 2014 which included a temporary overdraft of £150,000 to ease cash flow pressure during the winter months. 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 July 2015 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 or foreign exchange 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 (loss)/profit for the period after providing for depreciation and taxation amounted to £(790,359) (Jan 12 - £133,063).

The directors do not recommend payment of a dividend.

Directors

The directors who served during the period are as follows:

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

There were no changes in shareholdings between 31 July 2013 and the date of signing the financial statements.

Future Developments

The company plans to continue its present activities and current trading levels. Employees are kept as fully informed as practicable about developments within the business.

Post Events

There have been no significant events affecting the group since the period-end.

Norman Emerson Group Limited

DIRECTORS' REPORT

for the period ended 31 July 2013

Political Contributions

The group did not make any disclosable political donations in the current period.

Auditors

The auditors, AR Wylie & Co Ltd, have indicated their willingness to continue in office in accordance with the provisions of Section 485 of the Companies Act 2006.

On behalf of the board



Mr. George M Emerson
Director

28 April 2014

Norman Emerson Group Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

for the period ended 31 July 2013

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 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:

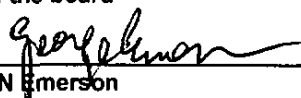
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent.

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.

In so far as the directors are aware:

- there is no relevant audit information (information needed by the company's auditor in connection with preparing the auditor's report) of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr. George N. Emerson
Director

28 April 2014

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Norman Emerson Group Limited

We have audited the group and parent company financial statements of Norman Emerson Group Limited for the period ended 31 July 2013 which comprise the Group Profit and Loss Account, the Group Balance Sheet, the Company Balance Sheet, the Group Cash Flow Statement, the Accounting Policies 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice Board's Ethical Standards for Auditors.

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 group's and the parent 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 Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Basis for qualified opinion on financial statements

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. However, with respect to stock having a carrying amount of £247,951 at 31 July 2013, the evidence available to us was limited because we did not observe the counting of the physical stock at this date. Owing to the nature of the group's stock and the rate of turnover of stock, we were unable to obtain sufficient appropriate audit evidence regarding the quantities by using other audit procedures.

Qualified opinion on financial statements

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, 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 July 2013 and of the group's loss for the period 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 Matter- Going Concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of disclosure made in note 2 to the financial statements concerning the parent company's ability to continue as a going concern. The group incurred a loss totalling £790,359 during the period ended 31 July 2013. The current economic environment remains difficult and these conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the parent company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the parent 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 period for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Norman Emerson Group Limited

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

Unit 63

Armagh Business Centre

2 Loughgall Road

Armagh

BT61 7NH

Northern Ireland

28 April 2014

Norman Emerson Group Limited**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

for the period ended 31 July 2013

	Notes	Jul 13 £	Jan 12 £
Turnover	3	9,338,697	5,965,722
Cost of sales		<u>(8,131,227)</u>	<u>(4,753,745)</u>
Gross profit		1,207,470	1,211,977
Distribution costs		<u>(151,224)</u>	<u>(69,380)</u>
Administrative expenses		<u>(1,867,998)</u>	<u>(1,026,995)</u>
Other operating income		<u>101,542</u>	<u>47,260</u>
Group operating (loss)/profit	4	(710,210)	162,862
Interest receivable and similar income	5	785	5,717
Interest payable and similar charges	6	<u>(82,063)</u>	<u>(31,847)</u>
(Loss)/profit on ordinary activities before taxation		(791,488)	136,732
Tax on (loss)/profit on ordinary activities	8	<u>1,129</u>	<u>(3,669)</u>
(Loss)/profit for the period	19	<u>(790,359)</u>	<u>133,063</u>

The group has no recognised gains or losses other than the loss for the period. The results for the period have been calculated on the historical cost basis. The company's turnover and expenses all relate to continuing operations.

