

REDMAN FISHER ENGINEERING LIMITED

Registered number 169316

Directors' Report and Financial Statements
For the year ended 31 December 2012

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Directors' report

The directors present their report and audited Financial Statements for the year ended 31 December 2012

Principal activity

The principal activity of the Company is the design, manufacture, supply and installation of a range of steel and GRP access solutions as well as railway platforms, security products and gantries

Key performance indicators

The Group's key performance indicators are commented on in detail in the Hill & Smith Holdings PLC annual report. Those that specifically relate to the Company are as follows

Financial – The Company considers revenue, underlying operating profit, underlying operating margin and net cash flow from operating activities to be its principal financial key performance indicators

Non-financial – Health and safety, energy efficiency, emissions, use of recycled products and waste management are all principal areas of focus for the Company

Business review and future developments

Overview - Turnover for the year increased to £17,257,000 (2011 £16,353,000), however the Company's loss before tax for the year amounted to £3,078,000 (2011 loss of £167,000). The UK contracting market has proved very challenging in 2012, with significant downward pressure on pricing and margins having a substantial impact on the Company's results. During the year the Company also completed two contracts for the supply of its lightweight gantries, the costs of which exceeded initial expectations. The Company has subsequently improved its designs and implemented more robust contract controls to address the problems experienced.

Strategy – The Company continues to pursue opportunities in existing and new markets. The introduction of new product lines such as security covers are expected to drive the business into these markets and the development of products for the renewable energy sector remains a medium term objective. The introduction of these new lines may carry some short term costs, but provide medium to long term benefits.

Corporate Social Responsibility - The Company recognises the importance of balancing the interest of key stakeholders - employees, customers, shareholders, suppliers and the wider community in which it operates. The Company remains committed to a continuous improvement in its environmental performance to ensure that its activities comply with environmental standards and legislation. Further details of the Group's CSR activities can be found in its annual report.

Health and Safety - Health and safety remains core to the Company's business. The Company has recently been awarded a RoSPA Occupational Health & Safety Gold Award and is now part of Hill & Smith Holdings PLC's Health and Safety Management System, benefitting from the support of the Group's health and safety function and placing additional resource in this important area. Further details of the Group's health and safety activities can be found in the Hill & Smith Holdings PLC annual report.

Outlook – The directors expect the Company's markets to remain challenging in the near term. To address this, the Company is taking action to reduce its exposure in contracting and to concentrate its efforts on manufacturing and supply only of industrial flooring. The Company has also improved its designs and implemented more robust contract controls to address the problems experienced on its lightweight gantry contracts. The Company's cost base will be realigned accordingly to reflect these changes. Notwithstanding the ongoing challenging economic conditions, the directors are optimistic of an improvement in future results.

Principal risks and uncertainties

The Board continues to develop policies and procedures that reflect the nature and scale of the Company's business. These are designed to identify, mitigate and manage risk. The board has identified the loss of key employees, exposure to credit risk and competition in the UK construction market as key areas of risk to the business.

Dividends

No dividend payment has been made in the year ended 31 December 2012 (2011 £Nil). There are no proposed dividends. Dividends of £501,000 (2011 £Nil) were received from the Company's subsidiaries.

Directors' report (continued)

Creditor payment terms

It is the Company's normal practice to agree in advance the terms of transactions with suppliers, including payment terms. Provided suppliers perform in accordance with the agreed terms, it is the Company's policy that payment is made accordingly. Creditor days at the end of the year were 55 days (2011 75 days)

Research and development

The Company invested a total of £99,000 (2011 £527,000) in research and development during the year

Directors

The directors serving during the year and in the period up to the date of this report, none of whom has any beneficial interest in the shares of the Company, were as follows

I J Harpin
J C Humphreys
I R Kirkup (appointed 1 March 2012)
D W Muir
M Pegler
I E Robinson
M A Tonks

Political and charitable donations

Charitable donations amounting to £Nil (2011 £3,000) were made in the year. There were no political donations

Employees

Details of the number of employees and related costs can be found in note 6 to the Financial Statements

Applications for employment by disabled persons are considered fully, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees

The Company participates in Hill & Smith Holdings PLC's policies and practices to keep employees informed on matters relevant to them as employees through appropriate means, such as employee meetings and newsletters

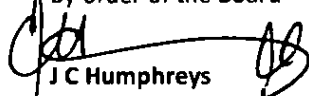
Disclosure of information to auditors

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

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG Audit Plc will therefore continue in office

