

**BEAR SCOTLAND LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

FRIDAY



\*S8A2C4LC\*

SCT

19/07/2019

#249

COMPANIES HOUSE

---

**BEAR SCOTLAND LIMITED**

---

**COMPANY INFORMATION**

---

<b>Directors</b>	G C A Batut (resigned 3 September 2018) M Godsell A K Mackenzie S A Wardrop R Wood (resigned 2 May 2018) D J Coultas M S Brown J G Barton I W Murray H D Morrison C G L Ferrer (appointed 3 September 2018) R E McDonald (appointed 2 May 2018)
<b>Company secretary</b>	M S Brown
<b>Registered number</b>	SC206139
<b>Registered office</b>	BEAR House Inveralmond Road Inveralmond Industrial Estate Perth Perthshire PH1 3TW
<b>Independent auditor</b>	Grant Thornton UK LLP Statutory Auditor, Chartered Accountants 7 Exchange Crescent Conference Square Edinburgh EH3 8AN
<b>Bankers</b>	The Royal Bank of Scotland plc 36 St Andrew Square PO Box 51 Edinburgh EH2 2YB

---

**BEAR SCOTLAND LIMITED**

---

**CONTENTS**

---

	Page
<b>Group Strategic Report</b>	<b>1 - 3</b>
<b>Directors' Report</b>	<b>4 - 5</b>
<b>Independent Auditor's Report</b>	<b>6 - 8</b>
<b>Consolidated Statement of Comprehensive Income</b>	<b>9</b>
<b>Consolidated Statement of Financial Position</b>	<b>10</b>
<b>Company Statement of Financial Position</b>	<b>11 - 12</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>13</b>
<b>Company Statement of Changes in Equity</b>	<b>14</b>
<b>Consolidated Statement of Cash Flows</b>	<b>15 - 16</b>
<b>Notes to the Financial Statements</b>	<b>17 - 36</b>

---

## BEAR SCOTLAND LIMITED

---

### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

---

#### Introduction

BEAR Scotland is a service provider in the Scottish roads maintenance sector. We pride ourselves on delivering a first-rate service to our clients based on the whole-hearted commitment of our employees, our flexible approach, our breadth of experience and our operational capability. Having offices and depots with highly skilled people located throughout our contracted network, our dedicated teams are working around the clock, tackling just about every imaginable task on Scotland's trunk road network.

Our vision is to be recognised as the leading infrastructure management and maintenance organisation in Scotland.

BEAR Scotland is a limited company formed by the alliance of Breedon, Eurovia and Jacobs. Each of these companies is successful in their own right in the road maintenance, transportation and civil engineering sectors, but the combination of the experience, skills and knowledge each company brings to BEAR Scotland provides our clients with enormous benefits through worldwide expertise and an unrivalled scope of operations.

Our services include design, maintenance, operation and asset management of approximately 2000km of road and over 3000 structures on behalf of major road authority clients.

Through BEAR Scotland and the support of our shareholders, we aim to offer high quality road maintenance services backed by global innovation, cutting edge systems, financial stability and strengthened buying power ensuring we provide a first-rate service.

We aim to do this by:

- Focusing on the health and safety of our employees and our stakeholders;
- Building lasting relationships based on delivering an experience based service;
- Partnering with and supporting the local communities in which we work;
- Introducing innovative techniques, materials, products and project management; and
- Providing solutions with cost effective whole life costing benefits.

#### Business review

During the year BEAR Scotland continued to operate the 4th Generation Term Contracts for the Management and Maintenance of the Scottish Trunk Road Network, North West and North East units, along with the Operation and Maintenance Contracts for the A92 Dundee to Arbroath and the M80 Stepps to Hags.

The turnover of the Company increased 19% to £101m for 2018 from £85m in 2017 due to additional investment from Transport Scotland. Company profit margins have reduced in 2018 with profit before tax of £2.2m for the year from £3.0m in 2017. Profit was impacted by high winter maintenance costs and high salt usage, in the first four months of 2018 which are fixed price sum items with the risk sitting wholly with BEAR Scotland. This was a result of a prolonged period of low temperatures combined with the impact of the 'Beast from the East'. This resulted in deterioration of the road surfaces in both networks with unprecedented levels of third-party claims and repairs with the risk for these fixed price sum price items again sitting wholly with BEAR Scotland.

BEAR Scotland in 2018 concentrated on the delivery of these existing long term contracts. The North West Unit 4th Generation Trunk Road Contract is into its sixth year of operation having been awarded an extension to August 2022 in the reporting period.

North East Unit 4th Generation Trunk Road Contract is in its fourth year of operation. The six-year contract has been extended a further two years in the reporting period to August 2022.

---

## BEAR SCOTLAND LIMITED

---

### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

---

#### Business review (continued)

The A92 and M80 Operation and Maintenance Contracts are both well into their 10 year terms and continue to achieve their targets.

