Northern Bear

Annual Report and Financial Statements 2024

Main Board

Executive Directors


John Davies
CEO


Tom Hayes
CFO


Steve Roberts
Director

Non-Executive Directors


Simon Carr CBE
Non-Executive Chairman


Harry Samuel
Non-Executive Director


Martin Boden
Non-Executive Director


Howard Gold
Life President

Managing Directors of Subsidiary Companies


Martin Briggs
Managing Director

Jennings Roofing Ltd


Steven Luke
Managing Director

Wensley Roofing Ltd


Matty Rowley
Managing Director

Springs Roofing Ltd


John Gilstin
Joint Managing
Director

Isoler Ltd


Josh Watson
Joint Managing Director

Isoler Limited


Michael Nesbit
Commercial Director

Arcas Building
Solutions Ltd


Russell Crowther
Managing Director

H Peel & Sons Ltd


Stuart Dawson
Managing Director

Alcor Handling
Solutions Limited


Phill Burridge
Managing Director

MGM Ltd


Nigel Shorney
Managing Director

J Lister Electrical Ltd


Jason Harrison
Managing Director

Northern Bear
Safety Ltd

Northern Bear Safety Ltd

Front cover – Isoler Ltd

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Northern Bear Safety Ltd

J Lister Electrical Ltd - Apprentices

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W1K 3SQ

Nominated broker
Hybridan LLP
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Registered office
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Prestwick
Newcastle upon Tyne
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Alcor Handling Solutions Ltd

Chief Executive Officer's Report

Introduction

I am delighted to report the results for the year to 31 March 2024 ("FY24") for Northern Bear and its subsidiaries (together, the "Group"), being the first results since I took on the role of Chief Executive Officer ("CEO"). This has been a transitional year for the Group, in terms of both the Board and shareholder base, during which trading performance has remained strong despite some exceptionally wet weather over the second half of FY24.

Trading

Revenue in the year was £68.7 million (2023: £69.7 million) and gross profit increased to £15.9 million (2023: £13.9 million) at a gross margin of 23.1% (2023: 20.0%). The improved gross margin resulted from growth achieved in higher-margin areas of the business, as well as continued careful contract selection and execution.

This was offset by an increase in administrative expenses to £13.5 million (2023: £11.8 million), through a combination of investment in people and training to support growth, increased depreciation charges on property, plant and equipment and right-of-use assets and general inflationary increases.

We also incurred one-off costs during FY24 of £0.2 million in relation to both the tender offer to shareholders and a small amount of contract losses. In the prior year we incurred more significant losses of £0.7 million on a small number of contracts in our Arcas subsidiary. Both items are included in the calculation of alternative performance measures in note 30 below.

After taking account of these costs, the Group reported operating profit of £2.4 million (2023: £2.1 million). Basic earnings per share was 9.5 pence (2023: 8.5 pence).

Northern Bear Roofing

Our roofing businesses have performed in line with management expectations despite increased and sustained rainfall throughout much of FY24 (particularly in the second half), with rainfall in the North-East at 153% of the long term average per Environment Agency statistics, and a total of nine named storms.

Arcas Building Services Ltd - National Trust, Coastal Conservation Centre, Whitburn


Jennings Roofing Ltd - Westchurch Homes, Avondale Drive, Bolton

Our well-established senior managers and directors have, as expected, been able to work as efficiently as possible and sustain productivity on sites across our regions to mitigate these headwinds.

We are also investing in decarbonisation solutions within this sector, including photovoltaic roof solutions. It is expected that this will, as a minimum, maintain and, potentially, improve our market position with new-build housing customers.

Northern Bear Specialist Building Services

Our building services division has seen a year of investment in people and stability, despite a difficult market, with upskilling in the management teams and workforce being the focus for FY24. This investment should enable the businesses to increase market share going forward.

We have seen good growth in our passive fire stopping delivery throughout the year and are keen to invest in this sector in the current financial year ending 31 March 2025 ("FY25"). We continue to see a balance in private and public sector projects that provide a sustainable workload in this sector particularly in the North-East region.

Northern Bear Materials Handling

Our materials handling business had a successful FY24. We continued to invest in the hire fleet by way of capital expenditure, which is expected to support future results, and the business continues to generate new opportunities under existing strong leadership. We are currently evaluating future funding options for this business to support its growth, whilst retaining sufficient cash for other strategic purposes.

Cash Flow and Bank Facilities

Cash generated from operations in FY24 was £1.1 million (2023: £2.8 million). In prior years, we have typically seen major cash inflows towards the end of March, but, due to the timing of Easter, these were partly delayed until the first half of April 2024 and impacted the year-end cash position.

We funded the purchase of ordinary shares by way of tender offer and associated costs with a new £3.5 million amortising term loan with Virgin Money plc, drawn down in October 2023. We also retained our £1.0 million overdraft facility and a £1.0 million revolving credit facility.

Our net bank debt position at 31 March 2024 was £2.2 million (31 March 2023: £3.2 million net cash), based on £1.0 million cash and cash equivalents (2023: £3.2 million) and £3.2 million bank debt (2023: £nil).

Chief Executive Officer's Report *(continued)*

Cash Flow and Bank Facilities *(continued)*

As we have emphasised in previous years' results, our net cash (or net bank debt) position represents a snapshot at a particular point in time and can move by up to £1.5 million in a matter of days, given the nature, size and variety of contracts that we work on and the related working capital balances.

The lowest position during FY24 was £4.1 million net bank debt, the highest was £3.3 million net cash, and the average was £1.4 million net bank debt. These averages were impacted by the £3.5 million term loan drawn in October 2023.

While the Group's working capital requirements will continue to vary depending on the ongoing customer and contract mix, we believe that our financial position and bank facilities provide us with ample cash resources for the Group's ongoing operational requirements.

Strategy & Dividend

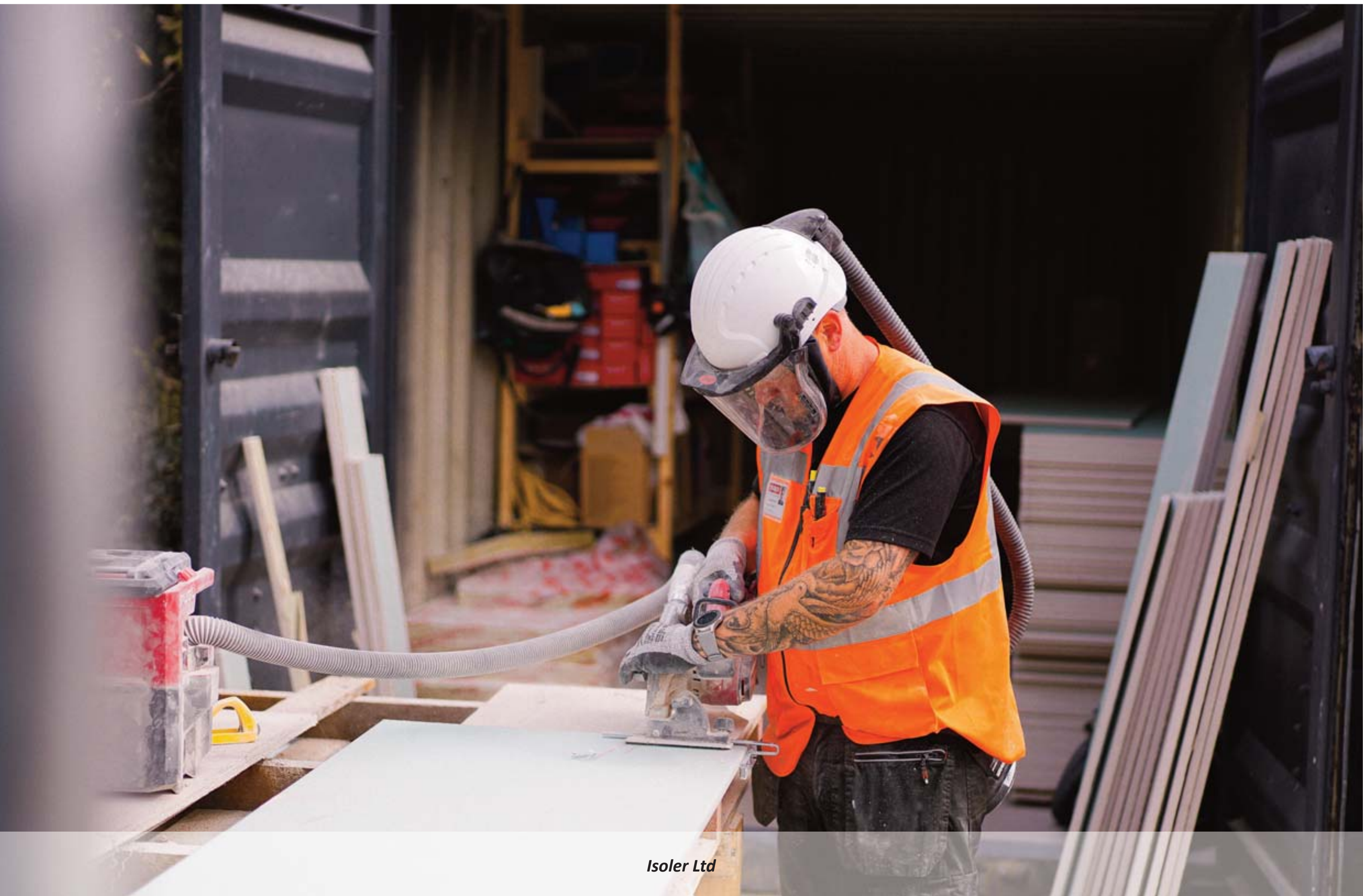
We have made significant returns of capital to shareholders during FY24, being £3.1 million by way of tender offer (plus associated costs) and a further £0.8 million in dividends. The tender offer was funded via a new £3.5 million amortising term loan and, as a result, the Group is now leveraged, albeit at a level we are comfortable with based on prior and current trading levels.

Our priority is to now invest, with a view to future growth and creation of shareholder value, through a combination of organic growth, strengthening our teams (including via new business ventures), and, in due course and where accretive, acquisitions. We are already considering new ventures for this year and investing in our people and facilities in order to drive organic growth within our building services businesses.

We also recognise the importance of a regular dividend to the Company's shareholders.

As a result, the Directors propose the payment of a final dividend of 2 pence per ordinary share. This would be payable on 25 September 2024, to shareholders

Wensley Roofing Ltd



Isoler Ltd

on the register on 30 August 2024. This is subject to shareholder approval at the Annual General Meeting, to be held on 19 September 2024.

Our intention is to continue with a progressive dividend policy, subject to the Group's relative performance and after taking into account the Group's available cash, working capital requirements, corporate opportunities, debt obligations and the macro-economic environment at the relevant time.

Outlook

Our forward order book remains strong and should support our trading performance in the coming months, subject to any business-specific considerations noted in the trading statement above.

As we have regularly reported, the timing of Group turnover and profitability is difficult to predict, despite the continued strong order book, and our results are subject to monthly variability. We will continue to update shareholders with ongoing trading updates.

We have made a satisfactory start to the FY25 and results to date have been in line with management expectations. That said, the new ventures referred to above will have a short-term impact on profitability due to investment in overheads (primarily people costs) expected to be c.£0.3 million in FY25. We are targeting that these ventures will be trading profitably and generating cash by the following financial year, ending 31 March 2026. In the event that they do not progress as planned, we have not made any long-term cost commitments.

People

I am delighted to have taken on the role of Chief Executive Officer with effect from 1 April 2024, and there have been a number of other Board changes in the past 12 months.

Keith Soulsby

I would like to congratulate Keith Soulsby on his retirement on 31 March 2024. Keith enjoyed a long and successful career in the construction industry, having founded Wensley Roofing Limited and built it into an established, well-regarded roofing contractor in the North East of England. Wensley Roofing was one of the four companies that were amalgamated to form the initial Northern Bear group upon admission to AIM in 2006.

Keith has been a Board member of the Company for the majority of the subsequent period. He has made a huge contribution to the Group's success and has been a trusted and valued colleague to everyone at Northern Bear.

Keith oversaw the Group's commercial and operational activities from March 2020 and has helped to steer the Group through some major challenges since then, including the COVID-19 pandemic and related labour and supply chain issues.

Springs Roofing Ltd - CLC, Officers Mess including east and west wings, RAF Leeming

Chief Executive Officer's Report *(continued)*

People *(continued)*

Keith retires with the best wishes from all of his colleagues, and we wish him and his family every success and happiness in his retirement.

Simon Carr

I would like to welcome Simon Carr to the Board as our Non-Executive Chairman.

Simon is a highly experienced executive, with over 45 years' experience in the Construction industry and having sat on the boards of both private and public companies. He was also notably recognised in the Queen's Birthday honours list, receiving a CBE for services to the construction industry and charity.

Simon sits on the board of trustees at Beverly Minister Old Fund and is the chair of the board of Road Link (A69) Limited and Road Link (A69) Holdings Limited (both companies that Henry Boot Plc hold a majority shareholding in). He is also the Independent Company Secretary and past national chair of the National Federation of Builders.

Simon was previously the Managing Director of Henry Boot Construction Limited and sat on the Executive Committee of Henry Boot Plc. He was also a private-sector board member for the Sheffield City Region Local Enterprise Partnership Board for eight years, sitting on a number of associated public and private sector boards. Simon sat on the CBI Construction Council for six years and is a past president of the Yorkshire Builders Federation.

I and my colleagues look forward to working with Simon and benefiting from his extensive experience. I would also like to thank Harry Samuel, who has served as interim Chairman in recent months and remains a Non-Executive Director of the Company.

Steve Roberts and Martin Boden

We also welcomed Steve Roberts back to the Board as an Executive Director in January 2024. When he previously stood down as Executive Chairman in August 2021, Steve remained part of the Group's operational management team and a director of all of the Group's subsidiary companies. Steve has also been involved with the Group since inception and has previously served as both Group Finance Director and Executive Chairman. Given his vast experience of the Group's businesses, employees and stakeholders, Steve provides valuable continuity following Keith Soulsby's departure.

Martin Boden joined us as an independent Non-Executive Director in September 2023. Martin is a Chartered Accountant with considerable experience in public markets, ranging from AIM to FTSE 250 listed businesses, and in high-growth privately owned businesses.

Jeff Baryshnik and Anil Khera

Jeff Baryshnik resigned as a director of the Company and Non-Executive Chairman on 15 November 2023, following the conclusion of the general meeting approving the tender offer described above.

Anil Khera resigned as a Non-Executive Director of the Company on 17 July 2024 on confirmation of Simon Carr's appointment, in order to ensure an appropriate balance of Executive and Non-Executive Directors.

We would like to thank Jeff and Anil for their service as directors and they have our best wishes for the future.