By order of the Board


J C Humphreys
Secretary

30 April 2013

Westhaven House
Arleston Way
Shirley
Solihull
West Midlands
B90 4LH

Statement of directors' responsibilities in respect of the directors' report and the Financial Statements

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 they have elected to prepare the Financial Statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period

In preparing these Financial Statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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, and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its Financial Statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

Independent auditor's report to the members of Redman Fisher Engineering Limited

We have audited the Financial Statements of Redman Fisher Engineering Limited for the year ended 31 December 2012 set out on pages 5 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement set out on page 3, 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on Financial Statements

In our opinion the Financial Statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with UK 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.

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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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.



Michael Steventon (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc,
Statutory Auditor

Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

30 April 2013

REDMAN FISHER ENGINEERING LIMITED
Directors' Report and Financial Statements
For the year ended 31 December 2012

Profit and loss account
for the year ended 31 December 2012

	Note	Year ended 31 December 2012 £000	Year ended 31 December 2011 £000
Turnover	2	17,257	16,353
Cost of sales		(17,859)	(13,656)
Gross profit		(602)	2,697
Distribution costs		(157)	(318)
Administrative expenses		(2,474)	(2,359)
Other operating income		-	-
Operating profit/(loss) before re-organisation costs		(3,233)	20
Re-organisation costs	3	-	-
Operating profit/(loss)		(3,233)	20
Profit/(loss) on sale of fixed assets		-	-
Income from shares in subsidiary undertakings		501	-
Profit/(loss) on ordinary activities before interest and taxation		(2,732)	20
Interest receivable	7	-	17
Interest payable and similar charges	8	(346)	(204)
Profit/(loss) on ordinary activities before taxation	4	(3,078)	(167)
Taxation on profit/(loss) on ordinary activities	9	2,967	44
Profit/(loss) for the financial year		(111)	(123)

All operations are continuing

There were no recognised gains or losses during the current or preceding year apart from the profit/(loss) for the financial year shown above

REDMAN FISHER ENGINEERING LIMITED
Directors' Report and Financial Statements
For the year ended 31 December 2012

Balance sheet

as at 31 December 2012

	Note	2012	2011
		£000	£000
Fixed assets			
Intangible assets	10	209	514
Tangible assets	11	610	477
Investments	12	886	886
		<u>1,705</u>	<u>1,877</u>
Current assets			
Stocks	13	1,663	1,661
Debtors	14	15,989	11,655
Cash at bank and in hand		-	1
		<u>17,652</u>	<u>13,317</u>
Creditors: Amounts falling due within one year	15	<u>(17,947)</u>	<u>(13,198)</u>
Net current assets/(liabilities)		<u>(295)</u>	<u>119</u>
Total assets less current liabilities		<u>1,410</u>	<u>1,996</u>
Creditors: Amounts falling due after more than one year	16	-	-
Provisions for liabilities and charges	17	<u>(550)</u>	<u>(1,025)</u>
Net (liabilities)/assets		<u>860</u>	<u>971</u>
Capital and reserves			
Called up share capital	18	3,438	3,438
Share premium account	19	-	-
Revaluation reserve	19	-	-
Capital redemption reserve	19	-	-
Other reserves	19	-	-
Profit and loss account	19	<u>(2,578)</u>	<u>(2,467)</u>
Equity shareholder's (deficit)/funds		<u>860</u>	<u>971</u>

These Financial Statements were approved by the board of directors and signed on their behalf by

I R Kirkup

Director

I E Robinson

Director

Date 30 April 2013

Company No 169316

Reconciliation of movements in shareholder's (deficit)/funds
for the year ended 31 December 2012

	<i>Note</i>	Year ended 31 December 2012 £000	Year ended 31 December 2011 £000
Profit/(loss) for the financial year		(111)	(123)
Dividends paid	23	-	-
Retained profit/(loss)		(111)	(123)
Share capital issued during the year		-	-
Increase/(decrease) in shareholder's funds		(111)	(123)
Opening shareholder's funds		971	1,094
Closing shareholder's funds		860	971

Notes

(forming part of the Financial Statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Financial Statements

Basis of accounting

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable UK GAAP Accounting Standards

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the business review section of the directors' report on page 1