BEAR Scotland's 100% owned subsidiary, Growing Concern Scotland Limited, was dormant in 2018 and it is anticipated this subsidiary will remain dormant going forward. The landscaping business previously operated by the subsidiary company continues to operate within BEAR Scotland.

In terms of dividends paid, BEAR Scotland was able to pay £1m this year (2017: £2m).

#### Principal risks

##### Financial Risk Management Policy

The Group uses various financial instruments which include cash, trade debtors, amounts recoverable on contract, trade creditors, amounts due to related parties that arise directly from operations and hire purchase contracts. The main purpose of these financial instruments is to raise finance for the Group's operations. The existence of these financial instruments exposes the group to a number of financial risks.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk and competitive risk.

The directors review and agree policies for managing each of these risks and they are summarised below.

##### Interest rate risk

The Group's borrowing facilities are used to finance capital expenditure. The finance lease and hire purchase contracts are on a fixed interest basis over the period of the loan.

##### Credit risk

The Group's principal financial assets are cash and trade debtors. The associated credit risk is limited as the Group's clients are predominantly public sector entities, which have a strong credit rating supported by the United Kingdom government.

##### Liquidity risk

The Group aims to mitigate liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs through reviewing trading and preparing forecasts.

##### Competitive risk

The Group is reliant on public bodies for contracts which are subject to periodic competitive tender. Renewal of these contracts is uncertain and based on financial and performance criteria.

#### Financial and non-financial key performance indicators

The Group's long term contracts have operational KPI's related specifically to the service delivery for each contract which are monitored and reviewed on a monthly basis with our clients.

The Group's operational key performance indicators are centred on contract profitability and overall Group profit. The Group did achieve the majority of the operational key performance indicators during the year, with profits lower than anticipated due to the impact of the 2017/18 winter as noted previously.

---

## BEAR SCOTLAND LIMITED

---

### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

---

#### Management systems

The Group operates under the following UKAS approved certified management systems: OHSAS 18001:2007 (Occupational, Health and Safety), ISO 14001:2004 (Environmental), ISO 9001:2015 (Quality). These standards are integral to the day to day operation of our business. In addition the business operates a number of National Highway Sector Scheme certifications. The Group views the health and safety of our employees and those stakeholders who depend on our services as its prime objective.

#### Employee involvement

The Group takes seriously its responsibilities to employees and as a policy, provides employees with information on matters of concern to them. It is also the policy of the group to consult, where practical, with employees or their representatives so that their views may be taken into account in making decisions likely to affect their interests.

#### Disabled employees

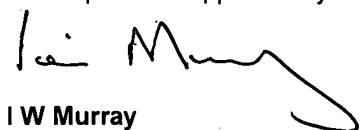
The commitment of the Group is to provide equal opportunities for individuals in all aspects of employment. If existing employees become disabled every effort will be made to retain them and retraining arranged where ever possible.

#### Future developments

We are currently entering the rebidding stage of the Transport Scotland Network Management Contracts.

In the Director's opinion Growing Concern Scotland Limited will be dormant for the foreseeable future.

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



**I W Murray**  
Director

Date: 28 March 2019

---

## BEAR SCOTLAND LIMITED

---

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

---

The directors present their report and the financial statements for the year ended 31 December 2018.

#### Results and dividends

The profit for the year, after taxation, amounted to £1,766,637 (2017: £2,380,842).

The Company have paid a dividend of £1,000,000 in 2018 (2017: £2,000,000).

#### Directors

The directors who served during the year were:

G C A Batut (resigned 3 September 2018)  
M Godsell  
A K Mackenzie  
S A Wardrop  
R Wood (resigned 2 May 2018)  
D J Coultas  
M S Brown  
J G Barton  
I W Murray  
H D Morrison  
C G L Ferrer (appointed 3 September 2018)  
R E McDonald (appointed 2 May 2018)

#### Directors' Responsibilities Statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and profit or loss of the Company and 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 judgements and accounting estimates that are reasonable and prudent;
- 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.

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

---

**BEAR SCOTLAND LIMITED**

---

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

---

**Charitable contributions**

During the year the company made charitable contributions totalling £5,689 (2017: £4,580).

**Matters covered in the strategic report**

The business review including future developments and assessment of financial risk management are included within the strategic report.

**Qualifying third party indemnity provisions**

The Group has provided qualifying third party indemnity provisions in respect of certain directors which were in force during the period and at the date of this report.

**Post balance sheet events**

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

**Disclosure of information to auditor**

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves 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 on 28 March 2019 and signed on its behalf.



**I W Murray**  
Director



---

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEAR SCOTLAND LIMITED**

---

### **Opinion**

We have audited the financial statements of BEAR Scotland Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 2018 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.

### **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, 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.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



---

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEAR SCOTLAND LIMITED (CONTINUED)

---

### Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

### Matter on which we are required to report under the Companies Act 2006

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

### Matters on which we are required to report by exception

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.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEAR SCOTLAND LIMITED (CONTINUED)

---

### Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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's 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 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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 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.



