

# **Thompsons of Prudhoe Holding Limited**

**Annual report**

**31 March 2018**

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# Thompsons of Prudhoe Holding Limited

## Company information

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<b>Directors</b>	J Thompson J Thompson Jnr H M Hillary
<b>Company secretary</b>	J Thompson
<b>Registered number</b>	00579506
<b>Registered office</b>	Princess Way Low Prudhoe Prudhoe Northumberland NE42 6PL
<b>Independent auditor</b>	UNW LLP Chartered Accountants Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE
<b>Bankers</b>	Barclays Bank plc 5 St Ann's Street Quayside Newcastle upon Tyne NE1 3DX
<b>Solicitors</b>	Sintons LLP The Cube Barrack Road Newcastle upon Tyne NE4 6DB

# Thompsons of Prudhoe Holding Limited

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# Thompsons of Prudhoe Holding Limited

## Group strategic report Year ended 31 March 2018

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### Introduction

The principal activities of the Thompsons group of companies ('the group') during the year continue to be demolition & dismantling, earthmoving & quarrying along with waste management, recycling & haulage. The principal activity of the company remains that of a holding company.

The subsidiary undertakings affecting the profits and losses or net assets of the group in the year are listed in note 12 of the financial statements.

### Business review

The group is reporting profit before tax of £2,195,067 (2017: £2,317,985).

The directors have considered the performance of the business during the financial year and are content with the continued progress that has been achieved.

The cash position of the group is managed by a bank overdraft facility provided to the group. At the year end, the cash position of the group was £1,465,801 (2017: £2,039,695). During 2016, a bank loan of £1,050,000 was provided to assist with the acquisition of farm land, part of which is currently operated by the group as an inert landfill site and quarry. At the year end the loan account had a balance outstanding of £892,111. (2017: £952,429).

### Key performance indicators

The group uses the following key performance indicators to monitor and assess performance:

- Revenue growth - 7.1%
- Gross profit margin - 41.0% (2017: 41.0%)
- Net assets - £16,363,993 (2017: £14,603,167)

The balance sheet position, including the financing facilities and cash resources available, is considered adequate for the needs of the company in the foreseeable future.

### Principal risks and uncertainties

The group operates in a highly competitive market. In order to maintain its market share and minimise the risk of market penetration from competitors, the group prides itself in the efficient service it provides to customers. This is delivered by a loyal and experienced workforce. Management continues to explore different avenues of business development, delivering further efficiencies in the services provided and exploring opportunities in new locations.

The group operates within a range of regulatory requirements covering environmental matters regarding quarrying, waste management and recycling, health and safety and transport. A continuous programme of training is in place to ensure that our standards of compliance are at all times at least in line with current legislation.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the group uses a mixture of long-term and short-term debt finance. The group is financed by a variable rate overdraft which is exposed to movements in interest rates, fixed rate HP/lease finance on asset purchases and an interest free loan from J Thompson (director). The directors do not deem interest rate risk to be significant to the business given the level of financing in place.

# Thompsons of Prudhoe Holding Limited

## Group strategic report (continued) Year ended 31 March 2018

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### Environment

The group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the group's activities.

### Future developments

The directors have considered the current resources available and supplemented them with orders for new resources and equipment after the year-end. In doing so they believe that they continue to be in a strong position to compete for future contracts to ensure that the successful progress made by the group in the current year can be further built upon.

This report was approved by the board on 12 November 2018 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'J Thompson', written over a circular stamp or seal.

**J Thompson**  
Director

# Thompsons of Prudhoe Holding Limited

## Directors' report Year ended 31 March 2018

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

### Results and dividends

The profit for the year, after taxation, amounted to £1,760,828 (2017: £1,845,247).

The directors do not recommend a final dividend (2017: £nil). The profit for the year has been transferred to reserves after payment of a preference share dividend of £150,000 (2017: £150,000).

### Directors

The directors who served during the year were:

J Thompson  
J Thompson Jnr  
H M Hillary

### Employee involvement

The group operates a framework for employee information and consultation which complies with the requirement of the Information and Consultation of Employees Regulations 2004.

### Disabled employees

The group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the group's policy to provide continuing employment whenever practicable in the same or an alternative position and to provide training to achieve this aim.

