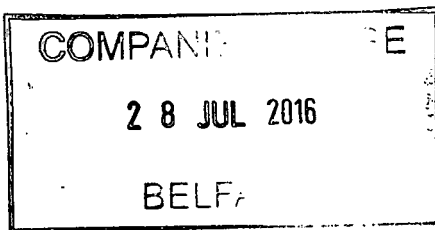


Company Number: NI007919

**Norman Emerson Group Limited**  
**Reports and Consolidated Financial Statements**  
**for the year ended 31 July 2015**



# **Norman Emerson Group Limited**

## **CONTENTS**

	<b>Page</b>
Directors and Other Information	3
Strategic Report	4 - 5
Directors' Report	6 - 7
Statement of Directors' Responsibilities	8
Independent Auditor's Report	9 - 10
Consolidated Profit and Loss Account	11
Consolidated Balance Sheet	12
Company Balance Sheet	13
Consolidated Cash Flow Statement	14
Accounting Policies	15 - 16
Notes to the Financial Statements	17 - 29

## **Norman Emerson Group Limited**

### **DIRECTORS AND OTHER INFORMATION**

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

# **Norman Emerson Group Limited**

## **STRATEGIC REPORT**

for the year ended 31 July 2015

### **Review of the Company's 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 year ended 31 July 2015.

### **Results and performance**

During the year covered by these financial statements, the group continued to experience difficulties posed by the general economic environment. The directors regret to report that the company made a loss of £310,123 (2014: £132,098) during the year. In 2015 monthly turnover increased on the prior period, which is encouraging however gross margin % has reduced due to a competitive marketplace. The directors are pleased to note that they have witnessed signs of a recovery in the sector however the recovery is still very much in its infancy.

The period subsequent to the year 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 £7.2m for the year ended 31 July 2017. The directors are confident, based on actual turnover to 30 June 2016 that the turnover target can be exceeded.

### **Strategy**

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 parent 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 directors continue to balance the need for continued austerity with the need for strategic investment in plant and machinery to ensure the company can capitalise on the increase in activity in the construction sector.

### **Key performance indicators**

Given the straightforward nature of the business, the company's directors primarily place reliance on strong budgetary control in order to understand the development, performance and position of the business.

# **Norman Emerson Group Limited**

## **STRATEGIC REPORT**

for the year ended 31 July 2015

### **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 parent company has reported a loss of £310,123 for the year. The directors consider that the outlook presents significant challenges, however they have been encouraged by increased activity in the sector. While the directors have been buoyed by the volume of confirmed orders at 30 June 2016, they acknowledge that material uncertainties 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 year end.

The existing bank facilities with Ulster Bank were not renewed in 2016 and so the parent company is currently in the process of rebanking with a third party bank. A facility letter has been signed by the company including a term loan and an invoice discounting facility. At the date of signing of this report the legal process of switching banks was proceeding as planned and the directors believe that the new facilities should be in place August 2016.

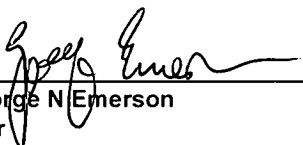
To support the going concern assumption the directors have prepared a cash flow forecast to 31 July 2017 based on anticipated revenues. This forecast was presented to the third party bank prior to the facility letter being issued. Given the uncertainty surrounding the construction industry for which the parent company operates there will be some uncertainty about whether the forecasted revenues will be met in full in the anticipated timeframe however the directors remain confident that the forecast can be achieved.

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.

### **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.

On behalf of the board

  
\_\_\_\_\_  
Mr. George N. Emerson  
Director

27 July 2016

# **Norman Emerson Group Limited**

## **DIRECTORS' REPORT**

for the year ended 31 July 2015

The directors present their report and the audited financial statements for the year ended 31 July 2015.

### **Results and Dividends**

The loss for the year after providing for depreciation and taxation amounted to £(298,857) (2014 - £(128,358)).  
The directors do not recommend payment of a dividend.