The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The directors, having assessed the responses of the directors of the Company's ultimate parent Hill & Smith Holdings PLC to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the group to continue as a going concern or its ability to continue with the current banking arrangements

Consolidation

In accordance with Section 400 of the Companies Act 2006, consolidated accounts have not been prepared as the Company is a wholly owned subsidiary of Hill & Smith Holdings PLC, a company incorporated in England, which has prepared consolidated Financial Statements to include the results of the Company

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less amounts written off for impairment. Investments are reviewed for impairment where events or circumstances indicate that their carrying value may not be recoverable

Cash flow statement

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated Financial Statements

Tangible Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Plant, equipment and vehicles	-	4 to 20 years
Land and buildings	-	50 years
Leasehold assets	-	the life of the lease

Stocks and work in progress

These are valued on a "first-in, first-out" basis at the lower of cost and net realisable value. In respect of work in progress and finished goods, cost includes all production overheads and the attributable proportion of indirect overhead expenses. In respect of contracts, the stage of completion is assessed by reference to work performed

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed at the balance sheet date, except as otherwise required by FRS 19

Notes *(continued)*

1 Accounting policies *(continued)*

Foreign currency

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at closing rates at the balance sheet date and the gains or losses on translation included in the Profit and Loss Account.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied. Contract turnover is recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity. When the outcome of a contract cannot be estimated reliably, contract turnover is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

Goodwill

Goodwill arising on acquisitions (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised as a fixed asset and amortised on a straight line basis over its estimated useful economic life up to a maximum of 20 years.

Other intangible assets

Other intangible assets identified, such as customer lists, are valued at their fair value at the time of acquisitions and are capitalised as a fixed asset which is amortised on a straight line basis over its estimated useful economic life up to a maximum of 20 years.

Research and development

Expenditure on development activities may be capitalised if the product or process is considered to be technically and commercially viable and the Company has sufficient resources to complete development.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the Profit and Loss Account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Amortisation is provided equally over the estimated useful economic life of the assets concerned currently up to 7 years.

Pension scheme arrangements

The Company participates in the Hill & Smith Executive Pension Scheme and the Hill & Smith Pension Scheme, as described in note 22.

As the Company is unable to identify its share of the Group pension scheme assets in respect of the defined benefit sections on a consistent and reasonable basis, as permitted by FRS 17 the schemes are accounted for as if they are defined contribution schemes.

Contributions in respect of defined contribution schemes are charged to the profit and loss account in the period to which they relate.

Leased assets

Assets held under leases which confer rights and obligations similar to those attaching to owned assets are capitalised as tangible fixed assets and the corresponding liability to pay rentals is shown net of interest in the accounts as obligations under finance leases. Interest is calculated on the reducing balance basis and is charged over the period of the lease.

All other leases are regarded as operating leases and the total payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

Notes *(continued)*

1 Accounting policies *(continued)*

Share based payments

The share option programme allows employees to acquire shares of the ultimate parent company Hill & Smith Holdings PLC. The fair value of options granted after 7 November 2002 and those not yet vested by 31 December 2004 are not recognised as an employee expense, those vested 1 January 2005 onwards are expensed with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Share-based payments are recharged by the ultimate parent company to participating subsidiary undertakings on an annual basis.

Where the Company's parent grants rights to its equity instruments to the Group's or the Company's employees, which are accounted for as equity-settled in the consolidated accounts of the parent, the Group or the Company as the case may be account for these share-based payments as equity settled.

Dividends

Dividends are recognised in the Financial Statements in the period in which they are approved by the Company's shareholders.

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholder's funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

Notes (continued)

2 Turnover

The turnover of the company is derived from the following geographical markets

	2012 £000	2011 £000
United Kingdom	17,174	16,317
Rest of Europe	83	-
North America	-	-
Asia	-	-
Rest of the world	-	36
	<u>17,257</u>	<u>16,353</u>

In the opinion of the directors, there is only one class of business

3 Reorganisation costs

There were no reorganisation costs during the year (2011 £nil)

4 Profit/loss on ordinary activities before taxation

	2012 £000	2011 £000
Profit/loss on ordinary activities before taxation is stated		
<i>after charging</i>		
Depreciation		
Owned assets	141	132
Leased assets	-	-
Amortisation of intangible assets	91	13
Impairment of fixed assets	313	-
Operating leases		
Plant and equipment	100	93
Other assets	325	325
Auditor's remuneration	22	21
Research and development expenditure	-	-
Foreign exchange loss	-	-
Loss on sale of fixed assets	-	-
<i>after crediting</i>		
Rental income from operating leases	-	-
Grant income	-	-
Foreign exchange gain	-	-
Profit on sale of fixed assets	-	-
	<u> </u>	<u> </u>