### Matters covered in the strategic report

Future developments, which would otherwise be disclosed in the directors' report, is instead disclosed in the strategic report, as permitted by s414C(11) of the Companies Act 2006.

### Disclosure of information to auditor

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

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

### Post balance sheet events

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

# Thompsons of Prudhoe Holding Limited


## Directors' report (continued) Year ended 31 March 2018

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### Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and UNW LLP will therefore continue in office.

This report was approved by the board on 12 November 2018 and signed on its behalf by:



**J. Thompson**  
Director

# Thompsons of Prudhoe Holding Limited

## Directors' responsibilities statement Year ended 31 March 2018

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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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 of the company and the group and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and to 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.





## **Independent auditor's report to the members of Thompsons of Prudhoe Holding Limited**

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### **Opinion**

We have audited the financial statements of Thompsons of Prudhoe Holding Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018, which comprise the group statement of comprehensive income, the group and company balance sheets, the group statement of cash flows, the group and company statement of changes in equity and the related notes, 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 March 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Thompsons of Prudhoe Holding Limited (continued)**

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### **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.

### **Opinion 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.

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

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the group strategic report or the directors' report.

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

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



## **Independent auditor's report to the members of Thompsons of Prudhoe Holding Limited (continued)**

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### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement on page 5, 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.

A handwritten signature in black ink, appearing to read 'Michael Morris'.

**Michael Morris ACA FCCA (Senior Statutory Auditor)**  
**for and on behalf of UNW LLP, Statutory Auditor**  
Chartered Accountants  
Newcastle upon Tyne

12 November 2018

# Thompsons of Prudhoe Holding Limited

## Consolidated statement of comprehensive income Year ended 31 March 2018

	Note	2018 £	2017 £
<b>Profit and loss account</b>			
Turnover	4	35,755,556	33,378,733
Cost of sales		(21,079,994)	(19,686,681)
<b>Gross profit</b>		<b>14,675,562</b>	<b>13,692,052</b>
Distribution costs		(9,887,829)	(9,143,339)
Administrative expenses		(2,291,205)	(1,924,857)
<b>Operating profit</b>	5	<b>2,496,528</b>	<b>2,623,856</b>
Interest payable and similar charges	8	(301,459)	(305,871)
<b>Profit on ordinary activities before taxation</b>		<b>2,195,069</b>	<b>2,317,985</b>
Tax on profit on ordinary activities	9	(434,241)	(472,738)
<b>Profit for the financial year</b>		<b>1,760,828</b>	<b>1,845,247</b>

There was no other comprehensive income for 2018 or 2017.

The notes on pages 16 to 34 form part of these financial statements.

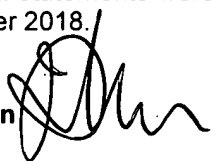
# Thompsons of Prudhoe Holding Limited

## Consolidated balance sheet At 31 March 2018

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	10	34,883	38,759
Tangible assets	11	18,790,368	16,559,269
		<u>18,825,251</u>	<u>16,598,028</u>
<b>Current assets</b>			
Stocks	13	425,700	381,145
Debtors	14	9,698,723	8,877,161
Cash at bank and in hand		1,465,801	2,039,695
		<u>11,590,224</u>	<u>11,298,001</u>
Creditors: amounts falling due within one year	15	(8,352,634)	(7,537,487)
<b>Net current assets</b>		<u>3,237,590</u>	<u>3,760,514</u>
<b>Total assets less current liabilities</b>		<u>22,062,841</u>	<u>20,358,542</u>
Creditors: amounts falling due after more than one year	16	(4,642,573)	(4,697,358)
<b>Provisions for liabilities</b>			
Deferred taxation	20	(624,356)	(605,819)
Other provisions	21	(431,917)	(452,198)
		<u>(1,056,273)</u>	<u>(1,058,017)</u>
<b>Net assets</b>		<u><u>16,363,995</u></u>	<u><u>14,603,167</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	1,500,000	1,500,000
Capital redemption reserve	23	1,500	1,500
Capital reserve	23	2,166,338	2,166,338
Profit and loss account	23	12,696,157	10,935,329
<b>Total equity</b>		<u><u>16,363,995</u></u>	<u><u>14,603,167</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 November 2018.