### **Directors**

The directors who served during the year are as follows:

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

There were no changes in shareholdings between 31 July 2015 and the date of signing the financial statements.

### **Post Balance Sheet Events**

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

### **Political Contributions**

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

### **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.

### **Financial risk management**

The company is exposed to financial risk in the normal course of business, however, the directors have implemented effective risk management systems within the business with the implementation of credit limits on customers, signature policy on all financial transactions and bank reconciliation procedures.

#### **Price risk**

The company is exposed to commodity price risk as a result of its operations. This is countered through negotiating purchase contracts with approved suppliers.

#### **Foreign exchange risk**

The company has its principal operations in the United Kingdom and Ireland and therefore fluctuations in currency exchange rates may affect reported operating results and financial position. The company is exposed to some foreign exchange risk in the normal course of business, principally on sales of product denominated in other currencies from the business units' base currency.

#### **Credit risk**

Policies and procedures exist to ensure that customers have an appropriate credit history. All customers are allocated a credit limit which is regularly monitored. Accounts that exceed their credit limit or have debts exceeding agreed terms are put on automatic stop until the directors are satisfied that the account has been brought up to date and payment made.

#### **Liquidity risk**

The company actively maintains a mixture of long-term and short term debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions.

#### **Interest rate cash flow risk**

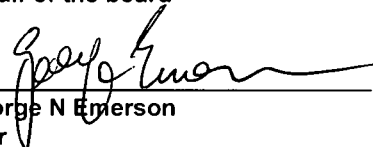
The company has interest bearing liabilities. The company has a policy of maintaining debt at variable rates. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

### **Disclosures Required Under Schedule 7**

Likely future developments in the business of the company are discussed in the strategic report.

**Norman Emerson Group Limited**  
**DIRECTORS' REPORT**  
for the year ended 31 July 2015

On behalf of the board

  
\_\_\_\_\_  
Mr. George N Emerson  
Director

27 July 2016

# Norman Emerson Group Limited

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

for the year ended 31 July 2015

The directors are responsible for preparing the Strategic Report, 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:

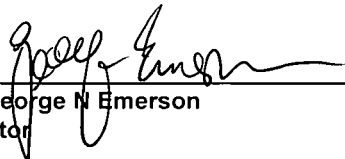
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

27 July 2016



# **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 year ended 31 July 2015 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 Strategic Report and 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.

### **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 July 2015 and of the group's loss 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 Matter - Going Concern**

There is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The parent company incurred a net loss of £310,123 during the year ended 31 July 2015 and, at that date, the parent company had net liabilities of £537,596. 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

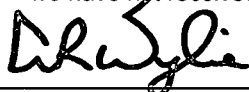
## INDEPENDENT AUDITOR'S REPORT

### to the 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

27 July 2016

**Norman Emerson Group Limited**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
for the year ended 31 July 2015

	Notes	2015 £	2014 £
Turnover	2	7,924,272	6,851,484
Cost of sales		(6,975,896)	(5,817,231)
<b>Gross profit</b>		<b>948,376</b>	<b>1,034,253</b>
Distribution costs		(89,381)	(107,452)
Administrative expenses		(1,158,258)	(1,059,556)
Other operating income		95,426	89,665
<b>Group operating loss</b>	3	<b>(203,837)</b>	<b>(43,090)</b>
Interest receivable and similar income	4	-	278
Interest payable and similar charges	5	(93,272)	(86,106)
<b>Loss on ordinary activities before taxation</b>		<b>(297,109)</b>	<b>(128,918)</b>
Tax on loss on ordinary activities	7	(1,748)	560
<b>Loss for the year</b>	18	<b>(298,857)</b>	<b>(128,358)</b>

The group has no recognised gains or losses other than the loss for the year. The results for the year 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 2015