Norman Emerson Group Limited

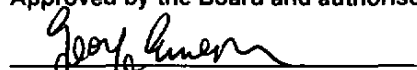
Company Number: NI007919

CONSOLIDATED BALANCE SHEET

as at 31 July 2013

	Notes	Jul 13 £	Jan 12 £
Fixed Assets			
Tangible assets	9	2,330,946	2,507,597
Current Assets			
Stocks	11	247,951	355,148
Debtors	12	1,871,570	1,324,242
Cash at bank and in hand		157	-
		2,119,678	1,679,390
Creditors: Amounts falling due within one year	13	(3,211,156)	(2,238,113)
Net Current Liabilities		(1,091,478)	(558,723)
Total Assets less Current Liabilities		1,239,468	1,948,874
Creditors			
Amounts falling due after more than one year	14	(1,219,329)	(1,124,775)
Provision for Liabilities and Charges	16	(2,540)	(3,669)
Government grants	17	(95,324)	(107,796)
Net (Liabilities)/Assets		(77,725)	712,634
Capital and Reserves			
Called up share capital	18	200,005	200,005
Profit and loss account	19	(277,730)	512,629
Shareholders' Funds	20	(77,725)	712,634

Approved by the Board and authorised for issue on 28 April 2014 and signed on its behalf by


 Mr. George N Emerson
 Director

Norman Emerson Group Limited

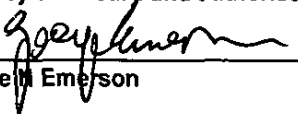
Company Number: NI007919

COMPANY BALANCE SHEET

as at 31 July 2013

	Notes	Jul 13 £	Jan 12 £
Fixed Assets			
Tangible assets	9	2,318,247	2,489,252
Financial assets	10	1	1
		<u>2,318,248</u>	<u>2,489,253</u>
Current Assets			
Stocks	11	226,089	330,571
Debtors	12	1,818,544	1,294,950
		<u>2,044,633</u>	<u>1,625,521</u>
Creditors: Amounts falling due within one year	13	(3,143,603)	(2,175,345)
Net Current Liabilities		<u>(1,098,970)</u>	<u>(549,824)</u>
Total Assets less Current Liabilities		<u>1,219,278</u>	<u>1,939,429</u>
Creditors			
Amounts falling due after more than one year	14	(1,219,329)	(1,124,775)
Government grants	17	(95,324)	(107,796)
Net (Liabilities)/Assets		<u>(95,375)</u>	<u>706,858</u>
Capital and Reserves			
Called up share capital	18	200,005	200,005
Profit and loss account	19	(295,380)	506,853
Shareholders' Funds	20	<u>(95,375)</u>	<u>706,858</u>

Approved by the Board and authorised for issue on 28 April 2014 and signed on its behalf by


Mr. George M. Emerson
Director

Norman Emerson Group Limited

CONSOLIDATED CASH FLOW STATEMENT

for the period ended 31 July 2013

	Notes	Jul 13 £	Jan 12 £
Net cash inflow from operating activities	27	226,822	918,155
Returns on investments and servicing of finance	27	(81,278)	(26,130)
Capital expenditure	27	(426,181)	(41,179)
		<u>(280,637)</u>	<u>850,846</u>
Financing	27	430,482	(695,335)
		<u>149,845</u>	<u>155,511</u>
Movement in cash in the period		149,845	155,511
Reconciliation of net cash flow to movement in net debt (Note 27)			
Movement in cash in the period		149,845	155,511
Cash inflow from increase in debts and lease financing		(430,482)	695,335
		<u>(280,637)</u>	<u>850,846</u>
Change in net debt resulting from cash flows		(280,637)	850,846
New finance leases		(24,554)	-
		<u>(305,191)</u>	<u>850,846</u>
Movement in net debt in the period		(305,191)	850,846
Net debt at 1 February 2012		(2,377,513)	(3,228,359)
		<u>(2,682,704)</u>	<u>(2,377,513)</u>
Net debt at 31 July 2013		(2,682,704)	(2,377,513)

Norman Emerson Group Limited

ACCOUNTING POLICIES

for the period ended 31 July 2013

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and the financial reporting standards. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group financial statements.