Diana Penny  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Edinburgh

28 March 2019

**BEAR SCOTLAND LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	3	100,947,854	84,514,268
Cost of sales		(82,055,862)	(65,866,886)
<b>Gross profit</b>		<b>18,891,992</b>	<b>18,647,382</b>
Administrative expenses		(16,541,577)	(15,398,711)
<b>Operating profit</b>	4	<b>2,350,415</b>	<b>3,248,671</b>
Interest receivable and similar income	8	8,242	1,888
Interest payable and expenses	9	(112,080)	(211,751)
<b>Profit before taxation</b>		<b>2,246,577</b>	<b>3,038,808</b>
Tax on profit	10	(479,940)	(657,966)
<b>Profit for the financial year</b>		<b>1,766,637</b>	<b>2,380,842</b>
 <b>Total comprehensive income for the year</b>		 <b>1,766,637</b>	 <b>2,380,842</b>
<b>Profit for the year attributable to:</b>			
Owners of the parent Company		1,766,637	2,380,842
		<b>1,766,637</b>	<b>2,380,842</b>

There were no recognised gains and losses for 2018 or 2017 other than those included in the consolidated statement of comprehensive income.

The notes on pages 17 to 36 form part of these financial statements.

**BEAR SCOTLAND LIMITED**  
**REGISTERED NUMBER: SC206139**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	12	129,428	63,565
Tangible assets	13	6,507,505	8,200,300
		<u>6,636,933</u>	<u>8,263,865</u>
<b>Current assets</b>			
Stocks	15	2,239,931	2,364,738
Debtors: amounts falling due within one year	16	6,514,883	6,409,885
Cash at bank and in hand	17	7,523,045	7,079,271
		<u>16,277,859</u>	<u>15,853,894</u>
Creditors: amounts falling due within one year	18	(15,053,847)	(15,648,215)
<b>Net current assets</b>		<u>1,224,012</u>	<u>205,679</u>
<b>Total assets less current liabilities</b>		<u>7,860,945</u>	<u>8,469,544</u>
Creditors: amounts falling due after more than one year	19	(2,069,498)	(3,472,838)
<b>Provisions for liabilities</b>			
Other provisions	22	(418,872)	(390,768)
		<u>(418,872)</u>	<u>(390,768)</u>
<b>Net assets</b>		<u><u>5,372,575</u></u>	<u><u>4,605,938</u></u>
<b>Capital and reserves</b>			
Called up share capital	24	200,000	200,000
Profit and loss account	23	5,172,575	4,405,938
<b>Equity attributable to owners of the parent Company</b>		<u><u>5,372,575</u></u>	<u><u>4,605,938</u></u>

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



**I W Murray**  
Director  
Date: 28 March 2019

The notes on pages 17 to 36 form part of these financial statements.

**BEAR SCOTLAND LIMITED**  
**REGISTERED NUMBER: SC206139**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	12	129,428	63,565
Tangible assets	13	6,507,505	8,200,300
Investments	14	1,098	1,098
		<u>6,638,031</u>	<u>8,264,963</u>
<b>Current assets</b>			
Stocks	15	2,239,931	2,364,738
Debtors: amounts falling due within one year	16	6,513,824	6,409,885
Cash at bank and in hand	17	7,523,045	7,079,271
		<u>16,276,800</u>	<u>15,853,894</u>
Creditors: amounts falling due within one year	18	(15,053,847)	(15,649,274)
<b>Net current assets</b>		<u>1,222,953</u>	<u>204,620</u>
<b>Total assets less current liabilities</b>		<u>7,860,984</u>	<u>8,469,583</u>
Creditors: amounts falling due after more than one year	19	(2,069,498)	(3,472,838)
<b>Provisions for liabilities</b>			
Other provisions	22	(418,872)	(390,768)
		<u>(418,872)</u>	<u>(390,768)</u>
<b>Net assets</b>		<u><u>5,372,614</u></u>	<u><u>4,605,977</u></u>

**BEAR SCOTLAND LIMITED**  
**REGISTERED NUMBER: SC206139**

**COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2018**

	Note	31 December 2018 £	31 December 2017 £
<b>Capital and reserves</b>			
Called up share capital	24	200,000	200,000
Profit and loss account brought forward		4,405,977	4,025,135
Profit for the year		1,766,637	2,380,842
Other changes in the profit and loss account		(1,000,000)	(2,000,000)
Profit and loss account carried forward		5,172,614	4,405,977
		<u>5,372,614</u>	<u>4,605,977</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 March 2019.



**I W Murray**  
Director

The notes on pages 17 to 36 form part of these financial statements.