	Notes	2015 £	2014 £
<b>Fixed Assets</b>			
Tangible assets	8	2,123,378	2,320,018
<b>Current Assets</b>			
Stocks	10	219,522	263,125
Debtors	11	2,236,553	2,276,652
Cash at bank and in hand		157	169
		2,456,232	2,539,946
Creditors: Amounts falling due within one year	12	(4,058,288)	(3,853,659)
<b>Net Current Liabilities</b>		<b>(1,602,056)</b>	<b>(1,313,713)</b>
<b>Total Assets less Current Liabilities</b>		<b>521,322</b>	<b>1,006,305</b>
<b>Creditors</b>			
Amounts falling due after more than one year	13	(943,842)	(1,123,400)
<b>Provision for Liabilities and Charges</b>	15	<b>(3,728)</b>	<b>(1,980)</b>
<b>Government grants</b>	16	<b>(78,692)</b>	<b>(87,008)</b>
<b>Net Liabilities</b>		<b>(504,940)</b>	<b>(206,083)</b>
<b>Capital and Reserves</b>			
Called up share capital	17	200,005	200,005
Profit and Loss Account	18	(704,945)	(406,088)
<b>Shareholders' Funds</b>	19	<b>(504,940)</b>	<b>(206,083)</b>

Approved by the Board and authorised for issue on 27 July 2016 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 2015

	Notes	2015 £	2014 £
<b>Fixed Assets</b>			
Tangible assets	8	2,104,739	2,310,120
Financial assets	9	2	2
		<u>2,104,741</u>	<u>2,310,122</u>
<b>Current Assets</b>			
Stocks	10	186,891	232,513
Debtors	11	2,153,585	2,216,660
		<u>2,340,476</u>	<u>2,449,173</u>
<b>Creditors: Amounts falling due within one year</b>	12	<u>(3,969,654)</u>	<u>(3,776,360)</u>
<b>Net Current Liabilities</b>		<u>(1,629,178)</u>	<u>(1,327,187)</u>
<b>Total Assets less Current Liabilities</b>		475,563	982,935
<b>Creditors</b>			
Amounts falling due after more than one year	13	(934,467)	(1,123,400)
<b>Government grants</b>	16	(78,692)	(87,008)
<b>Net Liabilities</b>		<u>(537,596)</u>	<u>(227,473)</u>
<b>Capital and Reserves</b>			
Called up share capital	17	200,005	200,005
Profit and Loss Account	18	(737,601)	(427,478)
<b>Shareholders' Funds</b>	19	<u>(537,596)</u>	<u>(227,473)</u>

Approved by the Board and authorised for issue on 27 July 2016 and signed on its behalf by

  
Mr. George N. Emerson  
Director

**Norman Emerson Group Limited**  
**CONSOLIDATED CASH FLOW STATEMENT**  
for the year ended 31 July 2015

	Notes	2015 £	2014 £
Net cash inflow from operating activities	26	360,487	144,995
Returns on investments and servicing of finance	26	(93,272)	(85,828)
Capital expenditure	26	(116,161)	(125,623)
		<u>151,054</u>	<u>(66,456)</u>
Financing	26	(194,116)	167,491
		<u>(43,062)</u>	<u>101,035</u>
<b>Movement in cash in the year</b>			
<b>Reconciliation of net cash flow to movement in net funds (Note 26)</b>			
Movement in cash in the year		(43,062)	101,035
Cash outflow from decrease in debts and lease financing		194,116	(167,491)
		<u>151,054</u>	<u>(66,456)</u>
Change in net funds resulting from cash flows		151,054	(66,456)
New finance lease and hire purchases		(20,942)	(110,000)
		<u>130,112</u>	<u>(176,456)</u>
Movement in net funds in the year		130,112	(176,456)
Net debt at 1 August 2014		(2,859,160)	(2,682,704)
		<u>(2,729,048)</u>	<u>(2,859,160)</u>
Net debt at 31 July 2015			

# Norman Emerson Group Limited

## ACCOUNTING POLICIES

for the year ended 31 July 2015

### 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                      |

The carrying values of tangible fixed assets are reviewed annually for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Freehold land is not depreciated.