J Thompson  
Director



The notes on pages 16 to 34 form part of these financial statements.


# Thompsons of Prudhoe Holding Limited

## Company balance sheet At 31 March 2018

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Investments	12	3,000	3,000
<b>Current assets</b>			
Debtors	14	4,341,307	4,613,225
Creditors: amounts falling due within one year	15	(475,487)	(1,044,848)
<b>Net current assets</b>		<b>3,865,820</b>	<b>3,568,377</b>
<b>Total assets less current liabilities</b>		<b>3,868,820</b>	<b>3,571,377</b>
Creditors: amounts falling due after more than one year	16	(1,500,000)	(1,500,000)
<b>Net assets</b>		<b>2,368,820</b>	<b>2,071,377</b>
<b>Capital and reserves</b>			
Called up share capital	22	1,500,000	1,500,000
Capital redemption reserve	23	1,500	1,500
Profit and loss account	23	867,320	569,877
<b>Total equity</b>		<b>2,368,820</b>	<b>2,071,377</b>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the parent company for the year was £297,443 (2017: £225,318).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 November 2018.

  
J Thompson  
Director

Company registered number: 00579506

The notes on pages 16 to 34 form part of these financial statements.

# Thompsons of Prudhoe Holding Limited

## Consolidated statement of changes in equity Year ended 31 March 2018

	Called up share capital £	Capital redemption reserve £	Capital reserve £	Profit and loss account £	Total equity £
<b>At 1 April 2016</b>	<b>1,500,000</b>	<b>1,500</b>	<b>2,166,338</b>	<b>9,090,082</b>	<b>12,757,920</b>
Profit for the year	-	-	-	1,845,247	1,845,247
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,845,247</b>	<b>1,845,247</b>
<b>At 1 April 2017</b>	<b>1,500,000</b>	<b>1,500</b>	<b>2,166,338</b>	<b>10,935,329</b>	<b>14,603,167</b>
Profit for the year	-	-	-	1,760,828	1,760,828
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,760,828</b>	<b>1,760,828</b>
<b>At 31 March 2018</b>	<b>1,500,000</b>	<b>1,500</b>	<b>2,166,338</b>	<b>12,696,157</b>	<b>16,363,995</b>

The notes on pages 16 to 34 form part of these financial statements.

# Thompsons of Prudhoe Holding Limited

## Company statement of changes in equity Year ended 31 March 2018

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
<b>At 1 April 2016</b>	<b>1,500,000</b>	<b>1,500</b>	<b>344,559</b>	<b>1,846,059</b>
Profit for the year	-	-	225,318	225,318
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>225,318</b>	<b>225,318</b>
<b>At 1 April 2017</b>	<b>1,500,000</b>	<b>1,500</b>	<b>569,877</b>	<b>2,071,377</b>
Profit for the year	-	-	297,443	297,443
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>297,443</b>	<b>297,443</b>
<b>At 31 March 2018</b>	<b>1,500,000</b>	<b>1,500</b>	<b>867,320</b>	<b>2,368,820</b>

The notes on pages 16 to 34 form part of these financial statements.



# Thompsons of Prudhoe Holding Limited

## Consolidated statement of cash flows Year ended 31 March 2018

	2018 £	2017 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,760,828	1,845,247
<b>Adjustments for:</b>		
Amortisation of intangible assets	3,876	3,876
Depreciation of tangible assets	2,328,114	2,035,948
(Profit)/loss on disposal of tangible assets	(59,227)	20,585
Interest paid	301,459	305,871
Taxation charge	434,241	472,738
(Increase)/decrease in stocks	(44,555)	17,950
Increase in debtors	(820,878)	(524,841)
Increase in creditors	726,850	327,769
Decrease in provisions	(20,281)	(18,554)
Corporation tax (paid)	(521,429)	(612,073)
<b>Net cash generated from operating activities</b>	<b>4,088,998</b>	<b>3,874,516</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(2,988,701)	(4,291,152)
Sale of tangible fixed assets	271,995	500,453
HP interest paid	(124,912)	(130,455)
<b>Net cash from investing activities</b>	<b>(2,841,618)</b>	<b>(3,921,154)</b>
<b>Cash flows from financing activities</b>		
Repayment of bank loans	(424,326)	(60,074)
Repayment of shareholder loans	-	(224,233)
Repayment of obligations under finance lease	(852,985)	896,573
Loans from other participating interests repaid	(3,408)	-
Preference share dividend paid	(150,000)	(150,000)
Interest paid	(26,547)	(25,416)
<b>Net cash used in financing activities</b>	<b>(1,457,266)</b>	<b>436,850</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(209,886)</b>	<b>390,212</b>
Cash and cash equivalents at beginning of year	1,127,186	736,974
<b>Cash and cash equivalents at the end of year</b>	<b>917,300</b>	<b>1,127,186</b>