**BEAR SCOTLAND LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	200,000	4,405,938	4,605,938
<b>Comprehensive income for the year</b>			
Profit for the year	-	1,766,637	1,766,637
<b>Total comprehensive income for the year</b>	-	1,766,637	1,766,637
Dividends: Equity capital	-	(1,000,000)	(1,000,000)
<b>Total transactions with owners</b>	-	(1,000,000)	(1,000,000)
<b>At 31 December 2018</b>	<b>200,000</b>	<b>5,172,575</b>	<b>5,372,575</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2017	200,000	4,025,096	4,225,096
<b>Comprehensive income for the year</b>			
Profit for the year	-	2,380,842	2,380,842
<b>Total comprehensive income for the year</b>	-	2,380,842	2,380,842
Dividends: Equity capital	-	(2,000,000)	(2,000,000)
<b>Total transactions with owners</b>	-	(2,000,000)	(2,000,000)
<b>At 31 December 2017</b>	<b>200,000</b>	<b>4,405,938</b>	<b>4,605,938</b>

The notes on pages 17 to 36 form part of these financial statements.

**BEAR SCOTLAND LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	200,000	4,405,977	4,605,977
<b>Comprehensive income for the year</b>			
Profit for the year	-	1,766,637	1,766,637
	-	1,766,637	1,766,637
<b>Total comprehensive income for the year</b>			
Dividends: Equity capital	-	(1,000,000)	(1,000,000)
<b>At 31 December 2018</b>	<b>200,000</b>	<b>5,172,614</b>	<b>5,372,614</b>

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2017	200,000	4,025,135	4,225,135
<b>Comprehensive income for the year</b>			
Profit for the year	-	2,380,842	2,380,842
	-	2,380,842	2,380,842
<b>Total comprehensive income for the year</b>			
Dividends: Equity capital	-	(2,000,000)	(2,000,000)
<b>At 31 December 2017</b>	<b>200,000</b>	<b>4,405,977</b>	<b>4,605,977</b>

The notes on pages 17 to 36 form part of these financial statements.

**BEAR SCOTLAND LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,766,637	2,380,842
<b>Adjustments for:</b>		
Amortisation of intangible assets	63,565	77,472
Depreciation of tangible assets	2,609,635	2,628,847
Loss on disposal of tangible assets	(22,198)	(35,125)
Interest paid	112,080	211,751
Interest received	(8,242)	(1,888)
Taxation charge	479,940	657,966
Decrease/(increase) in stocks	124,807	(289,268)
Decrease in debtors	24,022	838,996
Increase/(decrease) in creditors	1,152,301	(2,050,941)
(Decrease)/increase in provisions	(371,896)	69,984
Corporation tax (paid)	(964,432)	(572,734)
<b>Net cash generated from operating activities</b>	<b>4,966,219</b>	<b>3,915,902</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(103,426)	-
Purchase of tangible fixed assets	(942,842)	(772,688)
Sale of tangible fixed assets	22,198	68,533
Interest received	8,242	1,888
<b>Net cash from investing activities</b>	<b>(1,015,828)</b>	<b>(702,267)</b>

**BEAR SCOTLAND LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
<b>Cash flows from financing activities</b>		
Repayment of/new finance leases	(2,394,537)	(3,374,375)
Dividends paid	(1,000,000)	(2,000,000)
Interest paid	(112,080)	(211,751)
<b>Net cash used in financing activities</b>	<u>(3,506,617)</u>	<u>(5,586,126)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>443,774</u>	<u>(2,372,491)</u>
Cash and cash equivalents at beginning of year	7,079,271	9,451,762
<b>Cash and cash equivalents at the end of year</b>	<u><u>7,523,045</u></u>	<u><u>7,079,271</u></u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	7,523,045	7,079,271
	<u><u>7,523,045</u></u>	<u><u>7,079,271</u></u>

The notes on pages 17 to 36 form part of these financial statements.

---

## BEAR SCOTLAND LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

---

#### 1. General information

BEAR Scotland Limited is a private company limited by shares and incorporated in Scotland. Its registered head office is located at BEAR House, Inveralmond Road, Inveralmond Industrial Estate, Perth, PH1 3TW.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The Group financial statements consolidate the financial statements of BEAR Scotland Limited and its subsidiary undertaking drawn up to 31 December each year.

The parent company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own Statement of comprehensive income in those financial statements. The parent company's profit for the year was £1,766,637 (2017: £2,380,842).

The parent company has also taken advantage of the disclosure exemption available in FRS 102 and has therefore not presented its own individual Statement of Cash Flows.

##### 2.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

##### 2.3 Going concern

Trading forecasts and projections show that the Group can continue to generate positive cash flows for the foreseeable future.

The Group has adequate cash balances with no borrowing other than finance lease and hire purchase contracts. 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 Group has adequate resources to continue operations for the foreseeable future, therefore they continue to adopt the going concern basis of accounting in preparing these financial statements.

