Financial Statements
BEAR Scotland Limited

For the year ended 31 December 2012

Registered number: SC206139

Company Information

Directors	G C A Batut R S Duff M Godsell B Gordon A K MacKenzie I A D Peters A Seywright I P Smith W Taylor S A Wardrop
Company secretary	I P Smith
Registered number	SC206139
Registered office	BEAR House Inveralmond Road Inveralmond Industrial Estate Perth Perthshire PH1 3TW
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 7 Exchange Crescent Conference Square Edinburgh EH3 8AN
Bankers	The Royal Bank of Scotland plc 36 St Andrew Square Edinburgh EH2 2YB Clydesdale Bank plc 6 Argyll Square Oban PA34 4AZ
Solicitors	Biggart Baillie LLP No 2 Lochrin Square 96 Fountainbridge Edinburgh EH3 9QA

Contents

Directors' report
For the year ended 31 December 2012

The directors present their report and the financial statements for the year ended 31 December 2012.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

Principal activities

The principal activity of the group during the year was the performance and management of highway maintenance contracts.

Business review

The group operates an award winning and certified health and safety system based on a behavioural safety approach. The group views the health and safety of our employees and those stakeholders who depend on our services as its prime objective.

The group reported a profit for the year as the company continued to realise returns from the range of contracts that it holds. The group has secured a new five year contract for the maintenance and management of the trunk roads in the North West of Scotland with Transport Scotland during the year, which commenced in April 2013. This secures the future of the group over the next five years.

The group has key performance indicators around turnover growth and net profit before taxation. Turnover growth was not achieved in 2012, but with the acquisition of the new North West trunk road contract in 2013 is expected to be achieved the following year. Although the company has worked hard to generate efficiencies in the current year, net profit has declined from the prior year. This is as a result of a prior year restatement as disclosed in note 21 to these financial statements.

The group's objective is to continue to seek growth in our business through widening our client base and providing high standards of service to our existing clients.

Directors' report

For the year ended 31 December 2012

Results

The profit for the year, after taxation, amounted to £1,522,962 (2011 restated - £2,748,839).

Directors

The directors who served during the year and up to the date of signing these financial statements were:

G C A Batut
R S Duff
M Godsell
B Gordon
A K MacKenzie
I A D Peters
A Seywright
I P Smith
W Taylor
S A Wardrop

Political and charitable contributions

During the year the company made charitable contributions totalling £15,530 (2011 - £7,447).

Going concern

Group trading forecasts and projections show that the group can continue to generate positive cash flows for the foreseeable future. Two of the three significant contracts with Transport Scotland expire in March 2014 and operations are considered to be in a stable position. The other significant contract with Transport Scotland expires in March 2018 and operations are considered to be in a stable position.

The group has adequate cash balances with no borrowing. The group's main customer is Transport Scotland, a government agency, which is considered to be financially stable. As a consequence of these factors, the directors believe the group is well placed to manage its business risks successfully.

The directors have reasonable expectations that the company has adequate resources to continue operations for the foreseeable future; therefore they continue to adopt the going concern basis of accounting in preparing the financial statements.

Financial risk management objectives and policies

The group holds or issues financial instruments in order to achieve three main objectives, being:

(a) to finance its operations

(b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance

(c) for trading purposes.

In addition, various financial instruments (e.g. trade debtors and trade creditors) arise directly from the group's operations.

Directors' report
For the year ended 31 December 2012

Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below.

Credit risk
The group monitors credit risk closely and considers that its current policies of credit checks, meets its objectives of managing exposure to credit risk.

The group does not have significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

Liquidity risk
The group seeks to manage financial risk by ensuring significant liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Disclosure of information to auditor

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

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

B Gordon
Director

Date: 30 September 2013

Grant Thornton

Independent auditor's report to the members of BEAR Scotland Limited

We have audited the financial statements of BEAR Scotland Limited for the year ended 31 December 2012, which comprise the group Profit and Loss Account, the group and company Balance Sheets, the group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2012 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Grant Thornton

Independent auditor's report to the members of BEAR Scotland Limited

Matters on which we are required to report by exception

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

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

Grant Thornton UK LLP

Diana Penny (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Edinburgh

30 September 2013

Consolidated profit and loss account

For the year ended 31 December 2012

	Note	2012 £	As restated 2011 £
Turnover	2	49,996,672	60,573,726
Cost of sales		(37,147,129)	(45,419,287)
Gross profit		12,849,543	15,154,439
Administrative expenses		(10,263,135)	(11,486,735)
Operating profit	3	2,586,408	3,667,704
Interest receivable and similar income	6	16,860	9,213
Interest payable and similar charges	7	(93,767)	(210,378)
Profit on ordinary activities before taxation		2,509,501	3,466,539
Tax on profit on ordinary activities	8	(986,539)	(717,700)
Profit for the financial year		1,522,962	2,748,839

All amounts relate to continuing operations.