# Thompsons of Prudhoe Holding Limited

## Consolidated statement of cash flows (continued) Year ended 31 March 2018

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	2018 £	2017 £
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,465,801	2,039,695
Bank overdrafts	(548,501)	(912,509)
	<u>917,300</u>	<u>1,127,186</u>

The notes on pages 16 to 34 form part of these financial statements.

# Thompsons of Prudhoe Holding Limited

## Notes to the financial statements Year ended 31 March 2018

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### 1. General information and statement of compliance

Thompsons of Prudhoe Holding Limited ('the company') is a private company limited by shares, incorporated in the United Kingdom and registered in England. The address of the registered office is given in the company information page of these financial statements. The nature of the company's operations and its principal activities are set out in the strategic report on page 1.

#### **Statement of compliance**

The financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 '*The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland*' ('FRS 102') and the Companies Act 2006.

### 2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

#### **2.1 Basis of preparation**

These financial statements comprise the consolidated (group) financial statements and the company's separate financial statements. However, as permitted by section 408 of the Companies Act 2006, the separate profit and loss account of the company is not presented.

The financial statements are prepared on a going concern basis and under the historical cost convention. They are presented in pounds sterling.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

#### **2.2 Basis of consolidation**

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings as if they formed a single entity. Intercompany transactions and balances are therefore eliminated in full.

# Thompsons of Prudhoe Holding Limited

## Notes to the financial statements Year ended 31 March 2018

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### 2. Accounting policies (continued)

#### 2.3 Revenue recognition

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer.

Turnover from the sale of goods is recognised when the goods are physically delivered to the customer.

Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

##### ***Long term contracts***

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred, where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net rate value of the work done less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred, net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as long term contract balances in debtors and creditors.

#### 2.4 Intangible fixed assets and amortisation

Goodwill arising on the acquisition of subsidiary undertakings, representing any excess of the fair value of the consideration given over the fair value of identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life of 20 years. Provision is made for any impairment.

# Thompsons of Prudhoe Holding Limited

## Notes to the financial statements Year ended 31 March 2018

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### 2. Accounting policies (continued)

#### 2.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price plus any further costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less their estimated residual value, over their estimated useful lives as follows:

Freehold buildings	-	2% straight line
Long leasehold land and buildings	-	straight line over the term of the lease
Operational quarries	-	straight line over the term of the lease
Plant and machinery	-	15% reducing balance
Motor vehicles	-	15%-20% reducing balance
Fixtures and fittings	-	15% reducing balance

Asset residual values and useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

#### 2.6 Leases

Assets held under finance leases and hire purchase contracts, which confer rights and obligations on the group similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future lease obligations are recorded as liabilities, and the interest elements are charge to the profit and loss account over the period of the leases to produce a constant periodic rate of charge on the remaining balance of the liability.

#### 2.7 Fixed asset investments

In the company balance sheet, investments in subsidiary undertakings are measured at cost less accumulated impairment losses.

#### 2.8 Stocks

Stocks are stated at the lower of cost or estimated selling price less costs to complete and sell. Cost includes all direct costs and, for manufactured stocks and work in progress, an appropriate proportion of fixed and variable overheads (based on normal operating capacity). Cost is determined using the first-in first-out (FIFO) method. Provision is made as necessary for damaged, obsolete or slow-moving items.

# Thompsons of Prudhoe Holding Limited

## Notes to the financial statements Year ended 31 March 2018

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### 2. Accounting policies (continued)

#### 2.9 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 debtors and creditors, cash and bank balances and loans to or from related parties, including fellow group companies.