Turnover

Turnover comprises the invoice value of goods supplied by the company, exclusive of trade discounts and value added tax.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or at valuation, less accumulated depreciation. The charge to depreciation is calculated to write off the original cost or valuation of tangible fixed assets, less their estimated residual value, over their expected useful lives as follows:

Land and buildings freehold	- 2% - 20% Straight line
Long leasehold property	- 2% - 20% Straight line
Plant and machinery	- 10% - 25% Straight line/reducing balance
Fixtures, fittings and equipment	- 20% Reducing balance
Motor vehicles	- 25% Reducing balance
Sand barges	- 6.67% Straight line

Freehold land is not depreciated.

Leasing

Tangible fixed assets held under leasing arrangements which transfer substantially all the risks and rewards of ownership to the company are capitalised and included in the balance sheet at their cost or valuation, less depreciation. The corresponding commitments are recorded as liabilities. Payments in respect of these obligations are treated as consisting of capital and interest elements, with interest charged to the profit and loss account.

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.

Taxation

Current tax represents the amount expected to be paid or recovered in respect of taxable profits for the period and is calculated using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax in the future, or a right to pay less tax in the future. Timing differences are temporary differences between the company's taxable profits and its results as stated in the financial statements. 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 is measured on an undiscounted basis at the tax rates that are anticipated to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Government grants

Capital grants received and receivable are treated as deferred income and amortised to the profit and loss account annually over the useful economic life of the asset to which it relates. Revenue grants are credited to the profit and loss account when received.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions, during the period, which are denominated in foreign currencies are translated at the rates of exchange ruling at the date of the transaction. The resulting exchange differences are dealt with in the profit and loss account.

Basis of consolidation

The consolidated financial statements include the financial statements of the holding company and all its subsidiary companies made up to 31 July 2013.

Norman Emerson Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 July 2013

1. PERIOD OF FINANCIAL STATEMENTS

The financial statements are for the 18 months period ended 31 July 2013.

2. GOING CONCERN

As described above in the Business Review on page 4, the current economic environment is difficult and the group has reported a loss of £790,359 for the period. The directors consider that the outlook is encouraging due to a considerable volume of confirmed orders in 2014, however managing the business through an economic recovery will bring forward new challenges. The directors successfully commissioned a new ready mix plant at the Ardmore yard in July 2013 to enable the company to capitalise on an anticipated increase in activity in the construction sector. This plant offers significant transportation efficiencies which will help to improve profitability. While this capital investment leaves the company in a strong position to supply an increase in demand, material uncertainties still exist over future trading and cash flows.

The parent 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 period end.

At the 31 July 2013 the parent company had bank loans of approximately £472,000 and proceeds of factored sales ledger of approximately £876,000. The parent company's current banking facilities were renewed on the 6 January 2014, which included a temporary overdraft of £150,000 and since then the bank has continued to support the company. The directors are confident that the bank will continue to support the parent 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 July 2015 based on anticipated revenues. The parent 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 parent 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 parent 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.

3. TURNOVER

The whole of the company's turnover is attributable to its market in the United Kingdom and is derived from the principal activity of the extraction, processing and distribution of sand and related products.

4. OPERATING (LOSS)/PROFIT

	Jul 13	Jan 12
	£	£
Operating (loss)/profit is stated after charging/(crediting):		
Depreciation of tangible assets	593,680	472,502
Loss on disposal of tangible fixed assets	33,706	21,403
Loss on foreign currencies	7,258	7,893
Auditor's remuneration		
- audit services	18,026	21,953
Amortisation of Government grants	(12,472)	(8,316)
	<u>785</u>	<u>5,717</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	Jul 13	Jan 12
	£	£
Bank interest	785	5,717
	<u>785</u>	<u>5,717</u>

Norman Emerson Group Limited
NOTES TO THE FINANCIAL STATEMENTS

continued

for the period ended 31 July 2013

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Jul 13	Jan 12
	£	£
On bank loans and overdrafts	72,767	21,866
Finance lease charges and hire purchase interest	9,296	9,981
	82,063	31,847

7. EMPLOYEES AND REMUNERATION

The staff costs (inclusive of directors' salaries) comprise:

	Jul 13	Jan 12
	£	£
Wages and salaries	1,734,128	1,134,094
Social security costs	158,467	107,293
Pension costs	37,436	36,807
	1,930,031	1,278,194

Norman Emerson Group Limited

NOTES TO THE FINANCIAL STATEMENTS

continued

for the period ended 31 July 2013

8. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	Jul 13 £	Jan 12 £
(a) Analysis of charge in the period		
Current tax:		
Corporation tax at 20.00% (Jan 12 - 20.00%) (Note 8 (b))	-	-
Deferred tax:		
Origination and reversal of timing differences	(1,129)	(1,050)
Effect of increased tax rate on opening liability	-	4,719
Total deferred tax (note 16)	(1,129)	3,669

(b) Factors affecting tax charge for the period

The tax assessed for the period differs from the standard rate of corporation tax in the United Kingdom (20.00%). The differences are explained below:

	Jul 13 £	Jan 12 £
(Loss)/profit on ordinary activities before tax	(791,488)	136,732
(Loss)/profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the United Kingdom at 20.00% (Jan 12 - 20.00%)	(158,298)	27,346
Effects of:		
Expenses not deductible for tax purposes	21,913	17,640
Capital allowances for period in excess of depreciation	(7,992)	(9,766)
Increase in tax losses carried forward	146,871	81,199
Income not taxable	(2,494)	(1,663)
Write down of CVA creditor	-	(114,756)
Current tax charge for the period (note 8 (a))	-	-

No charge to tax arises due to tax losses incurred.

(c) Factors that may affect future tax charges

The group has tax losses of approximately £1,748,055 (2012: £1,013,700) available for carry forward and offset against future taxable profits arising from the same trade. The group has a potential deferred tax asset of £349,611 (2012: £202,740), 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 period ended 31 July 2013

9. TANGIBLE FIXED ASSETS
Group

	Land and buildings freehold £	Long leasehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Sand barges £	Total £
Cost							
At 1 February 2012	648,231	911,647	3,745,812	438,242	1,857,068	390,936	7,991,936
Additions	-	7,942	475,150	7,147	20,705	-	510,944
Disposals	-	-	(220,860)	(170,050)	(361,488)	-	(752,398)
At 31 July 2013	648,231	919,589	4,000,102	275,339	1,516,285	390,936	7,750,482
Depreciation							
At 1 February 2012	182,462	608,591	2,670,801	292,987	1,462,354	267,144	5,484,339
Charge for the period	17,398	69,535	309,995	42,057	125,351	29,344	593,680
On disposals	-	-	(215,630)	(145,187)	(297,666)	-	(658,483)
At 31 July 2013	199,860	678,126	2,765,166	189,857	1,290,039	296,488	5,419,536
Net book value							
At 31 July 2013	448,371	241,463	1,234,936	85,482	226,246	94,448	2,330,946
At 31 January 2012	465,769	303,056	1,075,011	145,255	394,714	123,792	2,507,597

Norman Emerson Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 July 2013

Company

	Land and buildings freehold £	Long leasehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Sand barges £	Total £
Cost							
At 1 February 2012	648,231	911,647	3,745,775	424,729	1,846,162	390,936	7,967,480
Additions	-	7,942	475,150	7,147	20,705	-	510,944
Disposals	-	-	(220,860)	(170,050)	(361,488)	-	(752,398)
At 31 July 2013	648,231	919,589	4,000,065	261,826	1,505,379	390,936	7,726,026
Depreciation							
At 1 February 2012	182,462	608,591	2,670,793	289,854	1,459,384	267,144	5,478,228
Charge for the period	17,398	69,535	309,984	39,150	122,623	29,344	588,034
On disposals	-	-	(215,630)	(145,187)	(297,666)	-	(658,483)
At 31 July 2013	199,860	678,126	2,765,147	183,817	1,284,341	296,488	5,407,779
Net book value							
At 31 July 2013	448,371	241,463	1,234,918	78,009	221,038	94,448	2,318,247
At 31 January 2012	465,769	303,056	1,074,982	134,875	386,778	123,792	2,489,252