### Leasing and Hire Purchases

Tangible fixed assets held under leasing and Hire Purchases 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.

### Stock

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 year 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 year, 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.

# **Norman Emerson Group Limited**

## **ACCOUNTING POLICIES**

for the year ended 31 July 2015

### **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 2015.



# Norman Emerson Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2015

### 1. GOING CONCERN

As described above in the Business Review on pages 4 and 5, the current economic environment is difficult and the parent company has reported a loss of £310,123 for the year. The directors consider that the outlook is encouraging due to a considerable volume of confirmed orders in 2016, 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 year end.

The existing bank facilities with Ulster Bank were not renewed in 2016 and so the parent company is currently in the process of rebanking with a third party bank. A facility letter has been signed by the company including a term loan and an invoice discounting facility. At the date of signing of this report the legal process of switching banks was proceeding as planned and the directors believe that the new facilities should be in place August 2016.

To support the going concern assumption the directors have prepared a cash flow forecast to 31 July 2017 based on anticipated revenues. This forecast was presented to the third party bank prior to the facility letter being issued. 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 however the directors remain confident that the forecast can be achieved.

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.

### 2. 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.

### 3. OPERATING LOSS

	2015	2014
	£	£
Operating loss is stated after charging/(crediting):		
Depreciation of tangible fixed assets	330,329	311,402
Loss/(profit) on disposal of tangible fixed assets	3,414	(64,851)
Loss on foreign currencies	3,454	4,800
Auditor's remuneration		
- audit services	8,475	9,000
Amortisation of Government grants	(8,316)	(8,316)

### 4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2015	2014
	£	£
Bank interest	-	278

**Norman Emerson Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**

continued

for the year ended 31 July 2015

<b>5. INTEREST PAYABLE AND SIMILAR CHARGES</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
On bank loans and overdrafts	83,369	68,401
Finance lease charges and hire purchase interest	9,903	9,279
Interest on overdue tax	-	8,426
	<u>93,272</u>	<u>86,106</u>
<b>6. EMPLOYEES AND REMUNERATION</b>		
The staff costs (inclusive of directors' salaries) comprise:	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,435,359	1,301,750
Social security costs	129,374	121,009
Pension costs	24,725	27,302
	<u>1,589,458</u>	<u>1,450,061</u>
<b>7. TAX ON LOSS ON ORDINARY ACTIVITIES</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>(a) Analysis of charge in the year</b>		
<b>Current tax:</b>		
Corporation tax at 20.00% (2014 - 20.00%) (Note 7 (b))	-	-
<b>Deferred tax:</b>		
Origination and reversal of timing differences	1,748	(560)
Total deferred tax (Note 15)	<u>1,748</u>	<u>(560)</u>
<b>(b) Factors affecting tax charge for the year</b>		
The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom 20.00% (2014 - 20.00%) The differences are explained below:		
	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Loss on ordinary activities before tax	(297,109)	(128,918)
Loss on ordinary activities before tax multiplied by the standard rate of corporation tax in the United Kingdom at 20.00% (2014 - 20.00%)	(59,422)	(25,784)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	5,946	7,738
Depreciation in excess of capital allowances for period	817	(57,526)
Increase in tax losses forward	52,659	77,235
Income not taxable	-	(1,663)
Current tax charge for the year (Note 7 (a))	<u>-</u>	<u>-</u>