Fees paid to KPMG Audit Plc and its associates for non-audit services to the company itself are not disclosed because Hill & Smith Holdings PLC Group accounts are required to disclose such fees on a consolidated basis

Notes (continued)

5 Remuneration of directors

Aggregate directors' remuneration for the year was as follows

	2012	2011
	£000	£000
Emoluments	198	46
Compensation for loss of office	-	54
Company contributions to money purchase pension schemes	17	4
	<hr/> 215 <hr/>	<hr/> 104 <hr/>
	Number	Number
Directors exercising share options	-	-
Directors who are members of defined benefit pension schemes	-	-
	<hr/>	<hr/>

The remuneration of the highest paid director is not required to be disclosed

6 Staff numbers and costs

The average number of persons employed by the company (including directors) all of whom were involved in the principal activity was

	2012	2011
	Number	Number
Production	112	99
Administration	7	6
Sales and distribution	10	16
	<hr/> 129 <hr/>	<hr/> 121 <hr/>

The aggregate payroll costs of these persons were

	£000	£000
Wages and salaries	3,137	2,681
Share-based payment (see note 24)	1	1
Social security costs	320	229
Other pension costs	43	41
	<hr/> 3,501 <hr/>	<hr/> 2,952 <hr/>

Notes (continued)

7 Interest receivable

	2012	2011
	£000	£000
Bank interest receivable	-	-
Deposit interest receivable	-	-
On loans to group undertakings	-	17
Other interest receivable	-	-
	<hr/>	<hr/>
	-	17
	<hr/>	<hr/>

8 Interest payable and similar charges

	2012	2011
	£000	£000
Bank interest payable	283	204
Other loan interest payable	-	-
Finance charges payable in respect of finance leases and hire purchase contracts	-	-
On loans from group undertakings	63	-
Other interest payable	-	-
	<hr/>	<hr/>
	346	204
	<hr/>	<hr/>

9 Taxation on profit/(loss) on ordinary activities

Analysis of charge/(credit) in year

	2012	2011
	£000	£000
<i>UK corporation tax</i>		
Current tax on income for the year	(2,800)	(48)
Relating to the prior year	(163)	(21)
	<hr/>	<hr/>
Current tax charge/(credit)	(2,963)	(69)
<i>Deferred tax (see note 17)</i>		
Origination/reversal of timing differences	(11)	16
Relating to the prior year	(1)	(1)
Effect of change in tax rate	8	10
	<hr/>	<hr/>
Total tax charge/(credit)	(2,967)	(44)
	<hr/>	<hr/>

Notes (continued)

9 Taxation on profit/(loss) on ordinary activities (continued)

Factors affecting tax charge/credit for the year

The effective current tax charge/(credit) for the year is lower (2011 lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	2012	2011
	£000	£000
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before taxation	(3,078)	(167)
	<hr/>	<hr/>
Profit/(loss) on ordinary activities multiplied by the effective rate of corporation tax in the UK of 24.5% (2011 26.5%)	(754)	(44)
<i>Effects of</i>		
Expenses not deductible for tax purposes	2	14
Differences between capital allowances and depreciation	(2)	(12)
Income and expenditure timing differences	13	(6)
Non-taxable dividend income	(123)	-
Group relief received for full payment	(1,936)	-
Double tax relief	-	-
Deductible items not charged against profit	-	-
Relating to the prior year	(163)	(21)
	<hr/>	<hr/>
Current tax charge/(credit)	(2,963)	(69)
	<hr/>	<hr/>

On 26 March 2012, the UK Government announced that the main rate of corporation tax in the UK would reduce to 24% from 1 April 2012, with a subsequent 1% reduction to reach 23% with effect from 1 April 2013. The legislation to reduce the tax rate to 23% from 1 April 2013 was substantively enacted on 3 July 2012. The deferred tax asset/liability provided at the balance sheet date has therefore been recalculated at 23% on the basis that it will materially reverse after 1 April 2013. This recomputation has resulted in no material change in the overall deferred tax asset.