---

## BEAR SCOTLAND LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

---

#### 2. Accounting policies (continued)

##### 2.4 Significant judgements and estimates

The preparation of financial statements in compliance with FRS 102 requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Service provision under the O&M Works Agreement for the M80 Stepps to Haggs DBFO Contract

The management have assessed the future increased anticipated level of activity required to be serviced through the contract and have deferred the income relating to this activity. This has been established from the experience of running similar contracts and taking account of the recent trading experienced in operation of the M80 Stepps to Haggs DBFO Contract during the previous 7 years.

Service provision under the O&M Agreement for the A92 Dundee to Arbroath DBFO Contract

The Company has estimated the potential claim that may arise from unavailability deductions due to flooding events that have occurred.

Winter service provision for the term maintenance contracts

The Company provides a winter maintenance service for the Scottish Trunk Road Contracts for a fixed sum. The directors assess the historical activity and experience to arrive at a reasonable allowance for the delivery of this service. An exceptional value is held to account for exceptional events that are anticipated to occur in the duration of the contracts as part of the lump sum provision.

Impairment of trade receivables

The directors have utilised their historical experience of recovery to apply the provision for impairment of trade receivables.

Demobilisation provision

The Group has utilised its historical experience of demobilising Term Maintenance Contracts to ascertain the level of provision required for the eventual conclusion of the current Term Maintenance Contracts.

In all cases the judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other reasonable factors.

---

## BEAR SCOTLAND LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

---

#### 2. Accounting policies (continued)

##### 2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes and is recognised as follows:

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the work based on pre-agreed rates.

(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 carried 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.

##### 2.6 Intangible assets

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of comprehensive income over its useful economic life.

Amortisation on goodwill is provided over 10 years.

##### 2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

---

## BEAR SCOTLAND LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

---

#### 2. Accounting policies (continued)

##### 2.8 Assets under construction

Assets in the course of construction are valued at cost. These assets are not depreciated until they are brought into use.

##### 2.9 Investment in subsidiary

Investments in subsidiaries are measured at cost less accumulated impairment in the parent company's individual financial statements.

##### 2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

Work in progress represents costs incurred to date on contracts which are incomplete at the period end, less foreseeable losses.

##### 2.11 Debtors

Short term debtors are measured at transaction price, less any impairment.

##### 2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### 2.13 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss account.

---

## BEAR SCOTLAND LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

---

## 2. Accounting policies (continued)

### 2.13 Financial instruments (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

### 2.14 Creditors

Short term creditors are measured at the transaction price.

### 2.15 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

### 2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

### 2.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the Group recognises annual rent expense equal to amounts owed to the lessor.

---

## BEAR SCOTLAND LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

---

#### 2. Accounting policies (continued)

##### 2.18 Defined contribution pension plan

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

##### 2.19 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

##### 2.20 Provisions for liabilities

Provisions are recognised when the Group has a present obligation, either legal or constructive, as a result of a past event, it is probable that the outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be estimated reliably. The effect of the time value of money is not material and therefore the provisions are not discounted.

##### 2.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;

Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and

Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

---

BEAR SCOTLAND LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

---

3. Turnover

	2018 £	2017 £
Highway maintenance	100,947,854	84,514,268

All turnover arose within the United Kingdom.

4. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets - owned by the group	999,098	567,749
Depreciation of tangible fixed assets - held under finance leases	1,610,537	2,061,098
Amortisation of intangible assets, including goodwill	63,565	77,472
(Profit) on sale of fixed assets	(22,198)	(35,125)
Other operating lease rentals	1,267,168	1,273,504

5. Auditor's remuneration

	2018 £	2017 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	46,200	44,600
Auditors' other services relating to taxation	7,600	5,000

---

**BEAR SCOTLAND LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

---

**6. Employees**

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

	<b>Group 2018 £</b>	<i>Group 2017 £</i>	<b>Company 2018 £</b>	<i>Company 2017 £</i>
Wages and salaries	<b>18,513,660</b>	16,536,750	<b>18,513,660</b>	16,536,750
Social security costs	<b>1,692,205</b>	1,578,348	<b>1,692,205</b>	1,578,348
Cost of defined contribution scheme	<b>484,590</b>	429,169	<b>484,590</b>	429,169
	<b><u>20,690,455</u></b>	<u>18,544,267</u>	<b><u>20,690,455</u></b>	<u>18,544,267</u>

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

	<b>Group 2018 No.</b>	<i>Group 2017 No.</i>	<b>Company 2018 No.</b>	<i>Company 2017 No.</i>
Administrative staff	<b>266</b>	240	<b>266</b>	240
Operational staff	<b>301</b>	297	<b>301</b>	297
	<b><u>567</u></b>	<u>537</u>	<b><u>567</u></b>	<u>537</u>

---

BEAR SCOTLAND LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

---

7. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	221,050	338,816
Directors pension costs	16,717	37,710
	<u>237,767</u>	<u>376,526</u>

During the year retirement benefits were accruing to 2 directors (2017: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £114,168 (2017: £151,787).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £8,634 (2017: £9,002).