Our workforce

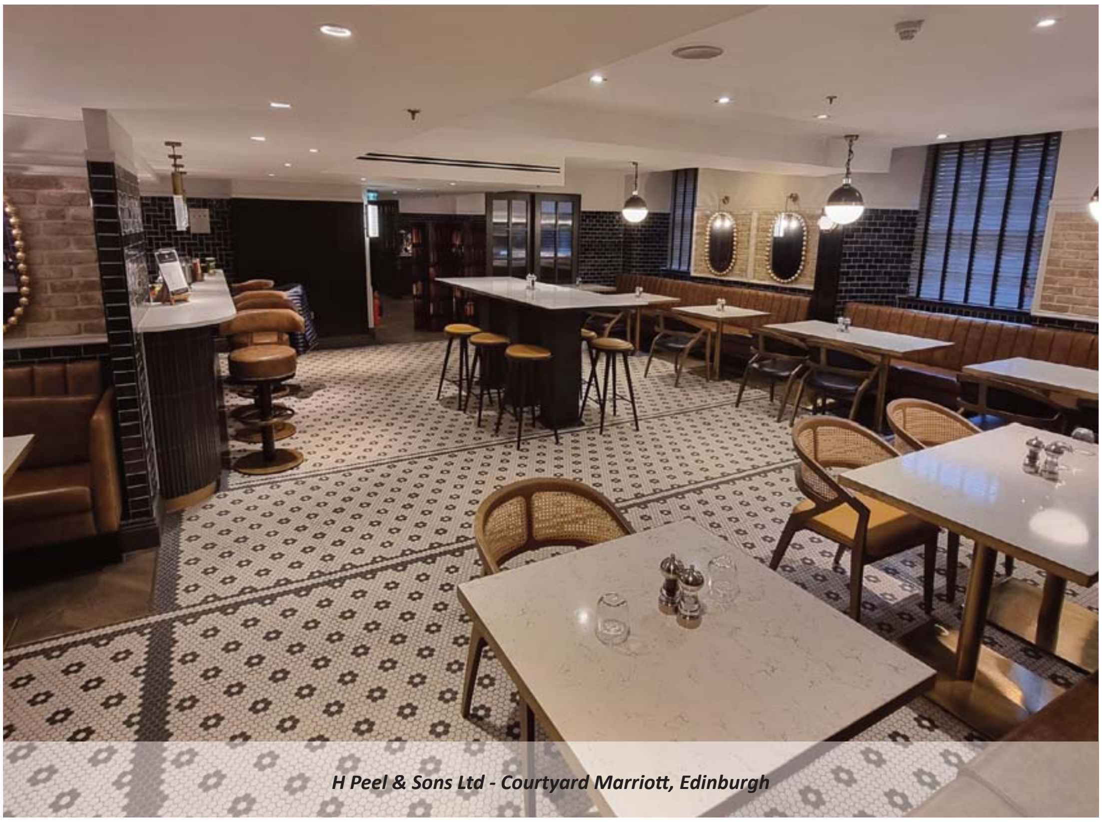
As always, our loyal, dedicated, and skilled workforce is a key part of our success and we make every effort both to retain and protect them through continued training and health and safety compliance, supported by our health and safety advisory business, Northern Bear Safety Limited.

Conclusion

I am delighted with the Group's results for the year and look forward to working with Simon and the Board in my role as Chief Executive Officer.

Once again, I would like to thank all our employees for their hard work and commitment, and our shareholders for their continued support.

John Davies
Chief Executive Officer
22 July 2024



H Peel & Sons Ltd - Courtyard Marriott, Edinburgh

H Peel & Sons Ltd - Courtyard Marriott, Edinburgh

MGM Ltd - Moorsley & District CIO (Charity), Moorsley Community Centre, Moorsley near Hetton-le-Hole, County Durham

Strategic Report

The Directors present their Strategic Report for Northern Bear plc (the Company and its subsidiaries, together "the Group") for the year ended 31 March 2024.

REVIEW AND ANALYSIS OF THE BUSINESS DURING THE CURRENT YEAR

Principal Activities

There have not been any significant changes in the Group's principal activities set out in the Directors' Report in the year under review. The Directors are not aware, at the date of this report, of any likely major changes in the Group's principal activities in the year. The subsidiary undertakings of the Group are listed in note 14 of the Notes to the Financial Statements.

Objective and strategy

Having established the Group via an acquisition strategy and subsequently restructured operations during the economic downturn from 2009 to 2011 through the disposal of non-core businesses, the Group now has an established portfolio of mature businesses wholly focused on the support services sector.

Our strategy is to invest in the Group, with a view to future growth and creation of shareholder value, through a combination of organic growth, strengthening our teams (including via new business ventures) and, to the extent accretive, bolt-on acquisitions. Organic growth is expected to be via both investment in and expansion of the Group's existing businesses, and through providing new services to the existing, long established customer base.

Further details of how the Directors intend to promote long-term value for shareholders are provided in the Corporate Governance Report.

Key performance indicators

The Group uses a number of financial key performance indicators to measure performance and these are communicated to the Board of Directors through monthly reports.

The primary financial measurements, as identified and discussed in the Chief Executive Officer's Report, are:

- Revenue £68.7 million (2023: £69.7 million)
- Gross margin 23.1% (2023: 20.0%)
- Operating profit £2.4 million (2023: £2.1 million)
- Cash generated from operations £1.1 million (2023: £2.8 million)

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

The Board considers that the key performance indicators used are an effective system tailored specifically to the demands of the sector.

Financial performance and position

Commentary on financial performance during the year and financial position at the reporting date is included in the Chief Executive Officer's Report.

Statement on risks relating to the Group's business

The nature of the building services industry means that the Group is subject to a number of risk factors. Some of these factors apply to the building services industry generally, while others are specific to the Group's activities within that market.

Sector demand

The Group currently consists of ten businesses which operate in three main segments of the support services sector of the economy. The Group is therefore exposed to varying activity levels within these diverse industries. The exposure of the Group to the new house build sector is a relatively small part of Group turnover; our exposure to public sector markets is greater. Consequently, any sustained material reduction in Government expenditure programmes will have an adverse effect on the financial position of the Group. This risk is largely outside the control of the Group; however, the Directors monitor public sector markets closely and this informs decision making within the Group.

Competition

Some of the businesses within the Group have competitors who may be able to accept lower financial returns than that required by the Group. Competition with these companies could adversely affect the Group's profitability and financial position. In order to mitigate this risk, significant senior management effort is invested in the review of contract tendering and ongoing contract profitability.

Key clients

There can be no guarantee that the Group's key clients will not change suppliers. While each of the Group's businesses has many longstanding relationships with a number of key customers, the failure to satisfy the needs of these customers could harm the Group's business. Furthermore, these customers may be facing challenges within their own businesses. Providing a quality service to the Group's customers is at the heart of what we do, and we seek regular customer feedback to ensure that our standards meet their needs.

Strategic Report
(continued)

Statement on risks relating to the Group's business *(continued)*

Dependence on personnel

The Group continues to be dependent on the continued services of its senior management, and we aim to retain our key people via fair remuneration with incentives to be entrepreneurial and grow their companies over time. Retaining qualified personnel, consultants and advisors is important to the continued successful operation of the Group's business. There can be no assurance that the Group will be able to recruit or retain its personnel in the future, which could have an adverse effect upon the Group's business and financial position. The loss of any of the Group's senior personnel could impede the achievement of its objectives.

Health & Safety performance

Our employees are key to our business and their welfare and safety is critical to the Group and its stakeholders and at the forefront of every decision we make. Health & Safety is managed by our in-house safety business, Northern Bear Safety Limited, which ensures compliance with relevant standards and monitor performance on an ongoing basis. Any failures in this area would have an adverse impact on the Group's business.

Contract risk

The majority of the Group's businesses operate via an appropriate contract/order for our various building services. In order to generate trading profits the businesses are required to submit tenders at appropriate prices, manage operational contract delivery, and agree any variations to the contract with the customer. All are monitored closely at both Group and subsidiary level, including monthly contract margin reports. Should any of these fail to be managed effectively then it could possibly impact on the Group's profitability.

Insurance cover

The Group maintains a prudent level of insurance cover and regularly reviews all policies in conjunction with our brokers. Any failure to maintain adequate insurance cover could expose the Group to uninsured losses. The Group has an acceptable claims history for major insurances but in the event that this changes it could impact on annual insurance premiums.

Underperformance of acquired businesses

The Board has a detailed process for the evaluation of potential acquisitions, which includes financial, tax, and legal due diligence processes as required. Acquisitions are also typically structured to make an element of consideration dependent on post-acquisition performance. Notwithstanding this, should any acquired businesses significantly underperform against expectations then it could have an adverse impact on shareholder returns.

Financial instruments

The Group has exposure to risks from its use of financial instruments which include credit risk, liquidity risk and market risk. A full discussion of these risks and how they are managed is included in note 23 to the financial statements.

Macro-economic environment

There has been significant uncertainty in the UK macro-economic environment for some time following the UK decision to exit membership of the European Union, and exacerbated by the more recent COVID-19 pandemic and tragic events in Ukraine.

The Directors consider that the principal risk arising from this uncertainty relates to the Group's supply chain. Although principal suppliers are UK based, a number of products are ultimately sourced from overseas and hence any difficulties with the import process, or a weakening of the pound against relevant foreign currencies, could cause pressures on the Group's supply chain. Further, the Directors note more recent issues with construction materials availability and price inflation as reported in the media. To date, the Group's companies have been able to work with key suppliers and customers to manage this situation, but should it persist it could impact on future results.

The Directors also note the significant recent increases in UK interest rates in response to higher inflation. To the extent that higher interest rates have an adverse impact on the UK economy, this could impact on demand for the Group's services.

Carbon reporting

The Directors have taken the option to exclude energy and carbon information from the annual report which relates to a subsidiary that would not be obliged to report in its own right under the Streamlined Energy and Carbon Reporting framework. Neither the parent company nor any of its subsidiaries are obliged to report and hence no disclosure has been included.

The environmental impact of the Group's activities, including carbon emissions and energy usage, is carefully considered, and the maintenance of high environmental standards is a priority. Further, the Directors note that the Group's roofing and construction activities often help to make buildings more energy efficient and hence have a positive impact on energy usage and carbon emissions.

Section 172 (1) Statement

The Directors of the Company consider that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to Section 172 (a)-(f) of the Companies Act 2006. Further information on how the Company interacts with its stakeholders and the wider community is included in the Corporate Governance Report.

The following disclosures form the Directors' statement required under section 414CZA(1) of the Companies Act 2006.

Stakeholder engagement

Our success relies upon good relations with a range of different stakeholder groups, both internal (employees) and external (including customers, suppliers, and shareholders), all of whom have an interest in our business and may be impacted by the decisions we take. The manner of our engagement with them is described below, and we comment further on stakeholder responsibilities in the Corporate Governance report.

Employees

The Board has always highlighted that the Group's loyal, dedicated and skilled workforce is a key part of our success. Continuing to invest in our workforce, ensuring their safety, and regular engagement with them is a key part of our management approach.

The Group has a relatively flat management structure with the MD of each business reporting directly to the Executive Directors of the Company. John Davies, our Chief Executive Officer, also splits his time between our Group companies and has regular contact with the wider employee base. We have an open-door style of management across the Group and our employees have an opportunity to share their views as needed. In addition, regular information sharing and safety updates are provided to the workforce.

Customers

Providing a quality service to the Group's customers is at the heart of what we do, and we seek regular customer feedback to ensure that our standards meet their needs. Our companies engage continually with their customers to build strong working relationships for the long term.

Suppliers

Our relationships with our supply chain, in particular our building materials suppliers, are an important part of our ability to deliver outstanding service to the Group's customer base. We engage with our suppliers as part of day-to-day operations to ensure they maintain the quality and availability of supplies.

Shareholders

The Board engages with our shareholders through a number of channels including the Annual Report, Interim Report, the Annual General Meeting, and regular informal communication including one-on-one meetings, telephone conversations, and emails. The Company has also appointed Hybridan LLP as Broker and Hybridan has initiated research coverage to support engagement with existing and potential shareholders. The Company lists contact details on both its website and all RNS announcements should shareholders wish to contact the Board and we will always endeavour to respond promptly.

Communities and environment

The Directors are aware of the Group's responsibilities to the communities in which it operates and take this very seriously. As a significant employer in our communities we support local employment and apprenticeship schemes, and seek to operate safely and ethically while monitoring our environmental impact.

The principal charity that the Group supports is St Oswald's Hospice, and regular events, including an annual golf day, have been held to raise funds. Our subsidiaries also have discretion to support charities and community organisations in their local areas and regularly do so.

Principal decisions taken during the year

Dividend

For every dividend decision the Board will take into account the Group's relative performance, available cash resources and distributable reserves, along with working capital requirements, corporate opportunities, debt obligations, and the macro-economic environment at the relevant time. Discussions concerning dividend levels are a regular part of our engagement with shareholders, and the Board also takes their views into considerations.

The Company paid a final ordinary dividend of 4 pence per share, and a final special dividend of 1 penny per share, in respect of the financial year ended 31 March 2023. The Board intends to declare a final ordinary dividend of 2 pence per share for the financial year ended 31 March 2024, subject to shareholder approval at the forthcoming Annual General Meeting.

Outlook

The future outlook for the business is included in the Chief Executive Officer's Report.

Thomas Hayes
Finance Director
22 July 2024

Springs Roofing Ltd - Durham County Council, Hawthorn House re-roofing, Durham

Directors' Report

The Directors present their Annual Report and Financial Statements for the year ended 31 March 2024.

Principal activities

The principal activity of the Group is to operate businesses in the North of England active in the support services sector. Furthermore, these businesses can be augmented with bolt on acquisitions or by the creation of new ventures.

The Group comprises the Company and a number of subsidiaries which operate in three main operating segments, being Roofing activities, Materials Handling activities, and Specialist Building Services activities. In addition, the Company and certain intermediate holding companies provide corporate and other non-trading services, and this is classified as a separate operating segment for management information purposes.

Future outlook

The future outlook for the business is included in the Chief Executive Officer's Report.

Going concern

For the purposes of their assessment of the appropriateness of the preparation of the Group and Parent Company's accounts on a going concern basis, the Directors have considered the current cash position and forecasts of future trading including working capital and investment requirements.

During the financial year the Group met its day to day working capital requirements through bank facilities with Virgin Money plc. These facilities were refinanced in October 2023 and at that point comprised a £3.5 million term loan, a £1.0 million revolving credit facility, and a £1.0 million bank overdraft. At 31 March 2024 the Group had cash and cash equivalents of £1.0 million, with nothing drawn on the overdraft or revolving credit facility, and £3.1 million outstanding on the term loan.