The Government has also indicated that it intends to enact further reductions in the main rate of corporation tax in the UK, reducing the rate to 20% by 2015. These tax rate reductions had not been substantively enacted at the balance sheet date and therefore have not been reflected in the financial statements. The effect of any such changes on deferred tax balances will be accounted for in the period in which any such changes are enacted.

Notes (continued)

10 Intangible assets

	Goodwill £000	Other intangibles £000	Capitalised R&D £000	Total £000
Cost				
At 1 January 2012	-	-	527	527
Acquisitions	-	-	-	-
Additions	-	-	99	99
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2012	-	-	626	626
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Amortisation				
At 1 January 2012	-	-	13	13
Charge for the year	-	-	91	91
Impairment	-	-	313	313
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2012	-	-	417	417
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value				
At 31 December 2012	-	-	209	209
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2011	-	-	514	514
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

There were no acquisitions during the year

An impairment charge of £313,000 was recognised in the year (2011 £Nil) in respect of development costs associated with the Company's lightweight gantry products

Notes (continued)

11 Tangible fixed assets

	Land and buildings £000	Plant, equipment and vehicles £000	Total £000
Cost			
At 1 January 2012	-	8,047	8,047
Acquisitions	-	-	-
Additions	81	233	314
Disposals	-	(124)	(124)
	<hr/>	<hr/>	<hr/>
At 31 December 2012	81	8,156	8,237
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2012	-	7,570	7,570
Impairment	-	-	-
Charge for the year	-	141	141
Disposals	-	(84)	(84)
	<hr/>	<hr/>	<hr/>
At 31 December 2012	-	7,627	7,627
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2012	81	529	610
	<hr/>	<hr/>	<hr/>
At 31 December 2011	-	477	477
	<hr/>	<hr/>	<hr/>

The gross book value of land and buildings includes freehold land of £81,000 (2011 £nil)

The cost or valuation figures for property include no valuation on an open market value for existing use basis

The amount of revalued property as determined according to the historical cost accounting rule is

	2012 £000	2011 £000
Cost	-	-
Impairment	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

Included within plant, equipment and vehicles are assets held for hire with an accumulated cost of £nil (2011 £nil) and accumulated depreciation of £nil (2011 £nil)

Included in the total net book value of plant, equipment and vehicles is £nil (2011 £nil) in respect of assets held under finance leases and similar hire purchase contracts

Notes (continued)

12 Investments

	Shares in subsidiary undertakings £000
Cost	
At 1 January 2012	886
Additions	-
Disposals	-
	<hr/>
At 31 December 2012	886
	<hr/>
Provisions	
At 1 January 2012	-
Provided	-
Disposals	-
	<hr/>
At 31 December 2012	-
	<hr/>
Net realisable value	
At 31 December 2012	886
	<hr/>
At 31 December 2011	886
	<hr/>

The Company holds the following investments

- 100% of the share capital of Bettles and Company Limited, a dormant company incorporated in England & Wales
- 100% of the share capital of Redman Fisher Limited, a company incorporated in the Republic of Ireland, whose principal activity is industrial flooring
- 50% of the share capital of Staco Redman Limited, a company incorporated in Great Britain, whose principal activity is industrial flooring

13 Stocks

	2012 £000	2011 £000
Raw material and consumables	678	776
Work in progress	985	885
Finished goods	-	-
	<hr/>	<hr/>
	1,663	1,661
	<hr/>	<hr/>

Notes (continued)

14 Debtors

	2012	2011
	£000	£000
Trade debtors	6,948	5,392
Amounts owed by group undertakings	5,626	5,605
Corporation tax	2,800	49
Deferred tax (note 17)	107	103
Prepayments and accrued income	172	270
Other tax and social security	285	188
Other debtors	51	48
	<hr/>	<hr/>
	15,989	11,655
	<hr/>	<hr/>

Intercompany loans are unsecured and with no fixed repayment date. Interest is charged at a rate equivalent to the Group's average borrowing rate for the year.

15 Creditors: amounts falling due within one year

	2012	2011
	£000	£000
Bank loans and overdrafts	10,108	8,894
Obligations under finance leases and similar hire purchase contracts	-	-
Bills of exchange	-	-
Trade creditors	2,981	690
Amounts owed to group undertakings	4,182	1,188
Other creditors	-	-
Corporation tax	-	-
Other tax and social security	115	139
Accruals and deferred income	561	2,287
	<hr/>	<hr/>
	17,947	13,198
	<hr/>	<hr/>

Intercompany loans are unsecured and with no fixed repayment date. Interest is charged at a rate equivalent to the Group's average borrowing rate for the year.