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and Loss Account.

The notes on pages 12 to 31 form part of these financial statements.

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account.

Consolidated balance sheet
As at 31 December 2012

	Note	£	2012 £	£	As restated 2011 £
Fixed assets					
Intangible assets	9		450,943		528,424
Tangible assets	10		3,080,386		4,271,833
			3,531,329		4,800,257
Current assets					
Stocks	12	1,424,122		2,029,409	
Debtors	13	4,582,158		4,492,814	
Cash at bank and in hand		4,261,127		2,972,829	
		10,267,407		9,495,052	
Creditors: amounts falling due within one year	14	(10,213,602)		(10,758,416)	
Net current assets/(liabilities)			53,805		(1,263,364)
Total assets less current liabilities			3,585,134		3,536,893
Creditors: amounts falling due after more than one year	15		(801,549)		(255,011)
Provisions for liabilities					
Deferred tax	16	(27,406)		(137,781)	
Other provisions	17	(467,901)		(206,218)	
			(495,307)		(343,999)
Net assets			2,288,278		2,937,883
Capital and reserves					
Called up share capital	19		200,000		200,000
Profit and loss account	20		2,088,278		2,737,883
Shareholders' funds	22		2,288,278		2,937,883

Consolidated balance sheet (continued)

As at 31 December 2012

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

B Gordon
Director

Date: 30 September 2013

The notes on pages 12 to 31 form part of these financial statements.

Company balance sheet
As at 31 December 2012

	Note	£	2012 £	£	As restated 2011 £
Fixed assets					
Intangible assets	9		450,943		-
Tangible assets	10		3,080,386		3,963,923
Investments	11		340,781		1,196,637
			3,872,110		5,160,560
Current assets					
Stocks	12	1,424,122		2,029,409	
Debtors	13	4,582,158		4,521,257	
Cash at bank and in hand		4,261,127		2,944,330	
		10,267,407		9,494,996	
Creditors: amounts falling due within one year	14	(10,554,383)		(10,818,636)	
Net current liabilities			(286,976)		(1,323,640)
Total assets less current liabilities			3,585,134		3,836,920
Creditors: amounts falling due after more than one year	15		(801,549)		(255,011)
Provisions for liabilities					
Deferred tax	16	(27,406)		(110,375)	
Other provisions	17	(467,901)		(206,218)	
			(495,307)		(316,593)
Net assets			2,288,278		3,265,316
Capital and Reserves					
Called up share capital	19		200,000		200,000
Profit and loss account	20		2,088,278		3,065,316
Shareholders' funds	22		2,288,278		3,265,316

Company balance sheet (continued)
As at 31 December 2012

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

B Gordon
Director

Date: 30 September 2013

The notes on pages 12 to 31 form part of these financial statements.

Consolidated cash flow statement

For the year ended 31 December 2012

	Note	2012 £	2011 £
Net cash flow from operating activities	24	6,619,735	2,397,393
Returns on investments and servicing of finance	25	(76,180)	(201,165)
Taxation		(855,818)	(1,332,893)
Capital expenditure and financial investment	25	(271,557)	(494,704)
Equity dividends paid		(2,500,000)	(2,500,000)
Cash inflow/(outflow) before financing		2,916,180	(2,131,369)
Financing	25	(1,627,882)	(1,742,443)
Increase/(Decrease) in cash in the year		1,288,298	(3,873,812)

Reconciliation of net cash flow to movement in net funds/debt

For the year ended 31 December 2012

	2012 £	2011 £
Increase/(Decrease) in cash in the year	1,288,298	(3,873,812)
Cash outflow from decrease in debt and lease financing	1,627,882	1,742,443
Movement in net debt in the year	2,916,180	(2,131,369)
Net funds at 1 January 2012	1,314,753	3,446,122
Net funds at 31 December 2012	4,230,933	1,314,753

The notes on pages 12 to 31 form part of these financial statements.