The overdraft facility was last renewed on 26 October 2023 for the period to 31 August 2024, and the revolving credit facility was most recently renewed on 20 October 2023 and is committed to 20 October 2026. The term loan was drawn down on 23 October 2023 and is repayable in full in equal quarterly instalments by 30 September 2028.

The Directors have a reasonable expectation of successful renewal for all bank facilities when they fall due based on a long standing and strong working relationship with the bank.

The Group's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the Group and Parent Company should have sufficient cash resources to meet its requirements for at least the next 12 months from the date of signing this Report. Accordingly, the adoption of the going concern basis in preparing the financial statements remains appropriate.

Strategic Report

As permitted by paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report. These matters relate to financial risk management objectives and policies and exposure to price risk, credit risk, liquidity risk and cash flow risk.

Dividend

The Directors have proposed a final ordinary dividend of 2 pence per share in respect of the financial year ended 31 March 2024. This dividend payment is subject to shareholder approval at the forthcoming Annual General Meeting. It has not been included in creditors as it was not approved before the financial year end.

A final ordinary dividend of 4 pence per share, and a special dividend of 1 pence per share, were paid in respect of the financial year ended 31 March 2023.

Directors' Report *(continued)*

Share repurchase via tender offer

During the year the Company repurchased 5,000,000 of its ordinary shares via a tender offer to shareholders at a fixed price of 62 pence per ordinary share. The tender offer completed in December 2023.

Directors

The Directors who held office during the year were as follows:

HJ Samuel
JM Baryshnik (resigned 15 November 2023)
JP Davies (appointed 18 January 2024)
K Soulsby (resigned 31 March 2024)
TE Hayes
SM Roberts (appointed 18 January 2024)
A Khera
MB Boden (appointed 13 September 2023)

The Directors who held office at the end of the financial year had the following interests, including family interests, in the ordinary shares of the Company and share options according to the register of Directors' interests:

	31 March 2024 Shares	31 March 2024 Options
HJ Samuel	-	-
JP Davies	-	-
TE Hayes	80,000	-
SM Roberts	813,300	-
MB Boden	-	-
A Khera	-	-

In total the Directors' interests in the ordinary shares of the Company totalled 893,300 shares (2023: 5,374,537), representing 4.7% (2023: 28.3%) of allotted shares at the year end.

All the Directors benefited from qualifying third party indemnity provisions up to and including the date of this report.

Significant shareholdings

At 30 June 2024, the Company had been notified or was aware of the following shareholders with 3% or more of the issued share capital of the Company:

Shareholder	Number of ordinary shares in which interested	% of issued share capital
NA Beaumont-Dark	3,298,500	17.3
SM Roberts	813,300	4.3

Political and charitable contributions

Neither the Company nor any of its subsidiaries made any political contributions during the year (2023: £nil). Charitable donations by the Company during the year amounted to £3,960 (2023: £4,703).

Employees

The Group provides equal opportunities to all staff and employees and recruits the most suitably qualified person for each position. Full and fair consideration is given to applications for employment from disabled persons. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Where an existing employee becomes disabled, the Group's policy is to provide continuing employment under normal terms and conditions wherever possible.

The Directors recognise the importance of good communications and inform and consult with employees' representatives on all matters likely to affect them.

The Group operates a range of schemes to involve employees in the financial performance of the business including profit related and other cash bonus arrangements and share option schemes.

Further information on engagement with the Group's employees is provided in the Corporate Governance Report.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report, Corporate Governance Report, and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. As required by the AIM rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with the requirements of the Companies Act 2006 and UK-adopted international accounting standards and have elected to prepare the Parent Company financial statements on the same basis.

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 Group and Parent Company and of their profit or loss for that period.

In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether IFRS as adopted by the UK have been followed subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Annual general meeting

The business of the AGM is set out in the accompanying circular to shareholders. The AGM is to be held on 19th September 2024 at the Company's registered office, A1 Grainger, Prestwick Park, Prestwick, Newcastle upon Tyne, NE20 9SJ.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the reappointment of Saffery LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

Thomas Hayes
Finance Director

A1 Grainger
Prestwick Park
Prestwick
Newcastle upon Tyne
NE20 9SJ

22 July 2024

Corporate Governance Report

The Directors of Northern Bear plc (the "Company" or "Northern Bear") recognise the importance of good corporate governance and have adopted the Corporate Governance Code produced by the Quoted Companies Alliance (the "Code"). Insofar as it is practicable given Northern Bear's size and the constitution of its Board, the Directors of Northern Bear (the "Directors" and together the "Board") seek to comply with all provisions of the Code.

The Code contains ten broad principles for corporate governance and asks companies to provide disclosures in their Annual Report and Financial Statements, and on their website, as to how they are meeting the principles and any areas where they have chosen to depart from them. Full details of the Company's application of the ten principles can be viewed on the Company's website at http://northernbearplc.com/investor-relations/corporate-governance/. An extract of relevant disclosures for the Annual Report and Financial Statements, as identified in the Code, is provided below.

Chair's corporate governance statement

This statement sets out how the Company and its subsidiaries (together the "Group") comply with the ten principles of the Code.

My primary responsibility as Chair is to lead the Board effectively and to oversee the adoption, delivery and communication of the Company's corporate governance model.

As Non-Executive Chairman, my role is focused on strategic matters and hence this provides adequate separation from the day to day business to be able to make independent decisions.

In my view, the Board promotes a corporate culture that is based on sound ethical values and behaviours and this supports us in delivering the Company's objectives and strategy, in particular in delivering the continued success of the Group's existing operations. This is supported by the application of the Quoted Companies Alliance ("QCA") Corporate Governance Code.

The Group has a relatively flat management structure with the Managing Director ("MD") of each business reporting directly to the Company's Executive Directors and senior management team, John Davies, Tom Hayes, Steve Roberts and Wendy Edgell. The Executive Directors have regular contact with MDs via monthly operational updates, as well as regular contact with the employee base and external stakeholders. This allows them to monitor corporate culture across the Group to ensure that it meets our shared values.

There are no major areas where our governance structure and practices differ from the expectations set by the Code, other than that given the size and nature of the Group we do not consider it necessary to have a formal Board performance evaluation process in place as suggested by principle seven, or to include formal Audit Committee and Remuneration Committee reports in the Annual Report and Accounts as suggested by principle ten.

There are no key governance related matters that have occurred during the year and there were no significant changes in governance arrangements.

Establish a strategy and business model which promote long-term value for shareholders

Having established the Group via an acquisition strategy and subsequently restructured operations during the economic downturn from 2009 to 2011 through the disposal of non-core businesses, the Group now has an established portfolio of mature businesses wholly focused on the support services sector.

There are three main operating segments within the Group, being Roofing activities, Materials Handling activities, and Specialist Building Services activities.

Our strategy is to invest in the Group, with a view to future growth and creation of shareholder value, through a combination of organic growth, strengthening our teams (including via new business ventures) and, to the extent accretive, bolt-on acquisitions.

The Company intends to deliver shareholder value through this strategy in the medium to long term through:

- The continued success of its existing operations, all of which are well established businesses with strong reputations in their markets;
- Support for existing operations to expand where there is an opportunity for growth. This would typically be investment in the overhead base, including premises and management, to support revenue and profit growth where a business is performing well;
- Providing new services where possible to the existing, long established customer base. Examples of businesses developed within the Group include Arcas Building Solutions and Northern Bear Safety. Any new ventures are unlikely to be capital intensive and hence would have limited downside in the event that they do not meet expectations; and

- Further bolt-on acquisitions where appropriate, taking into account the Company's acquisition criteria of being a well-established, consistently profitable and cash generative building services business with a strong management team committed to remaining in place. Acquisitions would also need to predictably enhance earnings and provide an attractive return on investment.

The Board meets on a regular basis to discuss the strategic direction of the Company.

Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board recognises the need to maintain a suitable risk management framework to identify, assess and manage all relevant risks to the Group's business.

The Strategic Report provides a detailed statement of risks relating to the Group's business and, where possible, any actions taken to mitigate them. The key risks discussed are:

- Sector demand;
- Competition;
- Key clients;
- Dependence on personnel;
- Health and safety performance;
- Contract risk;
- Insurance cover;
- Underperformance of acquired businesses;
- Financial instruments, including credit risk, liquidity risk, and market risk; and
- Macro-economic environment.

With the exception of the last two items, the Board considers the remainder of the list to be inherent to the Group's businesses.

The Group's strategy is regularly reviewed along with the key risks impacting it as part of the Board's annual business planning and budgeting process, where detailed operational budgets are prepared for each subsidiary and approved by the Board. The Group's performance against its strategy and the associated risks is also monitored through preparation and review of monthly management accounts and associated Key Performance Indicator reports.

The Group's risk processes also benefit via Simon Anderson as the Group's Risk and Legal Consultant. Simon has extensive experience in the construction sector and was previously a partner in a construction law firm at one of the North's leading firms. Simon's role is to work closely with the individual businesses on general and specific risk issues and oversee the contractual and legal requirements of the Group.

Jennings Roofing Ltd - Triton Construction, Liberty Care Home Whitchurch

Corporate Governance Report

(continued)

Embed effective risk management, considering both opportunities and threats, throughout the organisation *(continued)*

Accepting that no systems of control can provide absolute assurance against material misstatement or loss, the Directors believe that the established systems for internal control within the Group are appropriate to the business.

Maintain the Board as a well-functioning, balanced team led by the Chair

Board structure and independence

The Board comprises six Directors, being the Non-Executive Chair (Harry Samuel), Chief Executive Officer (John Davies), Finance Director (Tom Hayes), Executive Director (Steve Roberts), and two Non-Executive Directors (Martin Boden and Anil Khera).

The Code notes that independence is a Board judgement. Currently Harry Samuel, Anil Khera and Martin Boden are deemed to be independent for corporate governance purposes.

Time commitment required

- Group Chief Executive and Group Finance Director – full time roles.
- Other Executive Directors – variable with time commitment dependent on both the Group's strategic and operational activities.
- Non-Executive Directors – attendance at Board meetings, Annual General Meeting, Audit and Remuneration Committee meetings, and ad-hoc support as required.

Board and other meetings

Board meetings are held circa every two months, and in the past 12 months a total of seven meetings were held.

The attendance record of each Director over the past 12 months, showing both the number of meetings held during their tenure and the number attended, was:

	Total meetings	Attended
Harry Samuel	7	7
Jeff Baryshnik	3	3
John Davies	2	2
Keith Soulsby	6	6
Tom Hayes	7	7
Steve Roberts	2	2
Martin Boden	5	5
Anil Khera	7	7

The Group is managed operationally via regular informal Executive Directors' meetings, as well as quarterly Managing Directors meetings for all subsidiary Managing Directors chaired by John Davies.

The Board considers that this structure of meetings provides an appropriate balance between operational and strategic management and that it allows Board meetings to focus on the latter.

Committees

The Board is supported by an Audit Committee and a Remuneration Committee.

Audit committee

The Group's Audit Committee typically meets three times per year, being at the audit planning stage, prior to finalisation of the Group's Annual Report and Financial Statements, and prior to release of the interim report and financial statements. In the last 12 months there were three Audit Committee meetings attended by Martin Boden, Harry Samuel, and Anil Khera.

Remuneration committee

The Remuneration Committee meets at least annually and usually following the financial year end and prior to the agreement of annual bonus payments. Other meetings are held as required, for example to approve any issue of share options. In the last 12 months there were two Remuneration Committee meetings which were attended by Harry Samuel, Martin Boden, and Anil Khera.

Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

Details of the current Directors, their roles and backgrounds are set out on the Company's website in the Investor Relations section.

The Board considers that the Directors have, collectively, an appropriate mixture of strategic, operational, financial, public markets, and legal experience for a business of this size and nature in order to deliver the Group's strategy for the benefit of shareholders.

The Directors keep their skill sets up to date through a mixture of commercial and operational experience and technical updates as required.

The Company Secretary, Wendy Edgell, assists the Chair and the Board in preparing for and running effective Board meetings, including the timely dissemination of appropriate information. Wendy also keeps up to date with relevant legal, statutory and regulatory requirements and advises the Board accordingly.

Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Board undertakes regular internal monitoring of collective and individual performance using agreed key performance indicators and detailed financial reports.

The key performance indicators used include financial measures such as revenues, gross margins, operating profit, and cash flow from operations. The primary non-financial key performance indicators relate to three Health & Safety areas which are site activities, documentation, and environmental.

Given the size and nature of the Group, we do not consider it necessary to have a formal Board performance evaluation process in place as suggested by principle seven of the Code.

J Lister Electrical Ltd - Lindum York, Derwent P Block, University of York

Corporate Governance Report
(continued)

Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement *(continued)*

Succession planning is an important part of our business and we regularly engage with all Group and subsidiary Directors as to their plans for the medium to long term in order to plan effectively for any departures. The Board regularly considers the need for the periodic refreshing of its membership. Recent examples of management transitions in the Company's subsidiaries include Springs Roofing Limited, Jennings Roofing Limited, Wensley Roofing Limited, and Alcor Handling Solutions Limited.

Promote a corporate culture that is based on ethical values and behaviours

The Board aims to promote a corporate culture across all aspects of our business that is based on sound ethical values and behaviours, and believes that this is critical to our continued success.

Our businesses are all well established in their respective markets and sustaining this is dependent on how they interact with all stakeholders, including customers, suppliers, employees and regulators. Any unethical behaviour would have an adverse impact on the future success of our companies.

As previously mentioned, the Group has a relatively flat management structure and the Company's Executive Directors are closely involved with our subsidiary companies and stakeholders. This allows them to monitor corporate culture across the Group to ensure that it meets our shared values.

Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

Committees

The Audit Committee and Remuneration Committee operate as set out in commentary above.

Annual general meeting ("AGM")

Our AGMs are usually conducted via a show of hands from those present, with proxy votes available if required. At the previous five AGMs, all resolutions were unanimously passed with the exception of the meeting held in 2021. At the 2021 meeting proxy votes were cast against Resolutions 7 and 8 in respect of share issuance authorities and pre-emption rights and these resolutions were not passed.

Historical annual reports and governance-related material

Copies of historical annual reports, notices of AGM, and proxy forms are available on the Company's website covering at least the past five years.

Omitted disclosures

Given the size and nature of the Group, we do not consider it necessary to have a formal Board performance evaluation process in place as suggested by principle seven of the Code. Accordingly, we have not published any disclosure information in respect of this.

We have not included formal Audit Committee and Remuneration Committee reports in the Annual Report and Financial Statements, as suggested by principle ten of the Code, as the Board considers that information available in these and previous financial statements together with the corporate website provide sufficient information with regard to the reporting of the Audit Committee and Remuneration Committee activity. The Board will continue to review the disclosure of the Audit and Remuneration Committee.

