

COMPANY REGISTRATION NUMBER: 05314796

OWEN PUGH HOLDINGS LIMITED
Financial Statements
31st March 2016

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OWEN PUGH HOLDINGS LIMITED

Financial Statements

Year ended 31st March 2016

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OWEN PUGH HOLDINGS LIMITED

Officers and Professional Advisers

The board of directors	J R Dickson R S Armstrong A P Strickland J R Grant R J D Lowery
Company secretary	K A Applegarth
Registered office	Cramlington Road Dudley Cramlington Northumberland NE3 7PR
Auditor	Tait Walker LLP Chartered accountant & statutory auditor Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS
Bankers	HSBC Bank plc 189 High Street Gosforth Newcastle upon Tyne NE3 1HE
Solicitors	Muckle LLP Time Central 32 Gallowgate Newcastle Upon Tyne NE1 4BF

OWEN PUGH HOLDINGS LIMITED

Strategic Report

Year ended 31st March 2016

The directors present their strategic report for the year ended 31 March 2016.

REVIEW OF THE BUSINESS

The principal activities of the group in the year under review were as follows:

Owen Pugh Contracts Limited

- civil engineering main contracting,
- sub-contract works for earthmoving and demolition.

Owen Pugh Civil Engineering Limited (formerly known as Owen Pugh GDC Limited)

- sub-contract works for drainage and small scale civil engineering.

Owen Pugh & Company Limited

- operated construction plant hire and haulage,
- construction related training.

Owen Pugh Aggregates Limited

- production and sale of primary and secondary aggregates,
- production and sale of agricultural lime,
- import of inert waste material for quarry restoration,
- construction materials testing services.

HCS Drain Services Limited

- emergency and contract drain cleaning and CCTV surveys.

Financial results for the group reflect a difficult year in adverse trading conditions. The biggest negative influences were beyond the control of the group and came from continued fall-out from the insolvency of Southdale Ltd, coupled with the re-ordering of the civil engineering subcontracting business following the ending of the water utility framework contract. A bad debt write off of £191,318 is recorded in the results as an exceptional item representing the final portion of invoice and application debt left by Southdale Ltd. However, the business absorbed loss of work in progress and the cost of materials on site adding to approximately £200,000 which are not recoverable under current law. Meanwhile, following the ending of the water utility framework contract, alternative workload was secured but not delivered profitably. The business was restructured in April 2016 as a result.

Consolidated turnover for the year amounted to £36.7m, a fall of about 7% from the previous year, producing a gross margin of £8.9m, just under 6% less than the previous year. Administrative expenses, however, were driven higher largely as a result of the costs of re-ordering the contracting businesses resulting in an operating loss of £(37)k. Taking account of interest and tax, the Group reported a loss for the financial year of £(292)k.

These are the first financial statements that comply with FRS 102. The group and the company transitioned to FRS102 on 1st April 2014 and details of the reconciliation to FRS 102 are provided in note 29. These financial statements include three specific movements as a result. Under FRS 102 the group is required to provide for unused holiday entitlement resulting in a charge to the 2016 profit & loss statement of approximately £81k. Similarly, the company's interest rate swap valuations have been restated to their fair values resulting in a credit to the profit & loss statement of around £63k in 2016. Finally, the group's properties have been restated to their fair values as provided by an independent third party qualified valuer resulting in the revaluation of tangible assets adjustment of £255k shown as at 31 March 2016.

OWEN PUGH HOLDINGS LIMITED

Strategic Report *(continued)*

Year ended 31st March 2016

The re-ordering and restructuring of the contracting businesses, including moving them into one legal entity renamed as Owen Pugh Civil Engineering Ltd, was completed in April 2016. The new structure has settled and profitability restored. The group has a substantial unexecuted order backlog with a full pipeline of opportunities and tendered enquiries. Moreover, developments in the wider economy of the North-East of England, with a renewed emphasis on infrastructure investment, indicate that workloads in the civil engineering sector should be sustainable or improving throughout the coming five years. The directors, while disappointed with the present group financial results, are confident that the group is now trading profitably, and has the team with resources in place to win and deliver a substantial share of the opportunities emerging within the region.

During the year, the average number of employees was 414, an increase of 10 on the previous year.