Norman Emerson Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 July 2013

9.1. TANGIBLE FIXED ASSETS CONTINUED

Included above are assets held under finance leases or hire purchase contracts as follows:

	Jul 13 Net book value £	Depreciation charge £	Jan 12 Net book value £	Depreciation charge £
Plant and machinery	<u>85,429</u>	<u>10,607</u>	<u>39,096</u>	<u>13,033</u>

10. FINANCIAL FIXED ASSETS Company

	Subsidiary undertakings shares	Total
Investments	£	£
Cost		
At 31 July 2013	<u>1</u>	<u>1</u>
Net book value		
At 31 July 2013	<u>1</u>	<u>1</u>
At 31 January 2012	<u>1</u>	<u>1</u>

11. STOCKS

	Jul 13 £	Jan 12 £
Group		
Finished goods and goods for resale	<u>247,951</u>	<u>355,148</u>
Company		
Finished goods and goods for resale	<u>226,089</u>	<u>330,571</u>

12. DEBTORS

	Jul 13 £	Jan 12 £
Group		
Trade debtors	1,637,041	1,131,604
Other debtors	52,802	95,075
Directors' current accounts (Note 23)	44,500	25,000
Prepayments and accrued income	137,227	72,563
	<u>1,871,570</u>	<u>1,324,242</u>

Norman Emerson Group Limited

NOTES TO THE FINANCIAL STATEMENTS

continued

for the period ended 31 July 2013

	Jul 13 £	Jan 12 £
Company		
Trade debtors	1,567,923	1,029,828
Amounts owed by group companies	20,494	83,926
Other debtors	52,802	85,811
Directors' current accounts (Note 23)	44,500	25,000
Prepayments and accrued income	132,825	70,385
	<u>1,818,544</u>	<u>1,294,950</u>
 13. CREDITORS	 Jul 13	 Jan 12
Amounts falling due within one year	£	£
Group		
Bank overdrafts	472,336	524,024
Proceeds of factored sales ledger	876,450	628,795
CVA Creditors	98,000	86,000
Net obligations under finance leases and hire purchase contracts	16,746	13,919
Trade creditors	1,038,029	362,337
Taxation and social security costs (Note 15)	258,843	246,110
Other creditors	137,000	133,360
Accruals	313,752	243,568
	<u>3,211,156</u>	<u>2,238,113</u>
 Amounts falling due within one year	 Jul 13	 Jan 12
	£	£
Company		
Bank overdrafts	472,336	542,910
Proceeds of factored sales ledger	876,450	628,795
CVA Creditors	98,000	86,000
Net obligations under finance leases and hire purchase contracts	16,746	13,919
Trade creditors	983,989	288,081
Taxation and social security costs (Note 15)	254,862	242,527
Other creditors	137,000	133,360
Accruals	304,220	239,753
	<u>3,143,603</u>	<u>2,175,345</u>

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.

Norman Emerson Group Limited
NOTES TO THE FINANCIAL STATEMENTS

continued

for the period ended 31 July 2013

14. CREDITORS	Jul 13	Jan 12
Amounts falling due after more than one year	£	£
Group		
Pension fund loan	400,000	400,000
CVA Creditors	396,000	494,000
Finance leases and hire purchase contracts	34,004	9,450
Directors' loan accounts	221,325	221,325
Other creditors	168,000	-
	<u>1,219,329</u>	<u>1,124,775</u>
Loans and CVA Creditors		
Repayable in one year or less, or on demand (Note 13)	1,446,786	1,238,819
Repayable between one and two years	132,000	98,000
Repayable between two and five years	664,000	796,000
	<u>2,242,786</u>	<u>2,132,819</u>
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	16,746	13,919
Repayable between one and five years	34,004	9,450
	<u>50,750</u>	<u>23,369</u>
Amounts falling due after more than one year	£	£
Company		
Pension fund loan	400,000	400,000
CVA Creditors	396,000	494,000
Finance leases and hire purchase contracts	34,004	9,450
Directors' loan accounts	221,325	221,325
Other creditors	168,000	-
	<u>1,219,329</u>	<u>1,124,775</u>
Loans and CVA Creditors		
Repayable in one year or less, or on demand (Note 13)	1,446,786	1,257,705
Repayable between one and two years	132,000	98,000
Repayable between two and five years	664,000	796,000
	<u>2,242,786</u>	<u>2,151,705</u>
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	16,746	13,919
Repayable between one and five years	34,004	9,450
	<u>50,750</u>	<u>23,369</u>