Notes to the financial statements
For the year ended 31 December 2012

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Basis of consolidation

The financial statements consolidate the financial statements of BEAR Scotland Limited and all of its subsidiary undertakings ('subsidiaries'). These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over ten years from the year of acquisition. The results of the companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by the virtue of section 408 of the Companies Act 2006.

1.3 Turnover

Turnover is the total amount receivable by the group for goods supplied and services provided, exclusive of Value Added Tax and is recognised as follows:

(i) Roads maintenance and construction - Revenue is recognised based on the stage of completion of work based on pre-agreed rates.

Profit on long-term contracts is taken as the work is carreid out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

1.4 Intangible fixed assets and amortisation

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

Amortisation is provided at the following rates:

Goodwill	-	10 years

Notes to the financial statements
For the year ended 31 December 2012

1. Accounting policies (continued)

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property	-	3 to 15 years
Plant & machinery	-	3 to 10 years
Motor vehicles	-	3 to 4 years
Fixtures & fittings	-	2 to 5 years
Computer equipment	-	3 years

1.6 Investments

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

1.7 Leasing and hire purchase

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

1.8 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

1.9 Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials and consumables, the weighted average purchase price is used. Work in progress represents costs incurred to date on contracts which are incomplete at the period end, less foreseeable losses.

Notes to the financial statements
For the year ended 31 December 2012

1. Accounting policies (continued)

1.10 Deferred taxation

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

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

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

Deferred tax assets and liabilities are not discounted.

1.11 Pensions

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

1.12 Financial Instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Notes to the financial statements
For the year ended 31 December 2012

2. Turnover

An analysis of turnover by class of business is as follows:

	2012	As restated 2011
	£	£
Highway maintenance	49,996,672	60,573,726

All turnover arose within the United Kingdom.

Details regarding the 2011 restatement are provided at note 21. The restatement results in a £1,012,062 increase in turnover for 2011.

3. Operating profit

The operating profit is stated after charging:	2012 £	As restated 2011 £
Amortisation of intangible assets	77,481	77,481
Depreciation of owned fixed assets	542,077	340,803
Depreciation of assets held under hire purchase agreements	917,500	1,090,805
(Profit)/loss on disposal of fixed assets	3,427	(3,243)
Hive-up adjustments (see below)	327,432	-
Auditor's remuneration:		
Audit fees	34,000	39,100
Other services relating to taxation	4,300	4,300
Operating lease costs:		
Plant and equipment	558,283	515,013
Other	381,221	356,890

At 31 December 2012, the net assets of Growing Concern Scotland Limited were hived-up into the parent company, BEAR Scotland Limited by way of an intercompany loan.

This transaction required the recognition of the historical losses of Growing Concern since the date of acquisition by BEAR, and the historical group amortisation to date, as expenses in the profit and loss account of BEAR totalling £327,432. These amounts reduced the goodwill of the company to an amount equal to the goodwill of the group as noted at note 9.

Notes to the financial statements
For the year ended 31 December 2012

4. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2012 £	2011 £
Wages and salaries	12,144,766	12,052,382
Social security costs	1,151,681	1,178,667
Other pension costs	288,631	317,707
	13,585,078	13,548,756

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

	2012 No.	2011 No.
Administrative staff	156	154
Operational staff	247	254
	403	408

5. Directors' remuneration

	2012 £	2011 £
Remuneration	846,680	961,317
Company pension contributions to defined contribution pension schemes	30,125	45,062
Amounts paid to third parties for directors' services	506,937	595,730

During the year retirement benefits were accruing to 4 directors (2011 - 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £119,985 (2011 - £104,924).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £9,500 (2011 - £8,000).

Notes to the financial statements
For the year ended 31 December 2012

5. Directors' remuneration (continued)

During the year sums were paid to the following companies in respect of Management Services:

	2012 £	2011 £
Jacobs One Limited (previously Jacobs UK Limited)	126,733	148,932
Breedon Aggregates Scotland Limited	190,102	223,399
Eurovia Group Limited	190,102	223,399
Total	506,937	595,730

The above companies are related parties as detailed in note 18.