Notes (continued)

16 Creditors amounts falling due after more than one year

	2012	2011
	£000	£000
Bank loans and overdrafts	-	-
Obligations under finance leases and similar hire purchase contracts	-	-
Grants	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Obligations under finance leases are payable as follows		
Within one year	-	-
In the second to fifth year	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

17 Provisions for liabilities and charges

	Deferred tax £000	Other provisions £000	Total £000
At 1 January 2012	-	1,025	1,025
Profit and loss account	(12)	-	(12)
Effect of change in tax rate	8	-	8
Utilised during the year	-	(475)	(475)
Transferred to/(from) debtors (note 14)	4	-	4
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2012	-	550	550
	<u>-</u>	<u>550</u>	<u>550</u>

Other provisions relate to property costs associated with the closure of one of the Company's manufacturing facilities in 2010. The provision is expected to be utilised over the next two years.

Details of amounts provided or included in debtors (see note 14) for deferred taxation follow

	2012	2011
	£000	£000
Difference between accumulated depreciation, amortisation and capital allowances	(67)	(73)
Other timing differences	(40)	(30)
	<u>(107)</u>	<u>(103)</u>
	<u>(107)</u>	<u>(103)</u>

Notes (continued)

18 Called up share capital

	2012 £000	2011 £000
Allotted, called up and fully paid		
6,876,000 ordinary shares of 50p each	3,438	3,438
Nil "A" ordinary shares of £1 each	-	-
Nil "B" ordinary shares of £1 each	-	-
Nil deferred shares of £1 each	-	-
	<u>3,438</u>	<u>3,438</u>

19 Share premium and reserves

	Share premium account £000	Revaluation reserve £000	Capital redemption reserve £000	Profit and loss account £000
At 1 January 2012	-	-	-	(2,467)
Profit/(loss) on ordinary activities after tax	-	-	-	(111)
Dividends	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2012	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,578)</u>

20 Contingent liabilities

The Company is a party to cross guarantees given for bank loans and overdrafts of the ultimate parent company and certain fellow subsidiaries amounting to £106,766,000 (2011 £119,028,000)

The Company has no other guarantees (2011 £nil)

21 Commitments

	Land and buildings 2012 £000	2011 £000	Other 2012 £000	2011 £000
Operating leases which expire				
Within one year	-	-	10	6
Within two to five years	-	-	90	87
After more than five years	325	325	-	-
	<u>325</u>	<u>325</u>	<u>100</u>	<u>93</u>

The Company had capital expenditure contracted but not provided in the Financial Statements at the year end of £nil (2011 £nil)

At the year end, the Company had no forward currency contracts in place

Notes (continued)

22 Pension Scheme

The Company is a subsidiary of Hill & Smith Holdings PLC and participates in the Hill & Smith Executive Pension Scheme and the Hill & Smith Pension Scheme, the former providing benefits on a defined benefit basis and the second scheme providing benefits that are on a defined benefit and a defined contribution basis. Details of the schemes and their most recent actuarial valuation are contained in the Financial Statements of Hill & Smith Holdings PLC.

The pension cost for the year represents contributions payable by the company to the fund and amounted to £43,000 (2011 £41,000).

23 Dividends

	2012 £000	2011 £000
Aggregate amount of dividends paid in the financial year	-	-

24 Share-based payments

Employees of the Company have been granted various options in the ultimate parent company, which have given rise to charges related to the implied share-based payments, the details of which follow.

Under Executive Share Option Schemes, options may be awarded at the discretion of the Committee to acquire Ordinary Shares at an exercise price no lower than the market value of a share at the date of grant. The options can only be exercised between three and ten years after the date of grant. Additionally options may only be exercised if the growth in underlying earnings per share of the Company over a three year period is not less than the increase in the Retail Price Index plus nine per cent, over the same period.

Long term incentive plans (LTIP) are shares awarded in the Hill & Smith Holdings PLC to select senior management within the Group. The maximum award to any individual is 100% of their basic salary and generally can not be assigned or transferred, the size and final vesting of the award is based on the Group's underlying EPS performance over a three year period.

Notes (continued)

24 Share-based payments (continued)

The ShareSave Schemes are open to all employees who have completed at least six months' continuous service. Under this scheme the Company can, if it thinks fit, grant options at a price up to twenty per cent below the market price.