Norman Emerson Group Limited
NOTES TO THE FINANCIAL STATEMENTS

continued

for the period ended 31 July 2013

15. TAXATION AND SOCIAL SECURITY

Jul 13
£ Jan 12
£

Group

Creditors:

VAT	94,197	32,620
PAYE / NI	32,628	26,612
Aggregate tax	132,018	186,878
	<u>258,843</u>	<u>246,110</u>

Jul 13
£ Jan 12
£

Company

Creditors:

VAT	90,216	29,037
PAYE / NI	32,628	26,612
Aggregate tax	132,018	186,878
	<u>254,862</u>	<u>242,527</u>

16. PROVISIONS FOR LIABILITIES AND CHARGES

Group

The amounts provided for deferred taxation are analysed below:

	Capital allowances	Total
	£	£
At 1 February 2012	3,669	3,669
Charged to profit and loss	(1,129)	(1,129)
At 31 July 2013	<u>2,540</u>	<u>2,540</u>

17. GOVERNMENT GRANTS DEFERRED

Jul 13
£ Jan 12
£

Group

Capital grants received and receivable

At 1 February 2012	107,796	116,112
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Amortisation

Amortised in period	(12,472)	(8,316)
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Net book value

At 31 July 2013	<u>95,324</u>	<u>107,796</u>
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Norman Emerson Group Limited
NOTES TO THE FINANCIAL STATEMENTS

continued

for the period ended 31 July 2013

Company			Jul 13 £	Jan 12 £
Capital grants received and receivable				
At 1 February 2012			107,796	116,112
Amortisation				
Amortised in period			(12,472)	(8,316)
Net book value				
At 31 July 2013			95,324	107,796
18. SHARE CAPITAL				
			Jul 13 £	Jan 12 £
Description	No of shares	Value of units		
Allotted, called up and fully paid				
Ordinary shares	200,005	£1 each	200,005	200,005
19. PROFIT AND LOSS ACCOUNT				
Group				
			Jul 13 £	Jan 12 £
At 1 February 2012			512,629	379,566
(Loss)/profit for the period			(790,359)	133,063
At 31 July 2013			(277,730)	512,629
Company				
			Jul 13 £	Jan 12 £
At 1 February 2012			506,853	388,515
(Loss)/profit for the period			(802,233)	118,338
At 31 July 2013			(295,380)	506,853
20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS				
			Jul 13 £	Jan 12 £
Group				
(Loss)/profit for the period			(790,359)	133,063
Opening shareholders' funds			712,634	579,571
Closing shareholders' funds			(77,725)	712,634

Norman Emerson Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 July 2013

continued

	Jul 13 £	Jan 12 £
Company		
(Loss)/profit for the period	(802,233)	118,338
Opening shareholders' funds	706,858	588,520
Closing shareholders' funds	(95,375)	706,858

21. CAPITAL COMMITMENTS
Group

The group had no material capital commitments at the period-ended 31st July 2013.

Company

The group had no material capital commitments at the period-ended 31st July 2013.

22. 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 parent 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 period results and the updated projections the parent 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.

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

Lough Neagh royalties

Norman Emerson Group has a licence from Shaftesbury Estates, the owners of Lough Neagh, to extract sand from the bed of the Lough and is charged a royalty on every tonne of sand extracted. In November 2012 the royalty rate came up for review. The Sand Traders Association which represents the licence holders on Lough Neagh entered into negotiations with Shaftesbury Estates, however agreement on a suitable royalty charge could not be agreed and an arbitration process began.