**Norman Emerson Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 July 2015

**8. TANGIBLE FIXED ASSETS**  
Group

	Land and buildings freehold £	Long leasehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Sand barges £	Total £
<b>Cost</b>							
At 1 August 2014	648,231	919,589	3,872,570	275,900	1,515,874	460,436	7,692,600
Additions	-	770	11,311	200	126,862	-	139,143
Disposals	-	-	(106,308)	-	(5,661)	-	(111,969)
At 31 July 2015	648,231	920,359	3,777,573	276,100	1,637,075	460,436	7,719,774
<b>Depreciation</b>							
At 1 August 2014	208,345	701,603	2,640,128	206,994	1,311,745	303,767	5,372,582
Charge for the year	8,474	22,842	197,539	13,857	77,167	10,450	330,329
On disposals	-	-	(102,384)	-	(4,131)	-	(106,515)
At 31 July 2015	216,819	724,445	2,735,283	220,851	1,384,781	314,217	5,596,396
<b>Net book value</b>							
At 31 July 2015	<u>431,412</u>	<u>195,914</u>	<u>1,042,290</u>	<u>55,249</u>	<u>252,294</u>	<u>146,219</u>	<u>2,123,378</u>
At 31 July 2014	<u>439,886</u>	<u>217,986</u>	<u>1,232,442</u>	<u>68,906</u>	<u>204,129</u>	<u>156,669</u>	<u>2,320,018</u>

**Norman Emerson Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 July 2015

**Company**

	Land and buildings freehold £	Long leasehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Sand barges £	Total £
<b>Cost or Valuation</b>							
At 1 August 2014	648,231	919,589	3,872,570	262,350	1,504,968	460,436	7,668,144
Additions	-	770	11,311	200	110,267	-	122,548
Disposals	-	-	(106,308)	-	-	-	(106,308)
At 31 July 2015	648,231	920,359	3,777,573	262,550	1,615,235	460,436	7,684,384
<b>Depreciation</b>							
At 1 August 2014	208,345	701,603	2,640,128	199,436	1,304,745	303,767	5,358,024
Charge for the year	8,474	22,842	197,539	12,658	72,042	10,450	324,005
On disposals	-	-	(102,384)	-	-	-	(102,384)
At 31 July 2015	216,819	724,445	2,735,283	212,094	1,376,787	314,217	5,579,645
<b>Net book value</b>							
At 31 July 2015	431,412	195,914	1,042,290	50,456	238,448	146,219	2,104,739
At 31 July 2014	439,886	217,986	1,232,442	62,914	200,223	156,669	2,310,120

**Norman Emerson Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 July 2015

**8.1. TANGIBLE FIXED ASSETS CONTINUED**

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

	2015 Net book value £	Depreciation charge £	2014 Net book value £	Depreciation charge £
Plant and machinery	150,896	50,299	200,695	25,156
Motor vehicles	86,129	23,539	-	-
	<u>237,025</u>	<u>73,838</u>	<u>200,695</u>	<u>25,156</u>

**9. FINANCIAL FIXED ASSETS**  
**Company**

	Subsidiary undertakings shares	Total
<b>Investments</b>	£	£
<b>Cost</b>		
At 31 July 2015	2	2
<b>Net book value</b>		
At 31 July 2015	<u>2</u>	<u>2</u>
At 31 July 2014	<u>2</u>	<u>2</u>

**9.1. Holdings of 20% or more**

The company holds 20% or more of the share capital of the following companies:

Name	Country of incorporation	Nature of business	Details of investment	Proportion held by company
<b>Subsidiary undertaking</b>				
Emerson Office Supplies Limited	Northern Ireland	Trading	Ordinary	100%
Emerson Sand & Gravel Limited	Northern Ireland	Dormant	Ordinary	100%

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Year ended	Capital and reserves £	Profit for the year £
Emerson Office Supplies Limited	31 July 2015	32,657	11,266
Emerson Sand & Gravel Limited	30 April 2015	1	-
		<u></u>	<u></u>

In the opinion of the directors, the value to the company of the unlisted investments is not less than the book amount shown above.