	Number of shares	2012 Option price (p)	Number of shares	2011 Option price (p)	Date first exercisable	Expiry date
2005 Executive Share Option Scheme (granted October 2005)	-	205	-	205	4 Oct 2008	4 Oct 2015
2007 Executive Share Option Scheme (granted April 2007)	-	350	-	350	13 Apr 2010	13 Apr 2017
2012 Executive Share Option Scheme (granted April 2012)	-	316	-	316	19 Apr 2015	19 Apr 2022
2012 grant of 2007 LTIP Award	-	-	-	-	^	^
2011 grant of 2007 LTIP Award	-	-	-	-	^	^
2010 grant of 2007 LTIP Award	-	-	-	-	^	^
2008 (Dec) grant of 2005 Savings Related Share Option Scheme#	-	246	3,276	246	1 Dec 2011	1 Jun 2012
2008 (Dec) grant of 2005 Savings Related Share Option Scheme#	2,450	246	2,450	246	1 Dec 2013	1 Jun 2014
2008 (Jan) grant of 2005 Savings Related Share Option Scheme#	-	318	-	318	1 Jan 2011	1 Jul 2011
2008 (Jan) grant of 2005 Savings Related Share Option Scheme#	7,021	318	7,021	318	1 Jan 2013	1 Jul 2013
2011 (Jan) grant of 2005 Savings Related Share Option Scheme#	32,580	238	32,580	238	1 Jan 2016	1 Jul 2016
Outstanding at the end of the year	42,051		45,327			
Exercisable at the year end	-		3,276			
Not exercisable at the year end	42,051		42,051			
Outstanding at the end of the year	42,051		45,327			

^ Awards lapse on the earlier of the award holder ceasing their employment or the applicable performance conditions not being met. The earliest possible date for award is 1 January 2013 for the 2010 grant, 1 January 2014 for the 2011 grant and 1 January 2015 for the 2012 grant.

Options may be exercised early under the terms of this scheme if employees meet the criteria of 'good leaver', which encompasses circumstances such as retirement or redundancy.

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes model. The contractual life is the life of the option in question and the growth in dividend yield is based on the best current estimate of future yields over the contractual period.

Notes (continued)

24 Share-based payments (continued)

	2008 (Dec) grant of 2005 Savings Related Share Option Scheme	2008 (Jan) grant of 2005 Savings Related Share Option Scheme	2012 grant of 2005 Share Option Scheme	2007 grant of 2005 Share Option Scheme	2005 grant of 2005 Share Option Schemes
Fair value at measurement date	3p/3p	51p/49p	41p	59p	34p
Share price at grant date	160p	331p	316p	351p	208p
Exercise price	246p	318p	316p	350p	205p
Expected volatility	28%/24%	29%/25%	28%	22%	36%
Option life (years)	3/5	3/5	3	3	3
Dividend yield	4.6%	4.6%	4.2%	3.7%	3.7%
Risk free interest rate	1.8%/2.8%	4.0%	0.6%	5.1%	4.5%

	2012 grant of 2007 LTIP Award	2011 grant of 2007 LTIP Award	2010 grant of 2007 LTIP Award	2011 (Jan) grant of 2005 Savings Related Share Option Scheme
Fair value at measurement date	337p/194p	303p/171p	344p	44p
Share price at grant date	337p	303p	339p	290p
Exercise price	0p	0p	0p	238p
Expected volatility	28%	28%	27%	21%
Option life (years)	3	3	3	5
Dividend yield	0.0%	0.0%	0.0%	4.4%
Risk free interest rate	0.6%	1.6%	1.9%	1.6%

The expected volatility is wholly based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

The total expense recognised for the period arising from share based payments is as follows:

	2012 £000	2011 £000
Expensed/(credited) during the year	1	1

25 Related party transactions

As an ultimately wholly owned subsidiary of Hill & Smith Holdings PLC, the Company has taken advantage of the exemption available under FRS 8 Related party transactions not to disclose transactions that have been made between the Company and other fellow subsidiaries of Hill & Smith Holdings PLC.

Notes *(continued)*

26 Ultimate parent company

The Company is a wholly owned subsidiary of Hill & Smith Holdings PLC, a company registered in England. Copies of the Group Financial Statements may be obtained from Group headquarters

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27 Post balance sheet events

There were no significant post balance sheet events