Management fees paid in relation to directors' remuneration for the year were £207,000 (2017: £70,000).

Management fees in relation to directors' remuneration are due to a related party at the year end for £18,000 (2017: £70,000).

8. Interest receivable

	2018 £	2017 £
Other interest receivable	<u>8,242</u>	<u>1,888</u>

9. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	57,702	58,624
Finance leases and hire purchase contracts	54,378	153,127
	<u>112,080</u>	<u>211,751</u>

**BEAR SCOTLAND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**10. Taxation**

	2018 £	2017 £
<b>Corporation tax</b>		
Current tax on profits for the year	608,960	731,119
Adjustments in respect of previous periods	-	13,599
<b>Total current tax</b>	<u>608,960</u>	<u>744,718</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(129,020)	(86,965)
Adjustment in respect of prior periods	-	213
<b>Total deferred tax</b>	<u>(129,020)</u>	<u>(86,752)</u>
<b>Taxation on profit on ordinary activities</b>	<u>479,940</u>	<u>657,966</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2017: *higher than*) the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>2,246,577</u>	<u>3,038,808</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	426,850	584,866
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(2,149)	2,008
Capital allowances for year in excess of depreciation	32,923	45,787
Adjustments to tax charge in respect of prior periods	7,137	13,812
Rate change	15,179	11,493
<b>Total tax charge for the year</b>	<u>479,940</u>	<u>657,966</u>

**BEAR SCOTLAND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**11. Dividends**

	2018 £	2017 £
Dividends paid	<u>1,000,000</u>	<u>2,000,000</u>

Dividends were paid to the company's three shareholders Eurovia UK Limited, Jacobs UK Limited and Breedon Facilities Management Limited at £375,000, £250,000 and £375,000 (2017: £750,000, £500,000 and £750,000) respectively.

**12. Intangible assets**

**Group and Company**

	Assets under course of construction - Software £	Goodwill £	Total £
<b>Cost</b>			
At 1 January 2018	-	774,812	774,812
Additions	103,426	-	103,426
Transfers between classes	26,002	-	26,002
At 31 December 2018	<u>129,428</u>	<u>774,812</u>	<u>904,240</u>
<b>Amortisation</b>			
At 1 January 2018	-	711,247	711,247
Charge for the year	-	63,565	63,565
At 31 December 2018	<u>-</u>	<u>774,812</u>	<u>774,812</u>
<b>Net book value</b>			
At 31 December 2018	<u>129,428</u>	<u>-</u>	<u>129,428</u>
At 31 December 2017	<u>-</u>	<u>63,565</u>	<u>63,565</u>

Amortisation of intangible fixed assets is included in administration expenses.

**BEAR SCOTLAND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**13. Tangible fixed assets**

**Group and Company**

	L/Term Leasehold Property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Assets under construction £	Total £
<b>Cost or valuation</b>						
At 1 January 2018	1,490,328	19,529,624	34,827	1,405,294	26,002	22,486,075
Additions	48,995	838,710	-	55,137	-	942,842
Disposals	-	(161,746)	-	(26,345)	-	(188,091)
Transfers between classes	-	-	-	-	(26,002)	(26,002)
At 31 December 2018	1,539,323	20,206,588	34,827	1,434,086	-	23,214,824
<b>Depreciation</b>						
At 1 January 2018	955,864	11,932,776	34,827	1,362,308	-	14,285,775
Charge for the year	180,089	2,331,423	-	98,123	-	2,609,635
Disposals	-	(161,746)	-	(26,345)	-	(188,091)
At 31 December 2018	1,135,953	14,102,453	34,827	1,434,086	-	16,707,319
<b>Net book value</b>						
At 31 December 2018	403,370	6,104,135	-	-	-	6,507,505
At 31 December 2017	534,464	7,596,848	-	42,986	26,002	8,200,300

Included within the net book value of £6,507,505 is £3,604,219 (2017: £6,549,038) relating to assets held under hire purchase agreements or finance leases. The depreciation charged to the financial statements in the year in respect of such assets amounted to £1,610,537 (2017: £2,061,098).

All of the Group's tangible fixed assets are held in the Parent company.

---

**BEAR SCOTLAND LIMITED**

---

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

---

**14. Fixed asset investments****Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>
Growing Concern Scotland Limited	Ordinary	100 %

The Company was dormant during the financial period and is registered in Scotland.

**Company**

	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 January 2018	<b>340,781</b>
At 31 December 2018	<b>340,781</b>
<b>Impairment</b>	
At 1 January 2018	<b>339,683</b>
At 31 December 2018	<b>339,683</b>
<b>Net book value</b>	
At 31 December 2018	<b>1,098</b>
At 31 December 2017	<b>1,098</b>

---

**BEAR SCOTLAND LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

---

**15. Stocks**

	<b>Group 2018 £</b>	<i>Group 2017 £</i>	<b>Company 2018 £</b>	<i>Company 2017 £</i>
Raw materials and consumables	<u><b>2,239,931</b></u>	<u><i>2,364,738</i></u>	<u><b>2,239,931</b></u>	<u><i>2,364,738</i></u>

Stock recognised in cost of sales during the year as an expense was £9,049,045 (2017: £6,807,392).