The arbitration process is still ongoing, but once completed Shaftesbury Estates are entitled under the licence agreement to seek retrospective royalty payments back to November 2012. No provision has been made in these accounts for retrospective royalty charges as the amount of any potential charge is unknown, there is some doubt as to whether or not they will be applied, and the directors believe that should a retrospective charge arise it will not be material to the financial statements.

23. DIRECTORS' REMUNERATION AND TRANSACTIONS

	Jul 13 £	Jan 12 £
Directors' remuneration		
Remuneration	140,584	99,022
Pension contributions	5,987	3,728
	146,571	102,750

Norman Emerson Group Limited

NOTES TO THE FINANCIAL STATEMENTS

continued

for the period ended 31 July 2013

The following advances were made to the directors:

Balance at 31/07/13 £	Movement in period £	Balance at 31/01/12 £	Maximum in period £
44,500	19,500	25,000	-

The following amounts are repayable to the directors:

Jul 13 £	Jan 12 £
221,325	221,325

Net balances with the directors:

Jul 13 £	Jan 12 £
(176,825)	(196,325)

Loan from shareholders to Norman Emerson Group Limited pre CVA agreement - £221,325 (2012: £221,325)

24. RELATED PARTY TRANSACTIONS

The company has availed of the exemption under FRS 8 in relation to the disclosure of transactions with group companies.

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).

Rent payable to Emerson Special Pension Fund during the period totalled £115,680 (2012: £129,000).

A loan of £400,000 (note 14) is repayable to the Emerson Special Pension Fund. This loan is not interest bearing and cannot be repaid until the company has settled the CVA liability.

25. CONTROLLING INTEREST

By virtue of the shareholding there is no ultimate controlling party.

26. POST-BALANCE SHEET EVENTS

There have been no significant events affecting the group since the period-end.

27. CASH FLOW STATEMENT

27.1 RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	Jul 13 £	Jan 12 £
Operating (loss)/profit	(710,210)	162,862
Depreciation	593,680	472,502
Profit/Loss on disposal	33,706	21,403
Movement in stocks	107,197	96,760
Movement in debtors	(547,328)	141,308
Movement in creditors	762,249	31,636
Amortisation of government grants	(12,472)	(8,316)
Net cash inflow from operating activities	226,822	918,155

Norman Emerson Group Limited

NOTES TO THE FINANCIAL STATEMENTS

continued

for the period ended 31 July 2013

27.2 CASH FLOW STATEMENT

	Jul 13 £	Jan 12 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	785	5,717
Interest paid	(77,643)	(28,709)
Interest element of finance lease rental payments	(4,420)	(3,138)
	<u>(81,278)</u>	<u>(26,130)</u>
CAPITAL EXPENDITURE		
Payments to acquire tangible assets	(486,390)	(113,783)
Receipts from sales of tangible assets	60,209	72,604
	<u>(426,181)</u>	<u>(41,179)</u>
FINANCING		
New long term loan and movement in financing	266,000	(659,000)
New short term loan	247,655	12,172
Repayment of short term loan	(86,000)	(86,000)
Capital element of hire purchase contracts	2,827	(50,750)
Advances to connected parties	-	88,243
	<u>430,482</u>	<u>(695,335)</u>

27.3 ANALYSIS OF CHANGES IN NET DEBT

	Opening balance £	Cash flows £	Other changes £	Closing balance £
Cash at bank and in hand	-	157	-	157
Overdrafts	(524,024)	51,688	-	(472,336)
	<u>(524,024)</u>	<u>51,845</u>	<u>-</u>	<u>(472,179)</u>
Debt due within one year	(714,795)	(259,655)	-	(974,450)
Debt due after one year	(1,115,325)	(168,000)	98,000	(1,185,325)
Finance leases	(23,369)	(2,827)	(24,554)	(50,750)
	<u>(1,853,489)</u>	<u>(430,482)</u>	<u>73,446</u>	<u>(2,210,525)</u>
Net debt	<u>(2,377,513)</u>	<u>(378,637)</u>	<u>73,446</u>	<u>(2,682,704)</u>