6. Interest receivable

	2012 £	2011 £
Bank interest receivable	16,860	9,213

7. Interest payable

	2012 £	2011 £
On bank loans and overdrafts	46,282	36,324
On finance leases and hire purchase contracts	47,485	174,054
	93,767	210,378

Notes to the financial statements

For the year ended 31 December 2012

8. Taxation

	2012 £	2011 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	1,073,540	771,072
Adjustments in respect of prior periods	23,374	-
Total current tax	1,096,914	771,072
Deferred tax (see note 16)		
Origination and reversal of timing differences	(110,375)	(53,372)
Tax on profit on ordinary activities	986,539	717,700

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2011 - higher than) the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%). The differences are explained below:

	2012 £	As restated 2011 £
Profit on ordinary activities before tax	2,509,501	3,466,539
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%)	615,006	918,633
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	122,794	12,258
Depreciation for period in excess of capital allowances	143,200	108,325
Non qualifying depreciation	11,311	13,811
Short term timing differences	181,229	(280,310)
Prior year adjustments	23,374	(1,645)
Current tax charge for the year (see note above)	1,096,914	771,072

Factors that may affect future tax charges

On 23 March 2011 the Chancellor announced a reduction in the main rate of UK corporation tax to 26% with effect from 1 April 2011. The change became substantively enacted on 29 March 2011 and therefore the effect of this reduction has been included in the figures above. The rate was further reduced to 25%, effective 1 April 2012. This was enacted in July 2011 and the rate is applicable for deferred tax purposes.

The Chancellor also proposed changes to further reduce the main rate of corporation tax to 22% by 1 April 2014, but these changes have not yet been substantively enacted and therefore are not included in the figures above.

Notes to the financial statements
For the year ended 31 December 2012

9. Intangible fixed assets

	Goodwill
Group	£
Cost	
At 1 January 2012 and 31 December 2012	774,812
Amortisation	
At 1 January 2012	246,388
Charge for the year	77,481
At 31 December 2012	323,869
Net book value	
At 31 December 2012	450,943
At 31 December 2011	528,424

	Goodwill
Company	£
Cost	
At 1 January 2012	-
Transferred from investment	855,856
Recognition of historical losses of subsidiary on hive-up	(81,044)
At 31 December 2012	774,812
Amortisation	
At 1 January 2012	-
Transfer of group amortisation	323,869
At 31 December 2012	323,869
Net book value	
At 31 December 2012	450,943
At 31 December 2011	-

Notes to the financial statements

For the year ended 31 December 2012

10. Tangible fixed assets

Group	Leasehold Property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost					
At 1 January 2012	375,122	10,226,775	218,960	1,597,912	12,418,769
Additions	-	254,968	-	31,589	286,557
Disposals	-	(56,195)	-	-	(56,195)
At 31 December 2012	375,122	10,425,548	218,960	1,629,501	12,649,131
Depreciation					
At 1 January 2012	191,115	6,300,535	183,697	1,471,589	8,146,936
Charge for the year	46,172	1,289,710	8,375	115,320	1,459,577
On disposals	-	(37,768)	-	-	(37,768)
At 31 December 2012	237,287	7,552,477	192,072	1,586,909	9,568,745
Net book value					
At 31 December 2012	137,835	2,873,071	26,888	42,592	3,080,386
At 31 December 2011	184,007	3,926,240	35,263	126,323	4,271,833

Notes to the financial statements

For the year ended 31 December 2012

10. Tangible fixed assets (continued)

Company	Leasehold Property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost					
At 1 January 2012	375,122	9,290,374	-	1,552,823	11,218,319
Additions	-	254,968	-	31,589	286,557
Transfers intra group	-	936,401	218,960	45,089	1,200,450
Disposals	-	(56,195)	-	-	(56,195)
At 31 December 2012	375,122	10,425,548	218,960	1,629,501	12,649,131
Depreciation					
At 1 January 2012	191,115	5,619,462	-	1,443,819	7,254,396
Charge for the year	46,172	1,238,644	-	110,832	1,395,648
Transfers intra group	-	732,139	192,072	32,258	956,469
On disposals	-	(37,768)	-	-	(37,768)
At 31 December 2012	237,287	7,552,477	192,072	1,586,909	9,568,745
Net book value					
At 31 December 2012	137,835	2,873,071	26,888	42,592	3,080,386
At 31 December 2011	184,007	3,670,912	-	109,004	3,963,923

Included within the net book value of £3,080,386 is £1,894,889 (2011 - £2,909,851) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £917,500 (2011 - £1,090,805).

11. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Growing Concern Scotland Limited	Ordinary shares	100%

The subsidiary has net assets at the year end of £340,781 and has no profit or loss for the year to 31 December 2012.

Notes to the financial statements

For the year ended 31 December 2012

11. Fixed asset investments (continued)

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2012	1,196,637
Transferred to goodwill	(855,856)
At 31 December 2012	340,781
Net book value	
At 31 December 2012	340,781
At 31 December 2011	1,196,637

12. Stocks

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Raw materials	1,119,952	1,640,388	1,119,952	1,640,388
Work in progress	304,170	389,021	304,170	389,021
	1,424,122	2,029,409	1,424,122	2,029,409

13. Debtors

	Group		Company	
	2012 £	As restated 2011 £	2012 £	As restated 2011 £
Trade debtors	4,018,399	3,883,308	4,018,399	3,883,308
Amounts owed by group undertakings	-	-	-	30,444
Amounts owed by related parties	231,510	465,921	231,510	465,921
Other debtors	-	27,229	-	25,228
Prepayments and accrued income	332,249	116,356	332,249	116,356
	4,582,158	4,492,814	4,582,158	4,521,257

Details regarding the 2011 restatement are provided at note 21.

Notes to the financial statements
For the year ended 31 December 2012

14. Creditors:
Amounts falling due within one year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Net obligations under finance leases and hire purchase contracts	30,194	1,631,602	30,194	1,615,514
Trade creditors	4,675,372	3,948,050	4,675,372	3,947,741
Amounts owed to group undertakings	-	-	340,781	121,566
Amounts owed to related parties	103,224	438,360	103,224	438,360
Corporation tax	597,722	355,900	597,722	341,833
Other taxation and social security	1,404,088	1,504,869	1,404,088	1,479,371
Other creditors	364,031	394,421	364,031	394,421
Accruals and deferred income	3,038,971	2,485,214	3,038,971	2,479,830
	10,213,602	10,758,416	10,554,383	10,818,636

The amounts due under finance leases and hire purchase agreements are secured against the asset to which they relate.

15. Creditors:
Amounts falling due after more than one year

	Group		Company	
		As restated		As restated
	2012	2011	2012	2011
	£	£	£	£
Net obligations under finance leases and hire purchase contracts	-	26,474	-	26,474
Accruals and deferred income	801,549	228,537	801,549	228,537
	801,549	255,011	801,549	255,011

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

	Group		Company	
		As restated		As restated
	2012	2011	2012	2011
	£	£	£	£
Between one and five years	-	26,474	-	26,474

The amounts due under finance leases and hire purchase agreements are secured against the asset to which they relate.

Details regarding the 2011 restatement are provided at note 21.

Notes to the financial statements
For the year ended 31 December 2012

16. Deferred taxation

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
At beginning of year	137,781	191,153	110,375	153,067
Released during the year (P&L)	(110,375)	(53,372)	(110,375)	(42,692)
Other movement (P&L)	-	-	27,406	-
At end of year	27,406	137,781	27,406	110,375

The provision for deferred taxation is made up as follows:

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	27,406	137,781	27,406	110,375

Notes to the financial statements

For the year ended 31 December 2012

17. Provisions

Group	Contract provisions £	Other provisions £	Total £
At 1 January 2012 (as previously stated)	-	-	-
Prior year adjustment	206,218	-	206,218
At 1 January 2012 (as restated)	206,218	-	206,218
Additions	43,414	218,269	261,683
At 31 December 2012	249,632	218,269	467,901

Contract provisions

During the current year the directors have taken the decision to provide for de-mobilisation costs in relation to two long term contracts and as a result the prior year financial results have been restated. Contract provisions relate to provisions on contracts, including the costs of de-mobilising staff and machinery at the termination dates of contracts. The group estimates this liability to be £249,632 (2011: £206,218) for the current year based on past experience and have provided this sum accordingly. This provision is expected to be utilised within two years.

Other provisions

Other provisions relate to penalties which are expected to be settled within the next 12 months.