**16. Debtors**

	<b>Group 2018 £</b>	<i>Group 2017 £</i>	<b>Company 2018 £</b>	<i>Company 2017 £</i>
Trade debtors	<b>5,192,044</b>	<i>5,310,446</i>	<b>5,192,044</b>	<i>5,310,446</i>
Amounts owed by related parties	<b>212,638</b>	<i>314,408</i>	<b>211,579</b>	<i>314,408</i>
Prepayments and accrued income	<b>930,194</b>	<i>734,044</i>	<b>930,194</b>	<i>734,044</i>
Deferred taxation	<b>180,007</b>	<i>50,987</i>	<b>180,007</b>	<i>50,987</i>
	<u><b>6,514,883</b></u>	<u><i>6,409,885</i></u>	<u><b>6,513,824</b></u>	<u><i>6,409,885</i></u>

An impairment loss of £1,168,476 (2017: £873,175) was recognised against trade debtors.

**17. Cash and cash equivalents**

	<b>Group 2018 £</b>	<i>Group 2017 £</i>	<b>Company 2018 £</b>	<i>Company 2017 £</i>
Cash at bank and in hand	<u><b>7,523,045</b></u>	<u><i>7,079,271</i></u>	<u><b>7,523,045</b></u>	<u><i>7,079,271</i></u>

**BEAR SCOTLAND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**18. Creditors: Amounts falling due within one year**

	<b>Group 2018 £</b>	<i>Group 2017 £</i>	<b>Company 2018 £</b>	<i>Company 2017 £</i>
Trade creditors	6,785,567	4,764,063	6,785,567	4,764,063
Amounts owed to group undertakings	-	-	1,098	1,059
Amounts owed to other participating interests	2,926,256	2,768,413	2,925,158	2,768,413
Corporation tax	375,647	731,119	375,647	731,119
Other taxation and social security	1,615,775	1,474,179	1,615,775	1,474,179
Obligations under finance lease and hire purchase contracts	1,477,485	2,315,196	1,477,485	2,315,196
Other creditors	261,570	234,624	261,570	234,624
Accruals and deferred income	1,611,547	3,360,621	1,611,547	3,360,621
	<u>15,053,847</u>	<u>15,648,215</u>	<u>15,053,847</u>	<u>15,649,274</u>

**19. Creditors: Amounts falling due after more than one year**

	<b>Group 2018 £</b>	<i>Group 2017 £</i>	<b>Company 2018 £</b>	<i>Company 2017 £</i>
Net obligations under finance leases and hire purchase contracts	1,025,321	2,123,437	1,025,321	2,123,437
Accruals and deferred income	1,044,177	1,349,401	1,044,177	1,349,401
	<u>2,069,498</u>	<u>3,472,838</u>	<u>2,069,498</u>	<u>3,472,838</u>

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

**BEAR SCOTLAND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**20. Financial instruments**

	<b>Group 2018 £</b>	<i>Group 2017 £</i>	<b>Company 2018 £</b>	<i>Company 2017 £</i>
<b>Financial assets</b>				
Financial assets that are debt instruments measured at amortised cost	<u><b>13,442,926</b></u>	<u><i>13,020,032</i></u>	<u><b>13,442,926</b></u>	<u><i>13,020,032</i></u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	<u><b>(12,934,671)</b></u>	<u><i>(13,694,912)</i></u>	<u><b>(12,934,671)</b></u>	<u><i>13,695,971</i></u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed to group undertakings, other debtors, cash and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to related parties, obligations under finance lease and hire purchase contracts and other creditors.

**21. Deferred taxation**

**Group**

	<b>2018 £</b>	<i>2017 £</i>
At beginning of year	<b>50,987</b>	<i>(35,765)</i>
Charged to profit or loss	<b>129,020</b>	<i>86,752</i>
<b>At end of year</b>	<u><b>180,007</b></u>	<u><i>50,987</i></u>

The deferred tax asset is made up as follows:

	<b>Group 2018 £</b>	<i>Group 2017 £</i>
Accelerated capital allowances	<b>(155,108)</b>	<i>(37,548)</i>
Short term timings differences	<b>(24,899)</b>	<i>(13,439)</i>
	<u><b>180,007</b></u>	<u><i>50,987</i></u>

---

**BEAR SCOTLAND LIMITED**

---

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

---

**22. Provisions****Group**

	Contract provisions £	Other provisions £	Total £
At 1 January 2018	365,028	25,740	390,768
Charged to profit or loss	44,367	(16,263)	28,104
<b>At 31 December 2018</b>	<b>409,395</b>	<b>9,477</b>	<b>418,872</b>

**Company**

	Contract provisions £	Other provisions £	Total £
At 1 January 2018	365,028	25,740	390,768
Charged to profit or loss	44,367	(16,263)	28,104
<b>At 31 December 2018</b>	<b>409,395</b>	<b>9,477</b>	<b>418,872</b>

**Contract provisions**

The directors took the decision to provide for de-mobilisation costs in relation to long term contracts. Contract provisions relate to provisions, including the costs of de-mobilising staff and machinery at the termination dates of contracts. The Group estimates this liability to be £409,395 (2017: £365,028) at 31 December 2018 based on past experience and have provided this sum accordingly. This provision is expected to be utilised at the cessation of the contracts to which they relate.