Debt instruments due within one year are measured, initially and subsequently at the transaction price. Debt instruments due after one year are measured initially at the transaction price and subsequently at amortised cost using the effective interest method.

At the end of each reporting period debt financial assets are assessed for impairment, and their carrying value reduced if necessary. Any impairment charge is recognised in the profit and loss account.

#### 2.10 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts.

#### 2.11 Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

# Thompsons of Prudhoe Holding Limited

## Notes to the financial statements Year ended 31 March 2018

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### 2. Accounting policies (continued)

#### 2.12 Taxation

The taxation expense for the year comprises current and deferred tax and is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income, or directly in equity, in which case the tax expense is also recognised in other comprehensive income or directly in equity.

Current tax is the amount of income tax payable in respect of the taxable profit for the current or past reporting periods. It is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences arise from the inclusion of transactions and events in the financial statements in periods different from those in which they are assessed for tax.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences.

#### 2.13 Employee benefits

##### ***Short-term benefits***

Short-term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

##### ***Defined contribution pension plan***

The group operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

# Thompsons of Prudhoe Holding Limited

## Notes to the financial statements Year ended 31 March 2018

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### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonably under the circumstances.

#### ***Significant judgments in applying the group's accounting policies***

##### ***Long term contracts***

Profit take on contracts in progress at the year end is calculated based upon costs incurred on contracts at the year end projected forward to total costs expected to completion, set against final revenue projected for each contract. This method has been applied historically and profit take is reviewed prior to the financial statements being finalised with any significant changes being applied prior to completion.

In preparing these financial statements, the directors do not consider there to have been any other significant judgments that were required in the process of applying the group's accounting policies.

#### ***Key sources of estimation uncertainty***

##### ***Useful lives of tangible fixed assets***

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful lives and the residual values of the assets, which are re-assessed annually and amended when necessary to reflect current estimates. See note 12 for the carrying amount of tangible fixed assets and note 2.5 for the useful lives of each class of asset.

##### ***Impairment of debtors***

The company makes an estimate of the recoverable value of trade and other debtors, taking into account the current credit rating of the debtor, the ageing profile and historical experience. See note 15 for the carrying amount of debtors.

##### ***Provision for restoration costs and post closure monitoring***

Provision for restoration costs include provisions associated with the post-closure costs of quarry and landfill sites. The company estimates its total future cost requirements for post closure monitoring which includes ground water monitoring, leachate management and methane gas control. The company provides for unavoidable costs of post-closure monitoring as the land area is used and environmental obligations arise. The provision has not been discounted as the effect of doing so would not be material.



# Thompsons of Prudhoe Holding Limited

## Notes to the financial statements Year ended 31 March 2018

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### 4. Turnover

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

	2018 £	2017 £
Own product	5,872,998	5,494,640
Haulage	4,661,537	4,745,277
Plant hire	113,233	182,025
Contract	21,599,633	18,706,054
Tipping	2,806,757	3,418,902
Other income	277,305	321,333
Concrete sales and distribution	424,093	510,502
	<u>35,755,556</u>	<u>33,378,733</u>

All turnover arose within the United Kingdom.

### 5. Operating profit

Operating profit is stated after charging/(crediting):

	2018 £	2017 £
Depreciation of tangible fixed assets	2,328,114	2,035,948
Amortisation of intangible fixed assets	3,876	3,876
(Profit)/loss on disposal of tangible fixed assets	(59,227)	20,585
Audit fees payable to the company's auditor	29,725	29,000
Cost of stocks recognised as an expense	<u>2,755,358</u>	<u>2,886,531</u>

# Thompsons of Prudhoe Holding Limited

## Notes to the financial statements Year ended 31 March 2018

### 6. Employees

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

	<b>Group 2018 £</b>	<b>Group 2017 £</b>	<b>Company 2018 £</b>	<b>Company 2017 £</b>
Wages and salaries	<b>10,259,186</b>	8,888,188	<b>205,730</b>	216,577
Social security costs	<b>997,411</b>	850,614	<b>20,800</b>	21,764
Cost of defined contribution scheme	<b>199,505</b>	225,527	<b>37,664</b>	43,016
	<b><u>11,456,102</u></b>	<u>9,964,329</u>	<b><u>264,194</u></b>	<u>281,357</u>