Harry Samuel
Non-Executive Director
22 July 2024

Arcas Building Services Ltd - Northern Gas Networks, Customer Energy Village, Winlaton, Gateshead

H Peel & Sons Ltd - Crowne Plaza, Leeds City Centre

MGM Ltd

Wensley Roofing Ltd

Independent Auditor's Report to the Members of Northern Bear plc

Opinion

We have audited the financial statements of Northern Bear plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2024 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Company Balance Sheets, Consolidated and Company Statements of Changes in Equity, Consolidated and Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the group and of the parent company as at 31 March 2024 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Our approach to the audit

We tailored the scope of our audit to ensure that we obtained sufficient evidence to support our opinion on the financial statements as a whole, taking into account the structure of the group and the parent company, the accounting processes and controls, and the industry in which they operate.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Our group audit scope included an audit of the group and parent company financial statements of Northern Bear plc. The Group consists of the parent company and its fourteen subsidiaries, all of which are based in the UK. All trading entities within the group have been subject to full scope audit by either the group audit team or a component audit team within the same firm. The components within the scope of our audit work therefore covered 100% of group revenue, group profit before tax and group net assets. As part of our group audit procedures we also tested the consolidation process and adjustments.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report to the Members of Northern Bear plc *(continued)*

Area of focus	How our scope addressed this matter
Revenue recognition on long-term contracts A significant portion of group revenue is derived from long-term contracts with customers across a number of operating segments. Due to the nature of these contracts, there is inherent subjectivity in the assessment of the stage of completion at the year-end and the value of work subject to ongoing negotiations. In addition, if there are loss making contracts, there is a risk that the provision for future contract losses is not complete. Due to the significance of revenue to the financial statements and the high level of subjectivity and judgement in its recognition we consider this to be a key audit matter.	We performed procedures including: • Testing the recognition of contract revenue on contracts substantively by critically analysing the stage of completion calculations and agreeing revenue to underlying contracts and third-party surveyor reports where available. • Reviewed the consistency of application and appropriateness of disclosure of revenue recognition policies and application of IFRS 15 in the year. • Performed walkthrough testing across the group on all material revenue streams to identify and test the design and implementation of identified controls. • Reviewed the performance of contracts that were outstanding at the start of the period in order to assess the appropriateness of judgements made by management in the prior year in relation to revenue recognition. • Reviewed low margin and loss-making contracts during the year, establishing the issues encountered as well as considering the potential for future losses that may impact revenue and cost of sales recognised. • Reviewed after-date performance of contracts in order to support the value of revenue recognised at the reporting date. • Reviewed a sample of contracts with customers to ensure that contract terms were considered when determining the appropriate recognition criteria of revenue in line with IFRS 15. • Reviewed orders/contracts around the year end to ensure they were recorded in the correct accounting period and that revenue was complete and accurate at the year end. Based on our audit procedures performed we did not identify any material misstatement in relation to revenue recognition. We assessed that the accounting policies applied for revenue recognition were in accordance with IFRS 15.

Independent Auditor’s Report to the Members of Northern Bear plc *(continued)*

Area of focus	How our scope addressed this matter
Carrying value of goodwill At 31 March 2024, goodwill of £15,384,000 was recognised on the group statement of financial position. No impairment was recognised in the year. Goodwill is assessed annually for impairment in accordance with IAS 36 Impairment of Assets. This is a judgemental process which requires significant estimates and assumptions to be made by management. Management’s impairment assessment is underpinned by a number of estimates and assumptions including future cash flows, growth assumptions and the discount rate applied. Due to the significance of goodwill to the group statement of financial position and the inherent subjectivity involved in performing the impairment assessment, we consider it to be a key audit matter.	We performed the following procedures including: • Reviewed the impairment assessment models for each Cash Generating Unit (CGU) to ensure they were consistent with the requirements of IAS 36 and had been appropriately sensitised. • Tested the mathematical accuracy of the model. • Obtained corroborative evidence for data used in the preparation of the model and significant judgements applied by management and assessed for evidence of contradictory information. • Critically assessed the appropriateness of the discount rate where material to the result of the impairment assessment. • Performed our own sensitivity analysis on the key assumptions. • Reviewed disclosures made regarding the impairment recognised in the year and underlying estimates and sensitivity of the model to those estimates. Based on our audit procedures we did not identify any material misstatement arising from the carrying value of goodwill recognised in the financial statements.

Independent Auditor's Report to the Members of Northern Bear plc *(continued)*

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinion. Our overall objective as auditor is to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error. We consider a misstatement to be material where it could reasonably be expected to influence the economic decisions of the users of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below this level will not necessarily be evaluated as immaterial as we also take into account the qualitative nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements.

Based on our professional judgement and taking into account the possible metrics used by investors and other readers of the accounts, we have determined an overall group materiality of £530,000 (2023: £520,000) based on 0.75% (2023: 0.75%) of revenue for the year ended 31 March 2024. Materiality of £370,000 (2023: £370,000) was used for the parent company based on 1% (2023: 1%) of total assets.

Group performance materiality was set at £370,000 (2023: £371,000) representing 70% (2023: 70%) of overall materiality. Parent company performance materiality was set at £333,000 (2023: £333,000) and has been calculated based on 1% of gross assets in both 2024 and 2023.

We agreed with the Audit Committee to report all individual audit differences in excess of £27,000 in relation to the group and £20,000 for the parent company, being the level below which misstatements are considered to be clearly trivial. We also agreed to report any other identified misstatements that warranted reporting on qualitative grounds.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and the parent company's ability to continue to adopt the going concern basis of accounting included:

- Agreeing the terms for the renewal of facilities with the bank to signed agreements.
- Obtaining the formal going concern assessment of management, confirming that it covers an appropriate period, checking its arithmetical accuracy and agreeing information within to supporting documentation.
- Reviewing the appropriateness of the underlying assumptions in management's model, such as the forecast increase in profit, based upon available evidence and the sensitivity of the outcome of the forecast to those assumptions.
- Performing sensitivity analysis on the model to confirm that the group has sufficient resilience to withstand reasonably possible events such as material contract issues or a downturn in trading.
- Reviewing compliance with loan covenants in the year and expected future compliance.
- Reconciling the opening forecast position to actual cash at bank.
- Considering how the ongoing impact of the current economic environment has been factored into the forecasts including potential mitigating actions that could be taken to reduce the impact and the timing of such actions and assessing the likelihood that management would be able to successfully implement the mitigating actions.
- Review and discussion of post balance sheet events to assess their impact on the going concern assumption.
- Assessing the disclosures in the financial statements including the accounting policy which describes the going concern basis of accounting to ensure that it is an accurate reflection of the basis for which the group is a going concern.

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Identifying and assessing risks related to irregularities:

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

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

In addition, the group is subject to other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to its ability to operate or to avoid a material penalty. These include Health and Safety legislation such as The Work at Height Regulations 2005 and The Personal Protective Equipment Regulations 2016/425.

Independent Auditor's Report to the Members of Northern Bear plc *(continued)*

Auditor's responsibilities for the audit of the financial statements *(continued)*

Audit response to risks identified:

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

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

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

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

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Davis
(Senior Statutory Auditor)
for and on behalf of Saffery LLP
Chartered Accountants
Statutory Auditors

Mitre House
North Park Road
Harrogate
HG1 5RX

22 July 2024

Alcor Handling Solutions Ltd

Alcor Handling Solutions Ltd

Arcas Building Services Ltd - Inn Collection Group, The Stables, Whitby

Wensley Roofing Ltd

J Lister Electrical Ltd - Inn Collection Group, The Stables, Whitby

Isoler Ltd

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2024

	Note	2024 £000	2023 £000
Revenue	*4*	**68,681**	69,724
Cost of sales		**(52,811)**	(55,785)
Gross profit		**15,870**	13,939
Other operating income	*5*	**33**	35
Administrative expenses		**(13,471)**	(11,828)
Operating profit	*4*	**2,432**	2,146
Finance costs	*9*	**(294)**	(210)
Profit before income tax		**2,138**	1,936
Income tax expense	*10*	**(514)**	(344)
Profit for the year		**1,624**	1,592
Total comprehensive income attributable to equity holders of the parent		**1,624**	1,592
Earnings per share from continuing operations			
Basic earnings per share	*11*	**9.5p**	8.5p
Diluted earnings per share	*11*	**9.5p**	8.5p

Consolidated Balance Sheet

at 31 March 2024

	Note	**2024** **£000**	2023 £000
Assets			
Property, plant and equipment	*12*	**5,542**	4,990
Right of use asset	*25*	**1,371**	1,553
Intangible assets	*13*	**15,394**	15,406
Trade and other receivables	*17*	**899**	799
Total non-current assets		**23,206**	22,748
Inventories	*16*	**1,496**	1,444
Trade and other receivables	*17*	**13,667**	12,771
Cash and cash equivalents	*18*	**978**	3,150
Total current assets		**16,141**	17,365
Total assets		**39,347**	40,113
Equity			
Share capital	*22*	**190**	190
Capital redemption reserve	*22*	**6**	6
Share premium	*22*	**5,169**	5,169
Merger reserve	*22*	**9,703**	9,703
Retained earnings		**5,194**	7,499
Total equity attributable to equity holders of the Company		**20,262**	22,567
Liabilities			
Loans and borrowings	*19*	**2,450**	-
Trade and other payables	*20*	**28**	114
Lease liabilities	*25*	**1,239**	1,504
Deferred tax liabilities	*15*	**1,229**	1,059
Total non-current liabilities		**4,946**	2,677
Loans and borrowings	*19*	**764**	35
Trade and other payables	*20*	**12,305**	13,947
Provisions	*29*	**-**	-
Lease liabilities	*25*	**724**	700
Current tax payable		**346**	187
Total current liabilities		**14,139**	14,869
Total liabilities		**19,085**	17,546
Total equity and liabilities		**39,347**	40,113

These financial statements were approved by the Board of Directors on 22 July 2024 and were signed on its behalf by:

T E Hayes
Finance Director

Company registered number: 05780581

Company Balance Sheet
at 31 March 2024

	Note	**2024** **£000**	Restated* 2023 £000
Assets			
Property, plant and equipment	*12*	**15**	18
Right of use asset	*25*	**62**	155
Investments in subsidiaries	*14*	**29,897**	29,897
Deferred tax assets	*15*	**6**	19
Trade and other receivables	*17*	**9,867**	6,512
Total non-current assets		**39,847**	36,601
Trade and other receivables	*17*	**209**	123
Total current assets		**209**	123
Total assets		**40,056**	36,724
Equity			
Share capital	*22*	**190**	190
Capital redemption reserve	*22*	**6**	6
Share premium	*22*	**5,169**	5,169
Merger reserve	*22*	**9,703**	9,703
Retained earnings		**4,922**	4,178
Total equity attributable to equity holders of the Company		**19,990**	19,246
Liabilities			
Trade and other payables	*20*	**-**	-
Loans and borrowings	*19*	**2,450**	-
Lease liabilities	*25*	**16**	62
Total non-current liabilities		**2,466**	62
Bank overdraft	*18*	**2,384**	2,227
Trade and other payables	*20*	**14,470**	15,095
Loans and borrowings	*19*	**700**	-
Lease liabilities	*25*	**46**	94
Total current liabilities		**17,600**	17,416
Total liabilities		**20,066**	17,478
Total equity and liabilities		**40,056**	36,724

*Comparative figures for trade and other receivables have been restated as set out in Note 3 of the Notes to the Financial Statements.

Under s408 the Company has chosen not to disclose the statement of profit and loss. The Company made a profit for the year of £4,673,000 (2023: £1,352,000 loss).

These financial statements were approved by the Board of Directors on 22 July 2024 and were signed on its behalf by:

T E Hayes
Finance Director

Company registered number: 05780581

Consolidated Statement of Changes in Equity

for the year ended 31 March 2024

	Share capital £000	Capital redemption reserve £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
At 1 April 2022	190	6	5,169	9,703	5,907	20,975
Total comprehensive income for the year						
Profit for the year	-	-	-	-	1,592	1,592
At 31 March 2023	190	6	5,169	9,703	7,499	22,567
At 1 April 2023	190	6	5,169	9,703	7,499	22,567
Total comprehensive income for the year						
Profit for the year	-	-	-	-	1,624	1,624
Transactions with owners, recorded directly in equity						
Exercise of share options	-	-	-	-	7	7
Return of capital to shareholders by way of tender offer	-	-	-	-	(3,100)	(3,100)
Equity dividends paid	-	-	-	-	(836)	(836)
At 31 March 2024	190	6	5,169	9,703	5,194	20,262

Company Statement of Changes in Equity

for the year ended 31 March 2024

	Share capital £000	Capital redemption reserve £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
At 1 April 2022	190	6	5,169	9,703	5,530	20,598
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(1,352)	(1,352)
Transactions with owners, recorded directly in equity						
Exercise of share options						
At 31 March 2023	190	6	5,169	9,703	4,178	19,246
At 1 April 2023	190	6	5,169	9,703	4,178	19,246
Total comprehensive income for the year						
Profit for the year	-	-	-	-	4,673	4,673
Transactions with owners, recorded directly in equity						
Exercise of share options	-	-	-	-	7	7
Return of capital to shareholders by way of tender offer	-	-	-	-	(3,100)	(3,100)
Equity dividends paid	-	-	-	-	(836)	(836)
At 31 March 2024	190	6	5,169	9,703	4,922	19,990

Consolidated Statement of Cash Flows

for the year ended 31 March 2024

	Note	2024 £000	2023 £000
Cash flows from operating activities			
Operating profit for the year		**2,432**	2,146
Adjustments for:			
Depreciation of property, plant and equipment	*12*	**896**	787
Depreciation of lease asset	*25*	**512**	417
Amortisation	*13*	**12**	13
(Profit)/loss on sale of property, plant and equipment		**(20)**	(31)
		3,832	3,332
Change in inventories	*16*	**(52)**	(40)
Change in trade and other receivables	*17*	**(996)**	(710)
Change in trade and other payables	*20*	**(1,727)**	193
Cash generated from operations		**1,057**	2,775
Interest paid		**(189)**	(155)
Tax paid		**(185)**	(33)
Net cash flow from operating activities		**683**	2,587
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**816**	520
Acquisition of property, plant and equipment	*12*	**(2,000)**	(1,466)
Net cash from investing activities		**(1,184)**	(946)
Cash flows from financing activities			
Issue of borrowings		**3,500**	-
Repayment of borrowings		**(321)**	(1,003)
Repayment of lease liabilities		**(921)**	(721)
Proceeds from the exercise of share options		**7**	-
Return of capital to shareholders by way of tender offer		**(3,100)**	-
Equity dividends paid		**(836)**	-
Net cash from financing activities	*24*	**(1,671)**	(1,724)
Net decrease in cash and cash equivalents		**(2,172)**	(83)
Cash and cash equivalents at start of year	*18*	**3,150**	3,233
Cash and cash equivalents at end of year	*18*	**978**	3,150

Company Statement of Cash Flows

for the year ended 31 March 2024

	Note	2024 £000	2023 £000
Cash flows from operating activities			
Operating profit/(loss) for the year		**(1,658)**	(1,259)
Adjustments for:			
Depreciation of property, plant and equipment	*12*	**5**	6
Depreciation of lease asset	*25*	**85**	87
		(1,568)	(1,166)
Change in trade and other receivables	*17*	**3,061**	(70)
Change in trade and other payables	*20*	**(627)**	2,604
Cash generated from operations		**866**	1,368
Interest paid		**(145)**	(92)
Tax paid		**-**	-
Net cash flow from operating activities		**721**	1,276
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**1**	-
Acquisition of property, plant and equipment	*12*	**(3)**	(2)
Acquisition of subsidiary		-	
Net cash from investing activities		**(2)**	(2)
Cash flows from financing activities			
Issue of borrowings	*24*	**3,500**	-
Repayment of borrowings		**(350)**	(1,000)
Repayment of lease liabilities		**(97)**	(92)
Proceeds from the exercise of share options		**7**	-
Return of capital to shareholders by way of tender offer		**(3,100)**	-
Equity dividends paid		**(836)**	-
Net cash from financing activities		**(876)**	(1,092)
Net increase/(decrease) in cash and cash equivalents		**(157)**	182
Cash and cash equivalents at start of year	*18*	**(2,227)**	(2,409)
Cash and cash equivalents at end of year	*18*	**(2,384)**	(2,227)

1 Reporting entity

Northern Bear plc (the "Company" or the "Parent Company") is a public company, limited by shares, incorporated in England and Wales, with its registered office at A1 Grainger, Prestwick Park, Prestwick, Newcastle upon Tyne, NE20 9SJ.