Company	Contract provisions £	Other provisions £	Total £
At 1 January 2012 (as previously stated)	-	-	-
Prior year adjustment	206,218	-	206,218
At 1 January 2012 (as restated)	206,218	-	206,218
Additions	43,414	218,269	261,683
At 31 December 2012	249,632	218,269	467,901

The provisions recognised in the group balance sheet are the same provisions as those recognised in the company balance sheet.

Notes to the financial statements

For the year ended 31 December 2012

18. Related party transactions

The company's share capital is held as follows:

	2012	2011
	£	£
Eurovia Group Limited	**75,000**	75,000
Jacobs One Limited	**50,000**	50,000
Breedon Facilities Management Limited	**75,000**	75,000
	200,000	200,000

These companies are incorporated in the United Kingdom and represent shareholder-related parties as defined by Financial Reporting Standard 8.

Breedon Facilities Management Limited (formerly Ennstone Facilities Management Limited) is controlled by Breedon Aggregates Scotland Limited (formerly Ennstone Thistle Limited). Both companies are controlled by Breedon Aggregates Limited.

Eurovia Group Limited (formerly Ringway Group Limited) is controlled by Vinci SA.

Included in the profit and loss account and balance sheet are the following transactions and year end balances with these related parties. All transactions were undertaken on normal trading terms.

Also shown separately below is the sales and year end balances with Ringway Jacobs Limited.
Ringway Jacobs is a joint venture of Eurovia Group Limited and Jacobs One Limited (formerly Jacobs UK Limited).

On the 30th July 2012 Jacobs UK Limited changed its name to Jacobs One Limited.

	Breedon Aggregates Scotland Limited and its associated undertakings		Eurovia Group Limited and its and its associated undertakings		Jacobs One Limited		Ringway Jacobs Limited	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	£	£	£	£	£	£	£	£
Transactions								
Sales	**26,958**	75,884	**917,701**	832,923	**-**	-	**101,060**	701,217
Cost of sales	**4,591,353**	7,820,744	**1,767,178**	2,850,767	**1,510,893**	786,200	**-**	-
Year end balances								
Trade debtors	**107,751**	113,821	**100,116**	297,440	**14,801**	36,952	**8,352**	17,708
Trade creditors	**16,026**	116,194	**8,648**	141,011	**11,077**	181,155	**67,472**	-

Included within additions in note 10 for the year are fixed assets transferred from Ringway Jacobs Limited at £nil NBV (2011: £32,167).

Notes to the financial statements

For the year ended 31 December 2012

19. Share capital

	2012	2011
	£	£
Allotted, called up and fully paid		
75,000 'A' Ordinary Shares of £1 each	75,000	75,000
75,000 'B' Ordinary Shares of £1 each	75,000	75,000
50,000 'C' Ordinary Shares of £1 each	50,000	50,000
	200,000	200,000

All shares rank pari passu except as regards the appointment of directors and quorum at a general meeting as follows:

Appointment of Directors

The holders of the majority of each class of shares shall be entitled to appoint, remove and re-appoint as necessary, two persons as directors of the company such that there shall be six voting directors in all. Additional non-voting directors may be appointed by agreement of all classes of shareholders.

Quorum

A quorum at general meetings shall consist of a member or members not holding less than half the nominal value of each class of share.

20. Reserves

	Profit and loss account
Group	£
At 1 January 2012 (As restated per note 21)	2,737,883
Profit for the year	1,522,962
Dividends: Equity capital	(2,500,000)
Transfer of historical losses of subsidiary on hive-up	81,044
Transfer of historical group amortisation on hive-up	246,389
At 31 December 2012	2,088,278

	Profit and loss account
Company	£
At 1 January 2012 (As restated per note 21)	3,065,316
Profit for the year	1,522,962
Dividends: Equity capital	(2,500,000)
At 31 December 2012	2,088,278

Notes to the financial statements

For the year ended 31 December 2012

21. Prior year adjustment

A change in accounting policy was made during the year. A road maintenance contract is now being accounted for as a long-term contract. As a consequence of this change in accounting policy, a prior year restatement is required. The effect of this restatement is that £1,240,599 of revenue has been released to the profit and loss account in 2011 and has resulted in an increase in debtors. At the same time, £228,537 of revenue which was recognised in 2011 has now been deferred in the 2011 financial statements.