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

	<b>2018 No.</b>	<b>2017 No.</b>
Drivers and plant operatives	<b>140</b>	101
Administration and management	<b>47</b>	32
Labourers	<b>118</b>	156
	<b><u>305</u></b>	<u>289</u>

### 7. Directors' remuneration

	<b>2018 £</b>	<b>2017 £</b>
Directors' emoluments	<b>340,808</b>	109,478
Company contributions to defined contribution pension schemes	<b>37,628</b>	-
	<b><u>378,436</u></b>	<u>109,478</u>

During the year retirement benefits were accruing to 2 directors (2017: 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £196,584 (2017: £213,495).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £29,998 (2017: £nil).

# Thompsons of Prudhoe Holding Limited

## Notes to the financial statements Year ended 31 March 2018

### 8. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	26,547	25,416
Preference share dividends	150,000	150,000
Finance leases and hire purchase contracts	124,912	130,455
	<u>301,459</u>	<u>305,871</u>

### 9. Taxation

	2018 £	2017 £
<b>Corporation tax</b>		
Current tax on profits for the year	384,460	503,489
Adjustments in respect of previous periods	31,246	3,035
<b>Total current tax</b>	<u>415,706</u>	<u>506,524</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	39,845	13,977
Adjustment in respect of previous periods	(17,115)	(10,729)
Changes to tax rates	(4,195)	(37,034)
<b>Total deferred tax</b>	<u>18,535</u>	<u>(33,786)</u>
<b>Taxation on profit on ordinary activities</b>	<u>434,241</u>	<u>472,738</u>

# Thompsons of Prudhoe Holding Limited

## Notes to the financial statements Year ended 31 March 2018

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### 9. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<b>2,195,069</b>	2,317,985
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 20%)	<b>419,944</b>	463,597
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>2,270</b>	4,786
Adjustments to tax charge in respect of prior periods	<b>14,131</b>	(7,694)
S455 tax debtor	<b>(26,485)</b>	19,083
Non-taxable income	<b>28,500</b>	30,000
Provision movement	<b>76</b>	-
Tax rate changes	<b>(4,195)</b>	(37,034)
<b>Total tax charge for the year</b>	<b>434,241</b>	472,738

# Thompsons of Prudhoe Holding Limited

## Notes to the financial statements Year ended 31 March 2018

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### 10. Intangible assets

#### Group

	Goodwill £
<b>Cost</b>	
At 1 April 2017 and 31 March 2018	77,519
	<hr/>
<b>Amortisation</b>	
At 1 April 2017	38,760
Charge for the year	3,876
	<hr/>
At 31 March 2018	42,636
	<hr/>
<b>Net book value</b>	
At 31 March 2018	34,883
	<hr/> <hr/>
At 31 March 2017	38,759
	<hr/> <hr/>

The company holds no intangible fixed assets (2017: £nil).

# Thompsons of Prudhoe Holding Limited

## Notes to the financial statements Year ended 31 March 2018

### 11. Tangible fixed assets

#### Group

	Freehold property £	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost</b>						
At 1 April 2017	4,543,641	542,468	11,298,906	15,901,928	217,816	32,504,759
Additions	114,775	-	1,124,626	3,504,573	28,007	4,771,981
Disposals	-	-	(505,108)	(822,133)	(21,318)	(1,348,559)
At 31 March 2018	<u>4,658,416</u>	<u>542,468</u>	<u>11,918,424</u>	<u>18,584,368</u>	<u>224,505</u>	<u>35,928,181</u>
<b>Depreciation</b>						
At 1 April 2017	633,420	222,284	6,086,206	8,870,942	132,638	15,945,490
Charge for the year	956	-	830,690	1,482,532	13,936	2,328,114
Disposals	-	-	(417,506)	(696,967)	(21,318)	(1,135,791)
At 31 March 2018	<u>634,376</u>	<u>222,284</u>	<u>6,499,390</u>	<u>9,656,507</u>	<u>125,256</u>	<u>17,137,813</u>
<b>Net book value</b>						
At 31 March 2018	<u>4,024,040</u>	<u>320,184</u>	<u>5,419,034</u>	<u>8,927,861</u>	<u>99,249</u>	<u>18,790,368</u>
At 31 March 2017	<u>3,910,221</u>	<u>320,184</u>	<u>5,212,700</u>	<u>7,030,986</u>	<u>85,178</u>	<u>16,559,269</u>

The company holds no tangible fixed assets (2017: £nil).