The Parent Company's shares are publicly traded on the London Stock Exchange AIM market. Details of significant shareholders are provided in the Directors' Report. There is no other ultimate controlling party.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The Parent Company financial statements present information about the Company as a separate entity and not about its Group.

2 Basis of preparation

Statement of compliance

Both the Parent Company financial statements and the Group financial statements have been prepared and approved by the Directors in accordance with the requirements of the Companies Act 2006 and UK-adopted international accounting standards.

On publishing the Parent Company financial statements here, together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual statement of comprehensive income and related notes that form a part of these approved financial statements.

Standards and interpretations applied for the first time

In these financial statements the following standards, amendments and interpretations, which became effective for the first time, were adopted by the Group:

- IFRS 17 - Insurance Contracts – effective date on or after 1 January 2023
- Amendments to IFRS 17 - Insurance Contracts; and Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4 Insurance Contracts) – effective date on or after 1 January 2023
- Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements) – effective date on or after 1 January 2023
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors) – effective date on or after 1 January 2023
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes) – effective date on or after 1 January 2023
- International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12) – effective date on or after 1 January 2023

Their adoption has not had any material impact on the disclosures or amounts reported in the financial statements.

2 Basis of preparation *(continued)*

Standards, amendments and interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations relevant to the Group and the Company and which have not been applied in these financial statements, were in issue but were not yet effective. The Directors are evaluating the impact that these standards will have on the financial statements of the Group and the Company and do not currently expect any material impact on the disclosures or amounts reported:

- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) – effective date on or after 1 January 2024
- Classification of Liabilities as Current or Non-Current, Non-current Liabilities with Covenants: amendments to IAS 1 – effective date on or after 1 January 2024
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) – effective date on or after 1 January 2024

At the date of authorisation of these financial statements, the following standards and interpretations relevant to the Group and the Company and which have not been applied in these financial statements, have not been endorsed for use in the UK and will not be adopted until such time as endorsement is confirmed. The Directors are evaluating the impact that these standards will have on the financial statements of the Group and the Company and do not currently expect any material impact on the disclosures or amounts reported:

- Lack of Exchangeability (Amendments to IAS 21) - effective date on or after 1 January 2025
- IFRS 18 – Presentation and Disclosure in Financial Statements - effective date on or after 1 January 2027
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures- effective date on or after 1 January 2027

Basis of measurement

The financial statements are prepared on the historical cost basis.

Functional and presentation currency

These financial statements are presented in sterling, which is the Group's functional currency.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

Judgements and estimates made by management in the application of Adopted IFRSs that have a significant impact on the consolidated financial statements with a significant risk of material adjustment in the next year are described in note 27.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group, its cash flows and liquidity position are described in the Chief Executive Officer's Report. In addition, note 23 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposures to credit risk and liquidity risk.

During the financial year the Group met its day to day working capital requirements through bank facilities with Virgin Money plc. These facilities were refinanced in October 2023 and at that point comprised a £3.5 million term loan, a £1.0 million revolving credit facility, and a £1.0 million bank overdraft. At 31 March 2024 the Group had cash and cash equivalents of £1.0 million, with nothing drawn on the overdraft or revolving credit facility, and £3.1 million outstanding on the term loan.

The overdraft facility was last renewed on 26 October 2023 for the period to 31 August 2024, and the revolving credit facility was most recently renewed on 20 October 2023 and is committed to 20 October 2026. The term loan was drawn down on 23 October 2023 and is repayable in full in equal quarterly instalments by 30 September 2028.

2 Basis of preparation *(continued)*

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities for at least the next 12 months from the date of signing the financial statements. The Parent Company's net current liabilities are additionally driven by amounts owed to subsidiary undertakings that are repayable on demand; on a periodic basis subsidiary undertakings will declare dividends to the Parent Company to settle these liabilities.

Taking into account all of the above, the Directors have a reasonable expectation that the Group and Parent Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

3 *Significant accounting policies*

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these consolidated financial statements.

Basis of consolidation

Control exists where the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial information from the date that control commences until the date that control ceases.

Intercompany balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated when preparing the consolidated financial information.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the Consolidated Statement of Comprehensive Income.

3 *Significant accounting policies (continued)*

Intangible assets and goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries. Goodwill represents the difference between the cost of the acquisition and the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Other intangible assets are measured initially at cost and are amortised on a straight-line basis over their estimated useful lives. The carrying amount is reduced by any provision for impairment where necessary.

On a business combination, as well as recording separate intangible assets already recognised in the balance sheet of the acquired entity at their fair value, identifiable intangible assets that are separable or arise from contractual or other legal rights are also included in the acquisition balance sheet at fair value.

Amortisation is charged within administrative expenses in the consolidated statement of comprehensive income so as to write off the cost or valuation of assets over their useful economic lives, on the following basis:

Customer relationships	20% of fair value at acquisition
Acquired brands	20% of fair value of acquisition

External costs incurred in relation to acquisitions are recognised as an expense in the year in which the costs are incurred.

Property, plant and equipment

Property, plant and equipment ("PPE") are stated at cost less accumulated depreciation and impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leased assets within PPE are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the Consolidated Statement of Comprehensive Income on either a straight line or diminishing balance basis as appropriate over the estimated useful economic lives of each part of an item of property, plant and equipment. The depreciation rates are as follows:

Leasehold, buildings and improvements	life of lease straight line
Plant and equipment	10-15% diminishing balance
Materials handling equipment	8% straight line
Motor vehicles	25% diminishing balance
Fixtures and fittings (including computer equipment)	15-33% diminishing balance

The residual value, and useful economic life, is reassessed annually.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less impairment in the Parent Company financial statements.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3 *Significant accounting policies (continued)*

Contract assets and liabilities

When the Group transfers goods or services to a customer before the customer pays consideration or before payment is due, the amount of revenue associated with the transfer of goods or services is accrued and presented as a contract asset in the balance sheet (excluding any amounts presented as a receivable). A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer.

Contract assets are reduced by appropriate allowances for expected credit losses calculated using the simplified approach (as with trade receivables).

If a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Group transfers a good or service to the customer, the amount is presented as a contract liability on the balance sheet. A contract liability represents the Group's obligation to transfer goods or services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer

Impairment

The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated. For goodwill which has an indefinite life the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the Consolidated Statement of Comprehensive Income. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then to reduce the carrying amount of other assets within the unit on a pro-rata basis.

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes. In relation to key revenue streams this policy is applied as follows:

- Roofing activities – revenue is recognised over time based on allocation of the customer contract price (based on agreed contract tender submissions) to distinct performance obligations and recognising revenue when those performance obligations (based on valuations by surveyors) are satisfied;

- Building services activities - revenue is recognised over time based on allocation of the customer contract price to distinct performance obligations and recognising revenue when those performance obligations (based on valuations by surveyors) are satisfied;

- Materials handling activities
  - o Product sales – revenue is recognised at the point in time of delivery to the customer, as this is when the performance obligations are satisfied;
  - o Assets leased to customers – revenue is recognised on a straight line basis over the lease term in line with the performance obligations.

3 *Significant accounting policies* *(continued)*

Other operating income

Other operating income includes the rental of premises and advertising space. As these income streams are not part of the Group's principal trading activities they have been classified separately. Other operating income is recognised in the Consolidated Statement of Comprehensive Income as it is accrued.

Expenses

(i) Leases

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(ii) Finance income

Finance income comprises interest receivable on funds invested. Interest income is recognised in the Consolidated Statement of Comprehensive Income as it accrues using the effective interest method.

(iii) Finance expenses

Finance expenses comprise interest payable on borrowings. All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

(iv) Exceptional expenses

Exceptional items are defined as items of expenditure which are required to be presented when such presentation is relevant to an understanding of financial performance.

Income tax

Income tax on the profit or loss for the year comprises both current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits nor differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that a related tax benefit will be realised.

Segment reporting

Segmental information is provided based on internal reports regularly reviewed by the Chief Operating Decision Maker, which is deemed to be the Board of Directors.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that are allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are not expected to be used for more than one segment.

3 *Significant accounting policies* *(continued)*

3 *Significant accounting policies (continued)*

Dividends

Dividends are recognised as a liability in the year in which they are declared.

Derecognition of financial instruments

Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire, or if the Group transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset.

Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Leases

The Group as a lessee

Assets held under leases are recorded in the balance sheet as the lower of fair value and the present value of the minimum lease payments at the inception of the leases. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group recognises a right of use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified asset for a period time, with the exception of short term leases and leases for which the underlying asset is of low value. The right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right of use asset reflects that the Group will exercise a purchase option, the Group depreciates the right of use asset from the commencement date to the end of the useful life of the underlying asset on a straight line basis. Otherwise, the Group depreciates the right of use asset from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term on a straight line basis.

The lease liability is initially measured at the present value of the lease payments not paid at that date. Lease payments are discounted using the Group's incremental borrowing rate or the rate implicit in the lease contract. The lease liability is subsequently remeasured to reflect lease payments made.

Short term leases for which the total term is less than 12 months and low values leases for which the underlying asset is less than £5,000 are expensed to the income statement on a straight line basis.

The Group as a lessor

Rentals receivable under leases are recognised in the Consolidated Statement of Comprehensive Income over the term of the lease on a straight line basis.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings or current liabilities.

For the purpose of the cash flow statement, bank overdrafts which are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents.

3 *Significant accounting policies (continued)*

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Parent company – restatement of loans due from and to subsidiary undertakings

At 31 March 2023, the parent company classified all loans due from subsidiary undertakings as current on the basis that the loans were contractually repayable on demand. However, the right of the company to call for repayment on demand does not determine classification as current in accordance with IAS 1 'Presentation of Financial Statements' unless the company also expects to realise the asset within 12 months of the reporting date.

The parent company has determined that £6,512,000 of loans due from subsidiary undertakings were expected to be realised after more than 12 months from the reporting date and should therefore have been presented within non-current assets. The parent company has restated the balance sheet to correct this.

4 Segmental analysis

The analysis by segments below is presented on the basis of those segments whose operating results are regularly reviewed by the Board of Directors (the Chief Operating Decision Maker) to assess performance and allocate resources.

- Roofing activities – companies providing a comprehensive range of roofing services including slating, tiling, leadwork, felting, refurbishment and maintenance for domestic, commercial and public sector properties;
- Materials handling activities – supply, service and maintenance of forklift trucks and warehouse equipment both on hire and for sale;
- Specialist building services activities – aggregation of other specialist building services and construction companies providing services including building maintenance, refurbishment, electrical contracting, fire protection and sound insulation; and
- Corporate and other activities - the provision of head office activity and consolidation items.

2024	Roofing activities £000	Materials handling activities £000	Specialists building services activities £000	Corporate and other activities £000	Total £000
Revenue					
Total segment revenue	32,948	3,848	33,251	-	70,047
Inter-segment revenue	(579)	(13)	(774)	-	(1,366)
External revenue	32,369	3,835	32,477	-	68,681
Operating profit/(loss)	2,301	346	1,357	(1,572)	2,432
Net finance expense	(32)	(4)	(3)	(255)	(294)
Income tax expense	(353)	(139)	(25)	3	(514)
Profit/(loss) for the financial year	1,916	203	1,329	(1,824)	1,624
Segment assets	22,481	4,822	12,044	-	39,347
Segment liabilities	6,272	1,794	5,965	5,054	19,085
Depreciation charge on PPE	301	478	112	5	896
Depreciation charge on right of use assets	102	81	244	85	512
Amortisation charge	-	-	-	12	12
Capital expenditure	414	1,631	196	3	2,244

4 Segmental analysis *(continued)*

2023	Roofing activities £000	Materials handling activities £000	Specialists building services activities £000	Corporate and other activities £000	Total £000
Revenue					
Total segment revenue	31,470	3,164	36,662	-	71,296
Inter-segment revenue	(810)	(11)	(751)	-	(1,572)
External revenue	30,660	3,153	35,911	-	69,724
Operating profit/(loss)	2,173	343	894	(1,264)	2,146
Net finance expense	(23)	(4)	(3)	(180)	(210)
Income tax expense	(142)	(112)	(119)	29	(344)
Profit/(loss) for the financial year	2,008	227	772	(1,415)	1,592
Segment assets	21,305	4,503	14,305	-	40,113
Segment liabilities	5,092	1,532	8,760	2,162	17,546
Depreciation charge on PPE	247	432	102	6	787
Depreciation charge on right of use assets	85	73	172	87	417
Amortisation charge	-	-	-	13	13
Capital expenditure	472	1,265	114	2	1,853

All revenue is derived from the UK, with no single customer contributing 10% or more of the Group's revenue. Aside from materials handling product sales of £1,904,000 (2023: £1,318,000), substantially the whole of revenue comprises rendering of services.