**Norman Emerson Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**

continued

for the year ended 31 July 2015

10. STOCKS	2015 £	2014 £
<b>Group</b>		
Finished goods and goods for resale	<u>219,522</u>	<u>263,125</u>
The replacement cost of stock did not differ significantly from the figures shown.		
	2015 £	2014 £
<b>Company</b>		
Finished goods and goods for resale	<u>186,891</u>	<u>232,513</u>
 11. DEBTORS	 2015 £	 2014 £
<b>Group</b>		
Trade debtors	1,901,461	2,015,052
Amounts owed by related parties	22,081	-
Other debtors	18,621	45,865
Directors' current accounts (Note 22)	126,666	63,110
Taxation and social security costs (Note 14)	-	2,294
Prepayments and accrued income	167,724	150,331
	<u>2,236,553</u>	<u>2,276,652</u>
	2015 £	2014 £
<b>Company</b>		
Trade debtors	1,818,310	1,948,291
Amounts owed by group companies	5,192	10,583
Amounts owed by related parties	22,081	-
Other debtors	16,581	45,865
Directors' current accounts (Note 22)	126,666	63,110
Taxation (Note 14)	-	2,294
Prepayments and accrued income	164,755	146,517
	<u>2,153,585</u>	<u>2,216,660</u>
 12. CREDITORS	 2015 £	 2014 £
Amounts falling due within one year		
<b>Group</b>		
Bank overdrafts	414,363	371,313
Proceeds of factored sales ledger	1,186,347	1,202,021
CVA Creditors	152,500	127,000
Net obligations under finance leases and hire purchase contracts	54,234	35,595
Trade creditors	1,824,682	1,665,773
Taxation and social security costs (Note 14)	307,003	262,611
Other creditors	48,000	115,000
Accruals	71,159	74,346
	<u>4,058,288</u>	<u>3,853,659</u>

**Norman Emerson Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 July 2015

continued

	2015 £	2014 £
<b>Amounts falling due within one year</b>		
<b>Company</b>		
Bank overdrafts	414,363	371,313
Proceeds of factored sales ledger	1,186,347	1,202,021
CVA Creditors	152,500	127,000
Net obligations under finance leases and hire purchase contracts	50,484	35,595
Trade creditors	1,745,120	1,596,019
Taxation (Note 14)	306,910	260,060
Other creditors	48,000	115,000
Accruals	65,930	69,352
	<u>3,969,654</u>	<u>3,776,360</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.

<b>13. CREDITORS</b>	<b>2015</b>	<b>2014</b>
<b>Amounts falling due after more than one year</b>	<b>£</b>	<b>£</b>
<b>Group</b>		
Pension fund loan	400,000	400,000
CVA Creditors	132,500	285,000
Finance leases and hire purchase contracts	122,017	101,075
Directors' loan accounts	221,325	221,325
Other creditors	68,000	116,000
	<u>943,842</u>	<u>1,123,400</u>
<b>Loans and CVA Creditors</b>		
Repayable in one year or less, or on demand (Note 12)	1,753,210	1,700,334
Repayable between one and two years	132,500	152,500
Repayable between two and five years	400,000	532,500
	<u>2,285,710</u>	<u>2,385,334</u>
<b>Net obligations under finance leases and hire purchase contracts</b>		
Repayable within one year	54,234	35,595
Repayable between one and five years	122,017	101,075
	<u>176,251</u>	<u>136,670</u>

**Norman Emerson Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**

continued

for the year ended 31 July 2015

<b>Amounts falling due after more than one year</b>		<b>£</b>	<b>£</b>
<b>Company</b>			
Pension fund loan		400,000	400,000
CVA Creditors		132,500	285,000
Finance leases and hire purchase contracts		112,642	101,075
Directors' loan accounts		221,325	221,325
Other creditors		68,000	116,000
		<u>934,467</u>	<u>1,123,400</u>
<b>Loans and CVA Creditors</b>			
Repayable in one year or less, or on demand (Note 12)		1,753,210	1,700,334
Repayable between one and two years		132,500	152,500
Repayable between two and five years		400,000	532,500
		<u>2,285,710</u>	<u>2,385,334</u>
<b>Net obligations under finance leases and hire purchase contracts</b>			
Repayable within one year		50,484	35,595
Repayable between one and five years		112,642	101,075
		<u>163,126</u>	<u>136,670</u>
<b>14. TAXATION AND SOCIAL SECURITY</b>		<b>2015</b>	<b>2014</b>
		<b>£</b>	<b>£</b>
<b>Group</b>			
<b>Debtors:</b>			
Subcontractors tax		-	2,294
<b>Creditors:</b>			
VAT		115,868	120,875
PAYE / NI		36,732	40,491
Aggregate tax		154,403	101,245
		<u>307,003</u>	<u>262,611</u>
		<b>2015</b>	<b>2014</b>
		<b>£</b>	<b>£</b>
<b>Company</b>			
<b>Debtors:</b>			
Subcontractors tax		-	2,294
<b>Creditors:</b>			
VAT		116,926	119,658
PAYE / NI		35,581	39,157
Aggregate tax		154,403	101,245
		<u>306,910</u>	<u>260,060</u>