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2018 £	2017 £
Plant and machinery	2,027,614	2,603,680
Motor vehicles	3,189,820	3,842,202
	<u>5,217,434</u>	<u>6,445,882</u>

# Thompsons of Prudhoe Holding Limited

## Notes to the financial statements Year ended 31 March 2018

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### 12. Fixed asset investments

The following were subsidiary undertakings of the company:

#### Subsidiary undertakings

Name	Principal activity
Thompsons of Prudhoe Limited	Demolition and earthworks
W. & M. Thompson (Quarries) Limited	Quarrying
Tyneside Minimix (Concrete) Limited	Concrete manufacture and distribution

#### Company

Subsidiary  
undertakings  
£

3,000

At 1 April 2017 and 31 March 2018

### 13. Stocks

	Group 2018 £	Group 2017 £
Raw materials and consumables	425,700	381,145

# Thompsons of Prudhoe Holding Limited

## Notes to the financial statements Year ended 31 March 2018

### 14. Debtors

	<b>Group 2018 £</b>	<b>Group 2017 £</b>	<b>Company 2018 £</b>	<b>Company 2017 £</b>
Trade debtors	<b>7,362,580</b>	6,439,991	-	-
Amounts owed by group undertakings	-	-	<b>4,123,144</b>	4,395,941
Other debtors	<b>232,486</b>	231,526	<b>217,486</b>	216,526
Prepayments and accrued income	<b>114,395</b>	112,828	<b>677</b>	758
Amounts recoverable on long term contracts	<b>1,989,262</b>	2,092,816	-	-
	<b>9,698,723</b>	8,877,161	<b>4,341,307</b>	4,613,225

At the year end, a directors' loan of £15,000 (2017: £15,000) was outstanding. This loan is interest free and is repayable in more than twelve months from the balance sheet date.

### 15. Creditors: amounts falling due within one year

	<b>Group 2018 £</b>	<b>Group 2017 £</b>	<b>Company 2018 £</b>	<b>Company 2017 £</b>
Bank overdrafts	<b>548,501</b>	912,509	<b>365,637</b>	912,509
Bank loans (note 17)	<b>62,148</b>	85,488	-	-
Payments received on account	<b>3,357</b>	139,168	-	-
Trade creditors	<b>3,163,204</b>	2,912,130	-	-
Amounts owed to other participating interests	-	3,408	-	-
Corporation tax	<b>164,191</b>	269,914	-	29,275
Other taxation and social security	<b>1,485,626</b>	1,293,931	<b>93,450</b>	88,664
Net obligations under finance lease and hire purchase contracts (note 18)	<b>2,660,871</b>	1,712,769	-	-
Accruals and deferred income	<b>264,736</b>	208,170	<b>16,400</b>	14,400
	<b>8,352,634</b>	7,537,487	<b>475,487</b>	1,044,848



# Thompsons of Prudhoe Holding Limited

## Notes to the financial statements Year ended 31 March 2018

### 16. Creditors: amounts falling due after more than one year

	<b>Group 2018 £</b>	<b>Group 2017 £</b>	<b>Company 2018 £</b>	<b>Company 2017 £</b>
Bank loans (note 17)	<b>829,963</b>	866,941	-	-
Net obligations under finance leases and hire purchase contracts (note 18)	<b>2,312,610</b>	2,330,417	-	-
Share capital treated as debt	<b>1,500,000</b>	1,500,000	<b>1,500,000</b>	1,500,000
	<b>4,642,573</b>	4,697,358	<b>1,500,000</b>	1,500,000

The bank loan is secured against the Merryshields farm, which was acquired using the bank loan. Interest is charged at 2.25% above the Bank of England base rate. Repayments of £7,124 are payable monthly over the five year term of the loan. A single final repayment installment sufficient to repay the loan in full is required at the final repayment date.

Preference shares provide full voting rights of one vote per share; preferential right to a dividend; and right to return of capital and share in surplus capital on winding up or repayment of capital.