5 Other operating income

	2024 £000	2023 £000
Rental income	**33**	35
	33	35

Other operating income relates to the rental of premises and advertising space. As these income streams are not part of the Group's principal trading activities they have been classified separately.

6 Expenses

Auditor's remuneration:

	2024 £000	2023 £000
Audit of these financial statements	**35**	30
Amounts receivable by auditor and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	**115**	104

No non-audit services were provided by the Company's auditor to the Company or its subsidiaries in the current or prior year.

Depreciation charge:

The depreciation charge for property, plant and equipment recognised as an expense in the year was £896.000 (2023: £787,000), with a further £512,000 (2023: £417,000) for right of use assets capitalised on the balance sheet under IFRS 16. The amortisation charge recognised as an expense in the year was £12,000 (2023: £13,000).

One-off costs

One-off costs in the current year comprise costs incurred related to the return of capital to shareholders by way of tender offer.

7 Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	Number of employees	
	2024	2023
Directors	**6**	5
Administration	**114**	111
Production	**291**	301
	411	417

The aggregate payroll costs of these persons were as follows:

	2024 £000	2023 £000
Wages and salaries	**16,354**	15,588
Social security costs	**1,647**	1,630
Contributions to defined contribution plans	**375**	352
	18,376	17,570

8 Directors' remuneration

The table below sets out details of the emoluments in respect of qualifying services and compensation of each person who served as a Director during the year or for the period served as Director if less than the full year (excluding pension contributions, details of which are set out separately below):

Directors' emoluments	Salary/fees £000	Annual bonus £000	Estimated value of benefits £000	Total 2024 £000	Total 2023 £000
JM Baryshnik	-	-	-	-	-
HJ Samuel	31	-	-	31	26
K Soulsby	155	20	11	186	218
JP Davies	34	20	1	55	-
TE Hayes	120	-	-	120	116
SM Roberts	51	-	-	51	-
A Khera	26	-	-	26	25
MB Boden	17	-	-	17	-
	434	40	12	486	385

	Number of Directors 2024	2023
Retirement benefits are accruing to the following number of Directors under:		
Money purchase schemes	5	2

	2024 £000	2023 £000
J Davies	3	-
T Hayes	1	-
H Samuel	1	1
A Khera	1	1
M Boden	-	-
	6	2

9 Finance costs

	2024 £000	2023 £000
On bank loans and overdrafts	201	128
Finance charges on lease liabilities	93	82
Total finance costs	294	210

10 Income tax expense

Recognised in the Consolidated Statement of Comprehensive Income

	2024 £000	2023 £000
Current tax expense/(credit):		
Current year	**462**	193
Adjustment in respect of prior years	**(118)**	(31)
Current tax expense/(credit)	**344**	162
Deferred tax expense:		
Origination and reversal of temporary differences	**187**	188
Adjustments in respect of prior periods	**(17)**	(6)
Effect of tax rate change on opening balance	**-**	-
Deferred tax expense	**170**	182
Total tax expense	**514**	344

Reconciliation of effective tax rate

	2024 £000	2023 £000
Profit / (loss) before tax	**2,138**	1,936
Tax using the UK corporation tax rate of 25% (2023: 19%)	**535**	368
Expenses not deductible for tax purposes	**64**	21
Adjustment in respect of prior years	**(135)**	(37)
Remeasurement of deferred tax for changes in tax rates	**-**	45
Fixed asset differences	**8**	(28)
Other differences	**42**	(25)
Total tax expense	**514**	344

Factors that may affect future tax expenses

From 1 April 2023 the main rate of corporation tax in the United Kingdom increased from 19% to 25%. With the change in UK tax rate, deferred tax provisions have been calculated at the new rate in line with legislation.

The tax charge on the face of the income statement is the corporation tax applicable to the profits of the Group. This consists of both a current tax expense and a deferred tax expense, with the latter not payable until some time in the future, and arising due to the difference between the accounting and tax treatment of expenditure on property, plant and equipment. The majority of this expenditure is offset by 100% against taxable profits in the year of expenditure, reducing the amount of tax payable in the year. In future years, however, this tax benefit reverses as future profits are taxed without further offset from this expenditure.

11 Earnings per share

Basic earnings per share is the profit or loss for the year divided by the weighted average number of ordinary shares outstanding, excluding those in treasury, calculated as follows:

	2024	2023
Profit for the year (£000)	**1,624**	1,592
Weighted average number of ordinary shares excluding shares held in treasury for the proportion of the year held in treasury (note 22) ('000)	**17,118**	18,725
Basic earnings per share	**9.5p**	8.5p

The calculation of diluted earnings per share is the profit or loss for the year divided by the weighted average number of ordinary shares outstanding, after adjustment for the effects of all potential dilutive ordinary shares, excluding those in treasury, calculated as follows:

	2024	2023
Profit for the year (£000)	**1,624**	1,592
Weighted average number of ordinary shares excluding shares held in treasury for the proportion of the year held in treasury (note 22) ('000)	**17,118**	18,725
Effect of potential dilutive ordinary shares ('000)	**14**	13
Diluted weighted average number of ordinary shares excluding shares held in treasury for the proportion of the year held in treasury ('000)	**17,132**	18,738
Diluted earnings per share	**9.5p**	8.5p

The following additional earnings per share figures are presented as the Directors believe they provide a better understanding of the trading performance of the Group.

Adjusted basic and diluted earnings per share is the profit or loss for the year, adjusted for the impact of costs of the tender offer to shareholders, Arcas contract losses, and amortisation, divided by the weighted average number of ordinary shares outstanding as presented above. More detail on these adjustments is included in the Chief Executive Officer's Report.

Adjusted earnings per share is calculated as follows:

	2024	2023
Profit for the year (£000)	**1,624**	1,592
Loss-making contracts in Arcas Building Solutions and tender offer costs	**200**	733
Amortisation of intangible assets arising on acquisitions	**12**	13
Corporation tax effect of above items	**-**	(139)
Adjusted profit for the year (£000)	**1,836**	2,199
Weighted average number of ordinary shares excluding shares held in treasury for the proportion of the year held in treasury (note 22) ('000)	**17,118**	18,725
Adjusted basic earnings per share	**10.7p**	11.7p
Adjusted diluted earnings per share	**10.7p**	11.7p

12 Property, plant and equipment

Group	Leasehold buildings and improvements £000	Plant and equipment £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost					
Balance at 1 April 2022	347	4,955	491	2,204	7,997
Materials handling acquisitions	-	1,098	-	-	1,098
Other acquisitions	108	10	58	579	755
Materials handling disposals	-	(496)	-	-	(496)
Other disposals	(68)	(4)	(95)	(438)	(605)
Balance at 31 March 2023	387	5,563	454	2,345	8,749
Balance at 1 April 2023	387	5,563	454	2,345	8,749
Materials handling acquisitions	-	1,506	-	-	1,506
Other acquisitions	-	46	81	611	738
Materials handling disposals	-	(802)	-	-	(802)
Other disposals	-	(55)	(11)	(443)	(509)
Balance at 31 March 2024	387	6,258	524	2,513	9,682
Depreciation and impairment					
Balance at 1 April 2022	150	1,963	396	1,075	3,584
Depreciation charge for the year	35	388	37	327	787
Materials handling disposals	-	(119)	-	-	(119)
Other disposals	(68)	(3)	(86)	(336)	(493)
Balance at 31 March 2023	117	2,229	347	1,066	3,759
Balance at 1 April 2023	117	2,229	347	1,066	3,759
Depreciation charge for the year	37	427	41	391	896
Materials handling disposals	-	(154)	-	-	(154)
Other disposals	-	(44)	(8)	(309)	(361)
Balance at 31 March 2024	154	2,458	380	1,148	4,140
Net book value					
At 1 April 2022	197	2,992	95	1,129	4,413
At 31 March 2023	270	3,334	107	1,279	4,990
At 31 March 2024	**233**	**3,800**	**144**	**1,365**	**5,542**

Security

Leased equipment secures lease obligations.

Materials handling equipment

Materials handling equipment is leased out under contracts that are broadly evenly split between short-term hires of less than one year and longer-term hires. The net book value of materials handling equipment at 31 March 2024 included within plant and equipment was £3,665,000 (2023: £3,211,000). Sale of materials handling equipment is included within revenue, with the net book value at the date of sale included within cost of sales.

12 Property, plant and equipment *(continued)*

Company Cost	Fixtures and fittings £000	Total £000
Balance at 1 April 2022	122	122
Additions	2	2
Disposals	(2)	(2)
Balance at 31 March 2023	122	122
Balance at 1 April 2023	122	122
Additions	3	3
Disposals	(2)	(2)
Balance at 31 March 2024	123	123
Depreciation and impairment		
Balance at 1 April 2022	100	100
Depreciation charge for the year	6	6
Disposals	(2)	(2)
Balance at 31 March 2023	104	104
Balance at 1 April 2023	104	104
Depreciation charge for the year	5	5
Disposals	(1)	(1)
Balance at 31 March 2024	108	108
Net book value		
At 1 April 2022	22	22
At 31 March 2023	18	18
At 31 March 2024	**15**	**15**

13 Intangible assets

Group Cost	Goodwill £000	Brands £000	Customer relationships £000	Total £000
Balance at 1 April 2022, 31 March 2023, and 31 March 2024	20,507	11	825	21,343
Amortisation and impairment				
Balance at 1 April 2022	5,123	11	790	5,924
Amortisation	-	-	13	13
Balance at 31 March 2023	5,123	11	803	5,937
Balance at 1 April 2023	5,123	11	803	5,937
Amortisation	-	-	12	12
Balance at 31 March 2024	5,123	11	815	5,949
Net book value				
At 1 April 2022	15,384	-	35	15,419
At 31 March 2023	15,384	-	22	15,406
At 31 March 2024	**15,384**	**-**	**10**	**15,394**

Intangible assets arising on acquisitions relate to customer relationships and are being amortised over an estimated useful economic life of five years from the acquisition date.

Brands comprise the Matthew Charlton Slaters brand acquired in the year to 31 March 2013, which was amortised on a straight line basis over a period of five years.

13 Intangible assets *(continued)*

Goodwill is allocated to the Group's cash generating units ("CGUs"), which have been identified on a company basis. A summary of the carrying value presented at CGU basis is shown below:

	2024 £000	2023 £000
Isoler Limited	1,526	1,526
Wensley Roofing Limited	3,126	3,126
Springs Roofing Limited	4,507	4,507
MGM Limited	1,599	1,599
Jennings Roofing Limited	4,087	4,087
J Lister Electrical Limited	539	539
	15,384	15,384

Impairment testing

Goodwill is tested annually for impairment, or more frequently if there are indications the goodwill may be impaired. All recoverable amounts are based on value in use and the key assumptions applied in the value in use calculations are as follows:

- Cash flow projections – cash flow projections cover a five year period based on detailed approved budget forecasts for the next year, Directors' projections of profits for years two to five and a terminal value thereafter. The rationale for this is that all of the Group's companies experience ups and downs and hence it is important to take a long term view of profitability levels when considering potential impairments to goodwill. This approach has been validated by the recovery in profit levels at several Group companies as the building services industry emerged from recession in the early years of the prior decade, and following the COVID-19 pandemic and its related impact on trading.
- Growth rate – taking into account the current economic climate, management have made an assumption that the long term growth rate in each of the CGUs from year five onwards will be 2% per annum when extrapolating future cash flows as part of the terminal value calculation.
- Discount rate – management have applied a discount rate of 12.8% (2023: 11.1%) to the cash flow forecasts, which represents their best estimate of the Group's weighted average cost of capital. The calculation is based on the split of equity and debt funding at the balance sheet date and estimated current long term costs for debt and equity. Management believe the market risk associated with each CGU is similar and has applied the average rate across the business. The discount rate reflects the continued difficult trading conditions and economic environment, and is comparable to rates used by other groups operating in similar segments.

Sensitivity analysis

The key sensitivities in assessing the value in use of goodwill are forecast cash flows and the discount rate applied:

- a 2% reduction in growth rate in forecast cash flows would have no impact on carrying values; and
- a 2% increase in the discount rate applied would have no impact on carrying values.

14 Investments in subsidiaries

Company	Shares in group undertakings £000
Cost	
Balance at 1 April 2022, 31 March 2023 and 31 March 2024	35,272
Impairment	
Balance at 1 April 2022, 31 March 2023 and 31 March 2024	5,375
Net book value	
At 1 April 2022, 31 March 2023 and 31 March 2024	**29,897**

14 Investments in subsidiaries *(continued)*

The Company has the following investments in subsidiaries:

Company	Country of Incorporation	Class of shares held	Ownership and voting rights 2024	2023
Isoler Limited	England and Wales	Ordinary	100%*	100%*
		A Ordinary	100%*	100%*
Springs Roofing Limited	England and Wales	Ordinary	100%*	100%*
		A Ordinary	100%*	100%*
		B Ordinary	100%*	100%*
		C Ordinary	100%*	100%*
		D Ordinary	100%*	100%*
Wensley Roofing Limited	England and Wales	Ordinary	100%*	100%*
		A Ordinary	100%*	100%*
MGM Limited	England and Wales	Ordinary	100%*	100%*
		A Ordinary	100%*	100%*
Jennings Roofing Limited	England and Wales	Ordinary	100%*	100%*
Alcor Handling Solutions Limited	England and Wales	Ordinary	100%	100%
A1 Industrial Trucks Limited	England and Wales	Ordinary	100%	100%
Northern Bear Safety Limited	England and Wales	Ordinary	100%	100%
Arcas Building Solutions Limited	England and Wales	Ordinary	100%*	100%*
H Peel & Sons Limited	England and Wales	Ordinary	100%*	100%*
J Lister Electrical Limited	England and Wales	Ordinary	100%*	100%*
Northern Bear Roofing Limited	England and Wales	Ordinary	100%	100%
Northern Bear Construction Limited	England and Wales	Ordinary	100%	100%
System Roofing Services Limited	England and Wales	Ordinary	100%	100%

*held indirectly.