The cumulative effect of the above restatement and the adjustment disclosed in note 17 is that the profit per the 2011 financial statements has increased by £805,844, from £1,942,995 to £2,748,839.

22. Reconciliation of movement in shareholders' funds

	2012	As restated 2011
Group	£	£
Opening shareholders' funds	2,937,883	2,689,044
Profit for the financial year	1,522,962	2,748,839
Dividends (note 23)	(2,500,000)	(2,500,000)
Transfer of historical losses of subsidiary on hive-up	81,044	-
Transfer of historical group amortisation on hive-up	246,389	-
Closing shareholders' funds	2,288,278	2,937,883

	2012	As restated 2011
Company	£	£
Opening shareholders' funds	3,265,316	2,909,377
Profit for the financial year	1,522,962	2,855,939
Dividends (note 23)	(2,500,000)	(2,500,000)
Closing shareholders' funds	2,288,278	3,265,316

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

The profit for the year dealt with in the financial statements of the company was £1,522,962 (2011 - £2,855,939 (As restated)).

Details regarding the 2011 restatement are provided at note 21.

23. Dividends

	2012	2011
	£	£
Dividends paid on equity capital	2,500,000	2,500,000

Notes to the financial statements
For the year ended 31 December 2012

24. Net cash flow from operating activities

	2012	As restated 2011
	£	£
Operating profit	2,586,408	3,667,704
Amortisation of intangible fixed assets	77,481	77,481
Depreciation of tangible fixed assets	1,459,577	1,431,608
Add back historical amortisation and losses recognised on hive-up	327,433	-
Loss/(profit) on disposal of tangible fixed assets	3,427	(3,243)
Decrease/(increase) in stocks	605,287	(1,031,011)
Increase in debtors	(89,345)	(256,047)
Increase/(decrease) in creditors	1,387,784	(1,395,317)
Increase/(decrease) in provisions	261,683	(93,782)
Net cash inflow from operating activities	6,619,735	2,397,393

Details regarding the 2011 restatement are provided at note 21. This restatement has no impact on the net cash inflow from operating activities.

Notes to the financial statements

For the year ended 31 December 2012

25. Analysis of cash flows for headings netted in cash flow statement

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	16,860	9,213
Interest paid	(46,282)	(36,324)
Hire purchase interest	(46,758)	(174,054)
Net cash outflow from returns on investments and servicing of finance	(76,180)	(201,165)

	2012 £	2011 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(286,557)	(499,989)
Sale of tangible fixed assets	15,000	5,285
Net cash outflow from capital expenditure	(271,557)	(494,704)

	2012 £	2011 £
Financing		
Repayment of finance leases	(1,627,882)	(1,742,443)

26. Analysis of changes in net debt

	1 January 2012 £	Cash flow £	Other non-cash changes £	31 December 2012 £
Cash at bank and in hand	2,972,829	1,288,298	-	4,261,127
Debt:				
Finance leases due within one year	(1,631,602)	1,627,882	(26,474)	(30,194)
Finance leases falling due after more than one year	(26,474)	-	26,474	-
Net funds	1,314,753	2,916,180	-	4,230,933

27. Contingent liabilities

The directors have confirmed that there were no contingent liabilities which should be disclosed at 31 December 2012 (2011: £nil).

Notes to the financial statements
For the year ended 31 December 2012

28. Capital commitments

The company has capital commitments at 31 December 2012 totalling £3,827,107 (2011: £nil) in respect of equipment for which orders were placed before the year-end relating to a new contract.

29. Pension commitments

The company operates a defined contribution pension scheme. The pension cost for the year represents contributions payable by the company to the fund and amounted to £288,631 (2011: £317,707).

Contributions amounting to £51,582 (2011: £48,067) were payable to the scheme at the year end and are included in creditors.

30. Operating lease commitments

At 31 December 2012 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2012	2011	2012	2011
Group	£	£	£	£
Expiry date:				
Within 1 year	-	-	91,155	-
Between 2 and 5 years	378,453	356,890	115,637	121,540

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

	Land and buildings		Other	
	2012	2011	2012	2011
Company	£	£	£	£
Expiry date:				
Within 1 year	-	-	91,155	-
Between 2 and 5 years	378,453	356,890	115,637	121,540