### 17. Loans

	<b>Group 2018 £</b>	<b>Group 2017 £</b>
<b>Amounts falling due within one year</b>		
Bank loans	<b>62,148</b>	85,488
<b>Amounts falling due 1-2 years</b>		
Bank loans	<b>829,963</b>	85,488
<b>Amounts falling due 2-5 years</b>		
Bank loans	-	781,453
	<b>892,111</b>	952,429

# Thompsons of Prudhoe Holding Limited

## Notes to the financial statements Year ended 31 March 2018

### 18. Obligations under finance leases and hire purchase contracts

Minimum lease payments under finance leases and hire purchase fall due as follows:

	Group 2018 £	Group 2017 £
Within one year	2,756,610	2,322,376
After one year and before five years	2,352,756	1,841,850
Less: future interest charge	(135,885)	(121,040)
	<u>4,973,481</u>	<u>4,043,186</u>

### 19. Financial instruments

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
<b>Financial assets</b>				
Financial assets measured at amortised cost	<u>9,060,851</u>	<u>10,804,028</u>	<u>4,340,630</u>	<u>4,612,467</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	<u>11,342,017</u>	<u>9,028,424</u>	<u>1,882,037</u>	<u>926,909</u>

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings, other debtors and cash at bank and in hand.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, amounts owed to group undertakings, net obligations under finance lease and hire purchase contracts, accruals and preference share capital.

# Thompsons of Prudhoe Holding Limited

## Notes to the financial statements Year ended 31 March 2018

### 20. Deferred taxation

#### Group

	2018 £	2017 £
At beginning of year	605,819	639,605
Charge/(credit) to the profit and loss account	35,652	(33,786)
Utilised in year	17,115	-
<b>At end of year</b>	<b>624,356</b>	<b>605,819</b>

	Group 2018 £	Group 2017 £
Fixed asset timing differences	652,842	609,599
Short term timing differences	(28,486)	(3,780)
	<b>624,356</b>	<b>605,819</b>

### 21. Provisions

#### Group

	Restoration provision £
At 1 April 2017	452,198
Utilised in year	(20,281)
<b>At 31 March 2018</b>	<b>431,917</b>

# Thompsons of Prudhoe Holding Limited

## Notes to the financial statements Year ended 31 March 2018

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### 22. Share capital

	2018 £	2017 £
<b>Shares classified as equity</b>		
<b>Authorised, allotted, called up and fully paid</b>		
1,500,000 (2017: 1,500,000) Ordinary shares of £1 each	<u>1,500,000</u>	<u>1,500,000</u>

Ordinary shares provide full voting rights of one vote per share; right to dividend after the declaration of a preferential dividend on the preference shares; and right to return of capital and share in surplus capital on winding up or other repayment of capital.

	2018 £	2017 £
<b>Shares classified as debt</b>		
<b>Authorised, allotted, called up and fully paid</b>		
1,500,000 (2017: 1,500,000) Preference shares of £1 each	<u>1,500,000</u>	<u>1,500,000</u>

### 23. Reserves

#### **Capital redemption reserve**

The capital redemption reserve represents the remaining initial share capital of the company.

#### **Capital reserve**

The capital reserve is distributable and represents the profit and loss reserve accumulated prior to the change in ownership.

#### **Profit and loss account**

The profit and loss account represents cumulative profits and losses.

### 24. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounts to £244,829 (2017: £225,527). Contributions totalling £30,017 (2017: £13,870) were payable to the fund at the balance sheet date and are included within creditors.

### 25. Financial commitments

The company has given an unlimited guarantee in favour of Barclays Bank Plc in respect of the bank borrowings of Thompsons of Prudhoe Limited, W. & M. Thompson (Quarries) Limited and Tyneside Minimix (Concrete) Limited. At the end of the year, these borrowings totalled £1,440,612 (2017: £912,509).

# Thompsons of Prudhoe Holding Limited

## Notes to the financial statements Year ended 31 March 2018

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### 26. Related party transactions

#### **Group**

Key management personnel comprise the executive directors, whose remuneration is disclosed in note 7.

#### **Company**

The company has taken advantage of the exemptions conferred by FRS 102 in not disclosing transactions between wholly owned group companies consolidated into these financial statements.

### 27. Controlling party

The company is controlled by J Thompson by virtue of his majority shareholding.