14 Investments in subsidiaries *(continued)*

The Company's subsidiaries during the year had the following registered offices:

Company	Registered office
Isoler Limited	333 Dukesway Court, Team Valley Trading Estate, Gateshead, Tyne and Wear, NE11 0BH
Springs Roofing Limited	Kimblesworth Industrial Estate, Kimblesworth, Chester Le Street, County Durham, DH2 3QT
Wensley Roofing Limited	Station House, Station Road, Chester-Le-Street, County Durham,DH3 3DU
MGM Limited	Unit 333 Dukesway Court, Team Valley Trading Estate, Gateshead, Tyne and Wear, NE11 0BH
Jennings Roofing Limited	Unit 4 Emmanuel Trading Estate, Springwell Road, Leeds LS12 1AT
Alcor Handling Solutions Limited	Unit 1 First Avenue, Team Valley Trading Estate, Gateshead, England, NE11 0NU
A1 Industrial Trucks Limited	A1 Grainger, Prestwick Park, Prestwick, Newcastle upon Tyne, NE20 9SJ
Northern Bear Safety Limited	Unit 333 Dukesway Court, Team Valley Trading Estate, Gateshead, Tyne and Wear, NE11 0BH
Arcas Building Solutions Limited	Unit 1, Boston House Fifth Avenue, Team Valley Trading Estate, Gateshead, NE11 0HF
H Peel & Sons Limited	Dewlon House, Cannon Way, Mill Street West, Dewsbury, West Yorkshire, WF13 1XL
J Lister Electrical Limited	Unit 2 Osbaldwick Link Road, York, YO19 5JA
Northern Bear Roofing Limited	A1 Grainger, Prestwick Park, Prestwick, Newcastle upon Tyne, NE20 9SJ
Northern Bear Construction Limited	A1 Grainger, Prestwick Park, Prestwick, Newcastle upon Tyne, NE20 9SJ
System Roofing Services Limited	A1 Grainger, Prestwick Park, Prestwick, Newcastle upon Tyne, NE20 9SJ

During the year Northern Bear Building Services Limited changed its name to Arcas Building Solutions Limited on 1 June 2023. During the prior year A1 Industrial Trucks Limited changed its name to Alcor Handling Solutions Limited on 2 October 2022 as part of a commercial rebranding exercise, following which a new dormant company, A1 Industrial Trucks Limited, was incorporated on 3 October 2022.

Jennings Properties Limited, H Peel & Sons (Holdings) Limited, and Lister Holdings (York) Limited, all of which were dormant former intermediate holdings companies, were dissolved via voluntary strike-off on 28 June 2022.

15 Deferred tax assets and liabilities

Group

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2024 £000	2023 £000
Property, plant and equipment	**(1,226)**	(1,052)
Intangible assets	**(3)**	(7)
Net tax liability	**(1,229)**	(1,059)

Movement in deferred tax during the year

	1 April 2023 £000	**Recognised in income £000**	**31 March 2024 £000**
Property, plant and equipment	(1,052)	(174)	**(1,226)**
Intangible assets	(7)	4	**(3)**
	(1,059)	(170)	**(1,229)**

Movement in deferred tax during the prior year

	1 April 2022 £000	**Recognised in income £000**	**31 March 2023 £000**
Property, plant and equipment	(869)	(183)	(1,052)
Intangible assets	(10)	3	(7)
	(879)	(180)	(1,059)

Company

Deferred tax assets in the Company of £6,000 (2023: £19,000) represent temporary differences on property, plant and equipment and provisions. The movement in the year of £13,000 (2023: £4,000) represents amounts recognised in income.

16 Inventories

	Group		**Company**	
	2024 £000	2023 £000	**2024 £000**	2023 £000
Raw materials and consumables	**1,496**	1,444	-	-

All inventory is expected to be recovered in less than 12 months. There were no write downs in the year.

The amount of inventories recognised as an expense in the year was £748,000 (2023: £546,000).

17 Trade and other receivables

	Group		Company	
				Restated
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Non-current assets				
Contract retentions	**899**	799	**-**	-
Amounts owed by group undertakings	**-**	-	**9,867**	6,512
	899	799	**9,867**	6,512
Current assets				
Trade receivables	**10,530**	9,284	**-**	-
Contract asset work in progress	**888**	1,585	**-**	-
Contract retentions	**1,607**	1,472	**-**	-
Other trade receivables	**3**	10	**45**	31
Prepayments	**639**	420	**164**	92
	13,667	12,771	**209**	123

Contract retentions are amounts withheld by the customer until they are satisfied with the quality of the work undertaken.

The reason for the overall increase in trade receivables and contract asset work in progress is the timing of invoicing on certain contracts, along with an increase in activity levels and prices in the current year.

The movement in the year in amounts owed by group undertakings includes intra-group dividends receivable of £6.5 million (2023 £nil).

18 Cash and cash equivalents

	Group		Company	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Cash and cash equivalents per balance sheet	**978**	3,150	**-**	-
Bank overdraft	**-**	-	**(2,384)**	(2,227)
Cash and cash equivalents per cash flow statements	**978**	3,150	**(2,384)**	(2,227)

Under the Group's overdraft facility agreement with Virgin Money plc it has the right of set off for positive and overdrawn bank balances in order to comply with the net overdraft limit of £1.0 million. At the balance sheet date total positive balances were £3.4 million and total overdrawn balances were £2.4 million, giving a net cash balance of £1.0 million. (2023 net cash balance of £3.2 million comprising of positive cash balances of £5.4 million and overdrawn balances of £2.2 million)

19 Loans and borrowings

This note provides information about the contractual terms of the Group and Company's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group and Company's exposure to interest rate risk, see note 23.

	Group		Company	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Non-current liabilities				
Secured bank loans	**2,450**	-	**2,450**	-
	2,450	-	**2,450**	-
Current liabilities				
Secured bank loans	**700**	-	**700**	
Other loans	**64**	35	**-**	-
	764	35	**700**	-

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Fair value 2024 £000	Carrying amount 2024 £000	Fair value 2023 £000	Carrying amount 2023 £000
Virgin Money term loan	GBP	Base rate + 3.25%	2028	**3,150**	**3,150**	nil	nil
Virgin Money revolving credit facility	GBP	Base rate + 2.75%	2026	**nil**	**nil**	nil	nil
Other loans	GBP	n/a	n/a	**64**	**64**	35	35

The Group retains a £1.0 million (2023: £3.5 million) revolving credit facility and a £1.0 million (2023: £1.0 million) overdraft facility, both with Virgin Money plc, for working capital purposes. During the financial year, a £3.5 million term loan was drawn down with Virgin Money plc and the revolving credit facility was reduced at the same time.

As at 31 March 2024, a total of £nil (2023: £nil) was drawn down on the revolving credit and overdraft facilities, and £3.2 million was outstanding on the term loan facility. This provides a net debt figure at 31 March 2024 of £2.2 million (2023: £3.2 million net cash) after offsetting cash and cash equivalents of £1.0 million (2023: £3.2 million).

The overdraft facility was last renewed on 26 October 2023 for the period to 31 August 2024, and the revolving credit facility was most recently renewed on 20 October 2023 and is committed to 20 October 2026. The term loan was drawn down on 23 October 2023 and is repayable in full in equal quarterly instalments by 30 September 2028.

Facilities with Virgin Money are secured via fixed and floating charges covering all property and assets present and future, via a debenture created on 1 November 2007.

20 Trade and other payables

	Group		Company	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Non-current liabilities				
Contract retentions	**28**	114	**-**	-
	28	114	**-**	-
Current liabilities				
Trade payables	**8,444**	9,107	**158**	148
Non-trade payables and accrued expenses	**3,861**	4,840	**387**	395
Amounts owed to group undertakings	**-**	-	**13,925**	14,552
	12,305	13,947	**14,470**	15,095

Amounts owed to group undertakings have been included in current trade and other payables as these balances are repayable on demand.

Contract retentions are amounts withheld from the supplier until the Group is satisfied with the quality of the work undertaken.

Included in non-trade payables and accrued expenses are contract liabilities in relation to deferred income of £39,000 (2023: £84,000). The amount recognised within revenue in relation to contract liabilities at the start of the year was £84,000 (2023: £131,000).

The Group expects to recognise the deferred income balance in revenue within two months (2023: two months) of the year end. The reason for the decrease in in contract liabilities in relation to deferred income is the timing of invoicing on certain contracts.

Contract retentions due to suppliers in more than one year are shown in non-current liabilities. The amounts due in more than one year are presented on an undiscounted basis as the impact of discounting is not considered to be material.

21 Employee benefits

Defined contribution plans

The Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £375,000 (2023: £352,000).

Share-based payments

The Group operates Inland Revenue Approved Share Option Schemes, an Inland Revenue Unapproved Share Option Scheme, and a Company Share Option Plan.

The terms and conditions of the grants are as follows:

Grant date	Method of settlement accounting	Number of Instruments	Service conditions	Contractual life of options	Exercise price
7 March 2014	Equity	530,000	3 years of service	Mar 2017 – Mar 2024	28.5p
10 March 2015	Equity	65,000	3 years of service	Mar 2018 – Mar 2025	45.8p

21 Employee benefits *(continued)*

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2024	**Number of options 2024**	Weighted average exercise price 2023	Number of options 2023
Outstanding at the beginning of the year	**34.3p**	**37,500**	39.3p	45,000
Granted during the year	**-**	**-**	-	-
Exercised during the year	**28.5p**	**(25,000)**	-	-
Lapsed during the year	**-**	**-**	45.8p	(7,500)
Outstanding at the end of the year	**45.8p**	**12,500**	34.3p	37,500
Exercisable at the end of the year	**45.8p**	**12,500**	34.3p	37,500

On 7 March 2024 a total of 25,000 options awarded on 7 March 2014 were exercised at an exercise price of 28.5 pence per share. There were no option exercises in the prior financial year.

The options outstanding at the year end have an exercise price of 45.75p and a weighted average contractual life of 1.0 years.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The fair value of employee share options is measured using a Black-Scholes model.

Share options are granted under a service condition. Such conditions are not taken into account in the grant date fair value measurement of the services received.

No expense was recognised during the year or the prior year arising from share-based payments.

22 Share capital and reserves

Share capital

	2024 £000	2023 £000
Authorised		
50,000,000 ordinary shares of 1p each (2023: 50,000,000)	**500**	500
50,000 0.1% cumulative redeemable preference shares of £1 each (2023: 50,000)	**50**	50
	550	550
Allotted, called up and fully paid		
19,017,316 ordinary shares of 1p each (2023: 19,017,316)	**190**	190
Shares classified in shareholders' funds	**190**	190

The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the Company.

On 8 December 2023 the Company completed a tender offer to shareholders to repurchase 5,000,000 ordinary shares of one penny each. The shares were transferred and held in treasury. The cost of the share purchase was recorded in retained earnings and in financing cash flows on the cash flow statement.

22 Share capital and reserves *(continued)*

The Company has used treasury shares to satisfy the exercise of options over ordinary shares in the Company by employees of the Company. The balance of treasury shares held at 31 March 2024 was 5,267,040 ordinary shares (2023: 292,040) with an aggregate nominal value of £52,670 (2023: £2,920). During the year ended 31 March 2024, options over 25,000 (2023: nil) ordinary shares of the Company were exercised by employees of the Company. To satisfy these option exercises the Company transferred 25,000 (2023: nil) ordinary shares out of treasury.

The nominal value of treasury shares held by the Company, all being ordinary shares of 1p each, is as follows:

	2024	2023
	£'000	£'000
Held at the start of the year	**3**	3
Purchased via tender offer to shareholders	**50**	-
Transfers to satisfy share option exercises	**-**	-
Held at the end of the year	**53**	3

Reserves

The capital redemption reserve relates to the buy back of shares in the Company as part of the disposal of D J McGough Limited on 15 September 2010.

The share premium account arose through premiums on share issues, less applicable expenses, in prior years.

The merger reserve arose where more than 90% of the shares in subsidiary undertakings were acquired and the consideration included the issue of new shares by the Company, thereby attracting merger relief under the Companies Act 1985, and, from 1 October 2009, the Companies Act 2006.

Retained earnings is the cumulative total of earnings reported by the Group, offset by the cost of share repurchases in the financial year ended 31 March 2024 and in prior years.

Dividend

The Company paid a final dividend of 4.0 pence per ordinary share during the year, in respect of the financial year ended 31 March 2023, (2023: nil), and a special dividend of 1.0 pence per ordinary share, in respect of the financial year ended 31 March 2023, (2023: nil) with a total cost of £836,000 (2023: £nil). The Directors propose that the Company pays a final dividend of 2.0 pence per share in respect of the year ended 31 March 2024, subject to shareholder approval at the forthcoming annual general meeting.

23 Financial instruments

Overview

The Group and Company have exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

This applies to:

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

23 Financial instruments *(continued)*

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

Interest-bearing borrowings

Fair value, which after initial recognition is determined for disclosure purposes only, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. Due to the nature of sales (high volume, low value) revenue is attributable to a large number of customers. Geographically there is a concentration of credit risk in the United Kingdom.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings where available. Purchase limits are established for each customer; these limits are reviewed regularly.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Capital management

The Group's policy is to maintain a strong capital base with a view to ensuring that entities within the Group will be able to continue as going concerns. To achieve this objective, the Group aims to maintain a prudent mix of debt and equity financing and considers the current capital structure to be appropriate.

Equity funding comprises issued share capital, reserves and retained earnings as disclosed in note 22 to the financial statements. Debt funding comprises bank facilities as described below.

The Group's treasury policy has as its principal objective the achievement of the maximum interest rate on any cash balances whilst maintaining an acceptable level of risk.

23 Financial instruments *(continued)*

Financial assets and liabilities

The Group's main financial assets comprise trade receivables arising from the Group's activities classified as financial assets measured at amortised cost and cash at bank.

All of the Group's financial liabilities have been classified as other financial liabilities measured at amortised cost.

Fair values

The fair value of the Group's financial assets and liabilities is not materially different from their carrying values.

Consolidated Statement of Comprehensive Income

Details of finance costs are included in note 9.

Carrying amounts of financial assets

	Group		Company	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Trade and other receivables (non-current)	**899**	799	**9,867**	6,512
Trade and other receivables (current assets)	**13,667**	12,771	**209**	123
Cash at bank	**978**	3,150	**-**	-
	15,544	16,720	**10,076**	6,635

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date for the Group was £15,544,000 (2023: £16,720,000) and for the Company was £10,076,000 (2023: £6,635,000) being the total of the carrying amount of financial assets.

Credit quality of financial assets and impairment losses

Trade and other receivables consist of the following:

	Group		Company	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Gross trade and other receivables	**14,606**	13,600	**10,076**	6,635
Provision relating to trade receivables	**(40)**	(30)	**-**	-
Net trade and other receivables	**14,566**	13,570	**10,076**	6,635

The credit risk on financial assets is not judged to have increased significantly since initial recognition. The loss allowance for financial assets other than trade receivables and contract assets has therefore been measured at an amount equal to 12 month expected credit losses. However, as these financial assets are due within 12 months, the 12 month expected loss allowance is equal to the lifetime expected loss allowance. The movement in the allowance during the year is as follows:

	2024	2023
	£000	£000
At beginning of year	**30**	42
Provided in year	**33**	17
Write offs and recoveries	**(23)**	(29)
At end of year	**40**	30

23 Financial instruments *(continued)*

	2024 £000	2023 £000
Trade receivables outstanding as at 31 March from invoice date:		
Between 61 – 90 days from invoice date	**514**	417
Between 91 – 120 days from invoice date	**165**	93
Over 120 days from invoice date	**265**	266
Amounts provided for	**(40)**	(30)
Total	**904**	746

The provision against trade receivables is determined by reference to past default experience. The historical default rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding, although given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period. The provision is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly.