**Norman Emerson Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 July 2015

continued

**15. PROVISIONS FOR LIABILITIES AND CHARGES**

**Group**

The amounts provided for deferred taxation are analysed below:

	Capital allowances	Losses	Total
	£	£	£
At 1 August 2014	152,100	(150,120)	1,980
Charged to profit and loss	(817)	2,565	1,748
At 31 July 2015	<u>151,283</u>	<u>(147,555)</u>	<u>3,728</u>

**16. GOVERNMENT GRANTS DEFERRED**

**Group**

Capital grants received and receivable  
At 1 August 2014

2015  
£

2014  
£

87,008 95,324

Amortisation  
Amortised in year

(8,316) (8,316)

Net book value  
At 31 July 2015

78,692 87,008

**Company**

2015  
£

2014  
£

Capital grants received and receivable  
At 1 August 2014

87,008 95,324

Amortisation  
Amortised in year

(8,316) (8,316)

Net book value  
At 31 July 2015

78,692 87,008

**17. SHARE CAPITAL**

2015  
£

2014  
£

**Description**

**Number of shares**

**Value of units**

Allotted, called up and fully paid  
Ordinary shares

200,005

£1 each

200,005

200,005

# Norman Emerson Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 July 2015

### 18. PROFIT AND LOSS ACCOUNT Group

	2015 £	2014 £
At 1 August 2014	(406,088)	(277,730)
Loss for the year	(298,857)	(128,358)
At 31 July 2015	<u>(704,945)</u>	<u>(406,088)</u>

#### Company

	2015 £	2014 £
At 1 August 2014	(427,478)	(295,380)
Loss for the year	(310,123)	(132,098)
At 31 July 2015	<u>(737,601)</u>	<u>(427,478)</u>

### 19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2015 £	2014 £
<b>Group</b>		
Loss for the year	(298,857)	(128,358)
Opening shareholders' funds	(206,083)	(77,725)
Closing shareholders' funds	<u>(504,940)</u>	<u>(206,083)</u>

	2015 £	2014 £
<b>Company</b>		
Loss for the year	(310,123)	(132,098)
Opening shareholders' funds	(227,473)	(95,375)
Closing shareholders' funds	<u>(537,596)</u>	<u>(227,473)</u>

### 20. CAPITAL COMMITMENTS Group

The group had no material capital commitments at the year-ended 31 July 2015.

#### Company

The company had no material capital commitments at the year-ended 31st July 2015.

# Norman Emerson Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 July 2015

### 21. 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 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.

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

### 22. DIRECTORS' REMUNERATION AND TRANSACTIONS

	2015 £	2014 £
<b>Directors' remuneration</b>		
Remuneration	153,143	147,335
Pension contributions	4,078	3,911
	<u>157,221</u>	<u>151,246</u>

	Balance at 31/07/15 £	Movement in year £	Balance at 31/07/14 £	Maximum in year £
George Emerson (Managing Director), Norman Emerson Jnr, Alan Emerson, Geoffrey Emerson and Kenneth Emerson (retired directors)	126,666	63,556	63,110	126,666