**Other provisions**

Other provisions relate to penalties which are expected to be settled within the foreseeable future.

**23. Reserves****Profit & loss account**

The profit & loss account includes all current and prior period profits and losses.

**Called up share capital**

This represents the nominal value of shares that have been issued.

---

BEAR SCOTLAND LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

---

**24. Share capital**

	2018 £	2017 £
<b>Authorised, allotted, called up and fully paid</b>		
75,000 (2017: 75,000) 'A' Ordinary shares of £1.00 each	75,000	75,000
75,000 (2017: 75,000) 'B' Ordinary shares of £1.00 each	75,000	75,000
50,000 (2017: 50,000) 'C' Ordinary shares of £1.00 each	50,000	50,000
	<hr/>	<hr/>
	200,000	200,000
	<hr/>	<hr/>

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 reappoint 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.

**25. Capital commitments**

At 31 December 2018 the Group and Company had capital commitments of £319,811 (2017: £133,927).

**26. 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 £484,590 (2017: £429,169).

Contributions amounting to £136,128 (2017: £86,150) were payable to the scheme at the year end and are included in creditors.

---

**BEAR SCOTLAND LIMITED**

---

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

---

**27. Leasing commitments**

At 31 December 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Within one year	946,855	1,013,388
Between two and five years	2,004,492	1,666,130
After more than five years	-	7,465
	<u>2,951,347</u>	<u>2,686,983</u>

The Group and Company's future minimum finance lease payments are as follows:

	2018 £	2017 £
Within one year	1,477,485	2,315,196
Between two and five years	1,025,321	2,123,437
After more than five years	-	-
	<u>2,502,806</u>	<u>4,438,633</u>

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

**28. Related party transactions**

The Company's share capital is held as follows:

	2018 £	2017 £
Eurovia UK Limited	75,000	75,000
Jacobs UK Limited	50,000	50,000
Breedon Facilities Management Limited	75,000	75,000
	<u>200,000</u>	<u>200,000</u>

These companies are incorporated in the United Kingdom and represent shareholder parties as defined by FRS 102.

Breedon Facilities Management Limited is controlled by Breedon Northern Limited (formerly Breedon Aggregates Scotland Limited). Both companies are controlled by Breedon Group plc (formerly Breedon Aggregates Limited). Eurovia UK Limited (formerly Eurovia Group Limited) is controlled by Vinci SA.

---

## BEAR SCOTLAND LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

---

#### 28. Related party transactions (continued)

Included in the Statement of comprehensive income and Statement of financial position 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 Jacob Limited. Ringway Jacobs is a joint venture of Eurovia UK and Jacobs UK Limited.

##### **Breedon Group plc and its subsidiary undertakings**

Sales of £Nil (2017: £Nil) and purchases of £30871,639 (2017: £24,631,814) have been recognised in the financial statements. At the year end the group were owed £Nil (2017: £17,280) by the related party and had a liability of £81,488 (2017: £2,595,391) with them.

##### **Eurovia UK Limited and its associate undertakings**

Sales of £948,060 (2017: £860,484) and purchases of £390,316 (2017: £945,335) have been recognised in the financial statements. At the year end the group were owed £179,279 (2017: £285,670) by the related party and had a liability of £Nil (2017: £4,859) with them.

##### **Jacos UK Limited**

Sales of £6,649 (2017: £9,200) and purchases of £3,313,134 (2017: £2,481,464) have been recognised in the financial statements. At the year end the group were owed £Nil (2017: £11,458) by the related party and had a liability of £406,808 (2017: £168,163) with them.

##### **Ringway Jacobs Limited**

Sales of £14,000 (2017: £17,280) and purchases of £Nil (2017: £Nil) have been recognised in the financial statements. At the year end the group were owed £1,728 (2017: £17,280) by the related party and had a liability of £Nil (2017: £Nil) with them.

##### **Jean Lefebvre (UK) Limited**

Sales of £Nil (2017: £Nil) and purchases of £68,068 (2017: £Nil) have been recognised in the financial statements. At the year end the group were owed £Nil (2017: £Nil) by the related party and had a liability of £9,575 (2017: £Nil) with them.

Key management personnel include directors only. Refer to note 7 for details of remuneration paid.