Management has no indication that any unimpaired amounts will be irrecoverable; unimpaired amounts relate entirely to sales in the United Kingdom.

The Group's credit risk policy is to manage its trade receivables by taking credit references and requesting payment in advance should this be considered necessary.

Customers generally pay on 30 day credit terms in respect of when the invoice is raised which is generally consistent with when the performance obligations are satisfied. There will be instances where customers do not pay within these terms which management give special consideration to when assessing the recoverability of financial assets.

Interest rate risk

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date.

	2024 Interest rate	2023 Interest rate
Cash and cash equivalents	**Nil**	Nil
Bank overdraft	**Base+2.75**	Base+2.75
Revolving credit facility	**Base+2.75**	Base+2.75
Bank term loan	**Base+3.25**	n/a
Other loans	**n/a**	n/a

A change of 100 basis points in interest would increase or decrease profit by £51,000 (2023: £22,000).

Both cash and cash equivalents and bank overdraft pay interest on a floating rate basis. The fair value of the financial assets and liabilities is substantially the same as their carrying value.

Foreign exchange risk

The Group is not exposed to significant foreign exchange risk.

Liquidity risks

The Group's policy on liquidity risk has been to maintain sufficient cash balances and available facilities to meet liabilities as they fall due. The Group has procedures in place to minimise liquidity risk such as maintaining sufficient cash and by having an adequate amount of committed credit facilities, which were recently renewed as discussed in note 2 above. Procedures are in place to monitor and forecast cash usage and this, combined with committed credit facilities, supports the Group in managing liquidity risk.

23 Financial instruments *(continued)*

The following are contractual maturities of financial liabilities, and exclude the impact of netting agreements:

31 March 2024

Non-derivative financial instruments

Group	Carrying amount £000	Contractual cash flow £000	6 months or less £000	6-12 months £000	1-2 years £000	2-5 years £000	More than 5 years £000
Trade and other payables	12,333	(12,333)	(12,305)	-	(28)	-	-
Lease liabilities	1,963	(2,337)	(403)	(400)	(527)	(796)	(211)
Bank loan	3,150	(4,031)	(480)	(471)	(914)	(2,166)	-
Other loans	64	(64)	(64)	-	-	-	-
	17,510	(18,765)	(13,252)	(871)	(1,469)	(2,962)	(211)
Company							
Trade and other payables	545	(545)	(545)	-	-	-	-
Lease liabilities	62	(75)	(25)	(24)	(26)	-	-
Bank overdraft	2,384	(2,384)	(2,384)	-	-	-	-
Bank loan	3,150	(4,031)	(480)	(471)	(914)	(2,166)	-
Amounts owed to Group undertakings	13,925	(13,925)	(13,925)	-	-	-	-
	20,066	(20,960)	(17,359)	(495)	(940)	(2,166)	-

31 March 2023

Non-derivative financial instruments

Group	Carrying amount £000	Contractual cash flow £000	6 months or less £000	6-12 months £000	1-2 years £000	2-5 years £000	More than 5 years £000
Trade and other payables	14,061	(14,061)	(13,947)	-	(114)	-	-
Lease liabilities	2,204	(2,573)	(383)	(372)	(566)	(884)	(368)
Other loans	35	(35)	(35)	-	-	-	-
	16,300	(16,669)	(14,365)	(372)	(680)	(884)	(368)
Company							
Trade and other payables	543	(543)	(543)	-	-	-	-
Lease liabilities	156	(173)	(49)	(49)	(25)	(50)	-
Amounts owed to Group undertakings	14,552	(14,552)	(14,552)	-	-	-	-
	15,250	(15,268)	(15,144)	(49)	(25)	(50)	-

24 Notes to the cash flow statement

Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

Year to 31 March 2024

	1 April 2023 £000	**Financing cash flows £000**	**New leases* £000**	**31 March 2024 £000**
Secured bank loans	-	3,150	-	**3,150**
Lease liabilities recognised under IFRS 16	1,576	(618)	435	**1,393**
Hire purchase loans classed as lease liabilities	628	(303)	245	**570**
Other loans	35	29	-	**64**
Total liabilities from financing activities	2,239	2,258	680	**5,177**

Year to 31 March 2023

	1 April 2022 £000	**Financing cash flows £000**	**New leases* £000**	**31 March 2023 £000**
Secured bank loans	1,000	(1,000)	-	**-**
Lease liabilities recognised under IFRS 16	1,724	(471)	323	**1,576**
Hire purchase loans classed as lease liabilities	490	(250)	388	**628**
Other loans	38	(3)	-	**35**
Total liabilities from financing activities	3,252	(1,724)	711	2,239

During the financial year ended 31 March 2024 the Company drew down a £3.5 million bank term loan (2023: £nil) and the financing cash flows shown above are net of repayments made during the financial year.

The Group also reported proceeds from the issue of share options of £7,000 (2023: £nil), equity dividends paid of £836,000 (2023: £nil), and a return of capital to shareholders by way of tender offer of £3.1 million (2023: £nil) in cash flows from financing activities. No financial liabilities in relation to these cash flows were recorded on the Group's balance sheet at 31 March 2024 or at 31 March 2023.

* cash inflows from new finance leases are offset against cash outflows for the acquisition of property, plant and equipment included in cash flows from investing activities in the Group's consolidated cash flow statement.

25 Leasing

Leased assets where the Group is a lessee:

The balance sheet includes the following amounts relating to leased assets where the Group is a lessee:

	Group		Company	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Right of use assets				
Land and buildings	**939**	1,214	-	106
Fixtures and fittings	**1**	2	-	-
Motor vehicles	**431**	337	-	49
	1,371	1,553	**62**	155
Net book value of PPE held under leases				
Plant and equipment	**12**	22	-	-
Motor vehicles	**793**	849	-	-
	805	871	**-**	-
Lease liabilities				
Current	**724**	700	**46**	94
Non-current	**1,239**	1,504	**16**	62
	1,963	2,204	**62**	156

Additions to right of use assets during the year amounted to £435,000 (2023: £323,000).

The Consolidated Statement of Comprehensive Income includes the following amounts relating to leases assets where the Group is a lessee:

	Group		Company	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Depreciation charge on right-of-use assets				
Land and buildings	**242**	243	**55**	57
Fixtures and fittings	**1**	1	**-**	-
Motor vehicles	**269**	173	**30**	30
	512	417	**85**	87
Depreciation charge on PPE held under leases				
Plant and equipment	**2**	4	**-**	**-**
Motor vehicles	**247**	209	**-**	**-**
	249	213	**-**	**-**

Amounts charged for interest implicit on leases for the Group are set out in note 9.

25 Leasing *(continued)*

Leases are repayable as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2024	2023	**2024**	2023
Group	**£000**	£000	**£000**	£000
Amounts payable under lease contracts:				
- within one year	**803**	755	**723**	700
- after one and within five years	**1,323**	1,450	**1,063**	1,061
- after five years	**211**	368	**177**	443
	2,337	2,573	**1,963**	2,204
Less: future finance charges	**(374)**	(369)		
Present value of lease obligations	**1,963**	2,204		

	Minimum lease payments		Present value of minimum lease payments	
	2024	2023	**2024**	2023
Company	**£000**	£000	**£000**	£000
Amounts payable under lease contracts:				
- within one year	**49**	98	**45**	94
- after one and within five years	**26**	75	**17**	62
- after five years	**-**	-		
	75	173	**62**	156
Less: future finance charges	**(13)**	(17)		
Present value of lease obligations	**62**	156		

25 Leasing *(continued)*

Leased assets where the Group is a lessor:

Materials handling equipment is leased out under contracts that are broadly evenly split between short-term hires of less than one year and longer-term hires. The net book value of materials handling equipment at 31 March 2024 and 31 March 2023 included within plant and equipment is set out in note 12.

The Group considers that these leases do not transfer substantially all of the risks and rewards of ownership of the assets to the lessees and consequently these assets are included within plant and equipment in the Consolidated Balance Sheet.

The maturity analysis of lease receivables, including the undiscounted lease payments to be received, are as follows:

	Minimum lease payments	
	2024	2023
Group	**£000**	£000
Less than one year	**817**	747
After one and within two years	**719**	655
After two and within five years	**1,220**	1,184
After five years	**63**	97
	2,819	2,683

Revenue from the Group acting as a lessor of materials handling equipment included within the Consolidated Statement of Comprehensive Income in the year was £1,452,000 (2023: £1,382,000).

26 Related parties

Group

Identity of related parties with which the Group has transacted

The Group is controlled by its shareholders.

The Company had a related party relationship with its subsidiaries and with its Directors and Executive Officers.

Transactions with key management personnel

Directors of the Company and their immediate relatives controlled 6.5% (2023: 28.7%) of the voting shares of the Company at the balance sheet date.

The compensation of key management personnel (including the Directors) is as follows:

	Group	
	2024	2023
	£000	£000
Key management emoluments excluding social security costs	**486**	385

During the year the Company paid a final dividend of 4 pence per ordinary share (2023: nil) and a special dividend of 1 penny per ordinary share (2023: nil). The amount paid to key management personnel based on their holdings of the Company's ordinary shares was £124,000 (2023: £nil).

Group

The following transactions were undertaken with entities in which some of the Directors have a vested interest.

2024	**Wensley Roofing Limited DPS £000**
Balance as at beginning of year	-
Purchases	(28)
Settled	28
Balance as at end of year	-

2023	**Wensley Roofing Limited DPS £000**
Balance as at beginning of year	-
Purchases	(25)
Settled	25
Balance as at end of year	-

K Soulsby is a member of Wensley Roofing Limited DPS, a pension scheme for certain current and former Directors of Wensley Roofing Limited. Wensley Roofing Limited DPS owns land and buildings at Station House, Station Road, Chester-Le-Street, DH3 3DU leased to Wensley Roofing Limited.

Other related party transactions in the year totalled £68,000 (2023: £63,000).

26 Related parties

Trading transactions with subsidiaries – Parent Company

The Group manages its finances and bank facilities on a Group-wide basis and periodically receives dividend income from subsidiaries (£6.5 million in the year ended 31 March 2024, £nil in the year ended 31 March 2023). Amounts owed by and to subsidiary undertakings of the Parent Company are disclosed in notes 17 and 20 respectively.

Share options in the Parent Company are granted to employees of subsidiary companies. Details of the share options are included in note 21 to the financial statements.

27 Accounting estimates and judgements

The key areas requiring the use of estimates and judgements which may significantly affect the financial statements are considered to be:

Measurements of the recoverable amounts of cash generating units containing goodwill

This requires the identification of appropriate cash generating units and the allocation of goodwill to these units as well as subsequent annual assessments of impairments thereof. Details of the estimation techniques used are set out in note 13 to the financial statements; these estimation techniques require assumptions in the preparation of budgets and forecasts, estimates of future growth rates and discount rates.

Measurement of the net book value of property, plant and equipment

This requires the identification of recoverable value, being the higher of value in use and fair value less costs to sell. The Directors have assessed whether there has been any indication that property, plant and equipment may be impaired and have determined that there have been no indicators of impairment. Further details are provided in Note 12 to the financial statements.

Revenue and profit recognition on contracting activities

The Group recognises revenue and profit in accordance with IFRS 15, based on the allocation of the customer contract price to distinct performance obligations and recognising when the performance obligations are satisfied, along with estimation of future losses on the rare occasions when contracts are forecast to be loss-making. Variations during the course of contracts are taken into account but invariably are only finalised at completion. This can lead to previous estimates being amended which may have an impact on the final profit or loss to be recognised on the contract. Details of trade and other receivables are set out in note 17 to the financial statements.

28 Off balance sheet arrangements

There are no parties with whom the Group or Company has contractual or other arrangements that are considered material to the Group or Company's financial position other than those arrangements disclosed in the financial statements.

29 Provisions

One of the Group's subsidiary companies, Springs Roofing Limited ("Springs"), received notice of formal court proceedings in December 2021 regarding a claim by Engie Regeneration (FHM) Limited ("Engie") in the sum of £1.9 million.

It was subsequently agreed by Springs and Engie on 6 July 2022 that Springs would make full and final settlement of £0.6 million, payable within 28 days of the settlement agreement being signed.

Accordingly, a provision of £0.6 million was included on the balance sheet at 31 March 2022. The amount was not discounted to present value given the short time frame involved. No amounts were charged against the provision in the year ended 31 March 2022 as any legal costs were expensed in the consolidated statement of comprehensive income.

Following settlement of the claim during July 2022 the settlement and related legal costs were offset against the provision. Accordingly, no provision is included on the balance sheet at 31 March 2023 or at 31 March 2024.

Amounts related to provisions recognised and utilised in the year are presented in the table below:

	Group	
	2024	2023
	£000	£000
Opening balance	**-**	600
Amounts provided in year for settlement of legal claim	**-**	-
Amounts released in the year	**-**	-
Amounts utilised in the year	**-**	(600)
Closing balance	**-**	-

30 Alternative performance measures

The Group uses Adjusted Operating Profit, Adjusted EBITDA, and Adjusted EPS as supplemental measures of the Group's profitability, in addition to measures defined under IFRS, and these items are discussed in the Chief Executive Officer's Report. The directors consider these useful due to the exclusion of specific items that could impact a comparison of the Group's underlying profitability, and is aware that shareholders use these measures to assist in evaluating performance.

The adjusting items for the alternative measures of profit are either recurring but non-cash charges (amortisation of acquired intangible assets), one-off non-cash items, or significant one-off items (tender offer costs, loss-making contracts in Arcas, both of which are discussed further in the Chief Executive Officer's Report).

Adjusted operating profit is calculated as below:

	2024 £'000	2023 £'000
Operating profit (as reported)	**2,432**	2,146
Loss-making contracts in Arcas Building Solutions and tender offer costs	**200**	733
Amortisation of intangible assets arising on acquisitions	**12**	13
Adjusted operating profit	**2,644**	2,892

Adjusted EBITDA is calculated as below:

	2024 £'000	2023 £'000
Adjusted operating profit (as above)	**2,644**	2,892
Depreciation of property, plant and equipment	**896**	787
Depreciation of lease asset	**512**	417
Adjusted EBITDA	**4,052**	4,096

Adjusted basic and diluted earnings per share is presented in note 11 above.

MGM Ltd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