	2015 £	2014 £
The following amounts are repayable to the directors:		
George Emerson (Managing Director), Norman Emerson Jnr, Alan Emerson, Geoffrey Emerson and Kenneth Emerson (retired directors)	221,325	221,325

	2015 £	2014 £
Net balances with the directors:		
George Emerson (Managing Director), Norman Emerson Jnr, Alan Emerson, Geoffrey Emerson and Kenneth Emerson (retired directors)	(94,659)	(158,215)

Loan from shareholders to Norman Emerson Group Limited pre CVA agreement - £221,325 (2014: £221,325)

### 23. RELATED PARTY TRANSACTIONS

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

# Norman Emerson Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 July 2015

### The Emerson Special Pension Fund

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 year totalled £67,680 (2014: £67,680). A loan of £400,000 (note 13) 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. The parent company paid expenses on behalf of the Emerson Special Pension Fund during the year with £22,081 (Note 11) still to be reimbursed at 31 July 2015.

### Graeme and Geoffrey Emerson T/A Emerson Brothers

Emerson Brothers are considered to be a related party as they are the sons of Geoffrey Emerson Snr who is an employee and shareholder of Norman Emerson Group Limited. Emerson Brothers rent the garage premises from the company and pay rent at £36,000 (2014: £36,000) per year. Other sales transactions with Emerson Brothers include service charges and sales of £8,028 (2014: £34,660). Emerson Brothers charged the company £278,534 (2014: £192,484) for plant repairs and maintenance during the year. Emerson Brothers also operate as an owner driver and charged the company £554,639 (2014: £536,429) during the year for haulage services. At 31 July 2015 the aggregate balance owed to Emerson Brothers was £253,959.

## 24. CONTROLLING INTEREST

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

## 25. POST-BALANCE SHEET EVENTS

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

## 26. CASH FLOW STATEMENT

26.1 RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2015 £	2014 £
Operating loss	(203,837)	(43,090)
Depreciation	330,329	311,402
Profit/Loss on disposal	3,414	(64,851)
Movement in stocks	43,603	(15,174)
Movement in debtors	62,180	(405,082)
Movement in creditors	133,114	370,106
Amortisation of government grants	(8,316)	(8,316)
<b>Net cash inflow from operating activities</b>	<b>360,487</b>	<b>144,995</b>

**Norman Emerson Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 July 2015

continued

**26.2 CASH FLOW STATEMENT**

	2015 £	2014 £
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received	-	278
Interest paid	(93,272)	(81,191)
Interest element of finance lease rental payments	-	(4,915)
	<u>(93,272)</u>	<u>(85,828)</u>
<b>CAPITAL EXPENDITURE</b>		
Payments to acquire tangible assets	(118,201)	(195,623)
Receipts from sales of tangible assets	2,040	70,000
	<u>(116,161)</u>	<u>(125,623)</u>
<b>FINANCING</b>		
Movement in long term financing	(48,000)	(36,000)
New short term loan	-	325,571
Repayment of short term loan	(142,674)	(98,000)
Capital element of hire purchase contracts	18,639	(24,080)
Advances to connected parties	(22,081)	-
	<u>(194,116)</u>	<u>167,491</u>

**26.3 ANALYSIS OF CHANGES IN NET DEBT**

	Opening balance £	Cash flows £	Other changes £	Closing balance £
Cash at bank and in hand	169	(12)	-	157
Overdrafts	(371,313)	(43,050)	-	(414,363)
	<u>(371,144)</u>	<u>(43,062)</u>	<u>-</u>	<u>(414,206)</u>
Debt due within one year	(1,329,021)	12,255	-	(1,316,766)
Debt due after one year	(1,022,325)	200,500	-	(821,825)
Finance lease and hire purchase	(136,670)	(18,639)	(20,942)	(176,251)
	<u>(2,488,016)</u>	<u>194,116</u>	<u>(20,942)</u>	<u>(2,314,842)</u>
Net debt	<u>(2,859,160)</u>	<u>151,054</u>	<u>(20,942)</u>	<u>(2,729,048)</u>