OWEN PUGH & COMPANY LIMITED

Turnover in the year totalled £10.43m, 1.0% higher than the previous year (2015 £10.32m), producing gross profit of £2.25m, a decrease of 10.3% on the previous year (2015 £2.51m). As a result the company made an operating profit of £611k compared with £858k in 2015 and of £254k in 2014.

Taking account of the fact that 2015 was a year of exceptionally favourable opportunities, the directors are satisfied that the financial results for 2016 represent a strong performance in what remains a challenging market.

OWEN PUGH CONTRACTS LIMITED

The financial results for the year ended 31 March 2016 are considered by the directors to be disappointing. Total turnover at £18.25m represents a 10% increase over 2015 while gross profit of £2.52m is 5.2% lower than the year before. This equates to a gross profit margin of 13.84% against 16.07% in the previous year. The result is an increase in operating loss from £649k to £833k for the year.

This improvement in performance, however welcome, is not sufficient nor does it match the expectations of the management team. It is not sufficient to bear the weight of Group management charges apportioned to running the business: an apportionment that was deemed reasonable based upon the share of Group management time taken up by the Contracts business.

The Earthmoving and demolition business enjoyed increased turnover (up by 12% on the previous year) but failed to deliver forecast margins largely due to a spell of very poor weather during December 2015 and January 2016 which impacted progress on the Morpeth Northern Bypass and other projects. The Civil Engineering Main Contracting business likewise enjoyed higher turnover, an increase of 43% on the previous year. Margins once more proved elusive partly as a result of the pricing pressures brought on by fierce competition, and partly as a result of mistakes made on one important contract.

Towards the end of the financial year the decision was taken to re-organise the contracting businesses within the Group, consolidating all but one into one unit. As a result, the earthmoving and main contracting businesses were moved into Owen Pugh GDC Ltd with that company being renamed Owen Pugh Civil Engineering Ltd. The demolition business remains as the only on-going trading business within Owen Pugh Contracts Ltd.

OWEN PUGH HOLDINGS LIMITED

Strategic Report *(continued)*

Year ended 31st March 2016

OWEN PUGH AGGREGATES LIMITED

Financial results for the year ended 31 March 2016 are considered by the directors to be very satisfactory. Turnover of £5.46m was just 1.5% lower than 2015 producing gross profit of £1.56m, an increase of more than 43% on the previous year. As a result operating profit rose from £360k in 2015 to £903k, a rise of 151%.

The substantial improvement in financial results was driven by a combination of a general improvement in prices, an advantageous change in the mix of business together with rigorous control of costs particularly those associated with operations based on recycling of inert demolition waste to produce secondary aggregates.

OWEN PUGH CIVIL ENGINEERING LTD (FORMERLY KNOWN AS OWEN PUGH GDC LTD)

Financial results for the year ended 31 March 2016 are considered by the directors to be disappointing. Turnover dropped by 22% to £10.99m while gross margin fell from £2.0m to £1.2m (from 14.3% to 10.7% of turnover). The operating loss for the year from normal trading increased from £(93)k in the previous year to £(860)k in the current financial year, before a waiver of inter-company debt due to the parent company reduced this year's reported operating loss to £(110)k.

The deterioration in performance of the business is due to two principal factors. Firstly, there was a further write off of bad debt as a result of the administration and liquidation of Southdale Ltd amounting to £191k in the year (2015: £328k). Secondly, the company was not successful in winning a place on the new NWL Framework contract. Alternative contract business was tendered for and won from a variety of customers, but the incumbent directors and management team proved themselves incapable of working in a truly commercial environment, outside the protective envelope of a large multi-year framework arrangement. The directors concerned were dismissed and the management team removed from the business as part of a restructuring of the Owen Pugh Group carried out in April 2016.

As a result of the restructuring exercise, all the contracting businesses within Owen Pugh Group with the exception of demolition were concentrated in Owen Pugh GDC Ltd and the name changed to Owen Pugh Civil Engineering Ltd to more accurately describe the ongoing function and role of the company. A new leadership and management team was recruited establishing a more rigorous operating culture and restoring the business to profitability.

HCS DRAIN SERVICES LIMITED

Financial results for the year ended 31 March 2016 are considered by the directors to be disappointing. Turnover at £2.24m was 44% lower than 2015 partly as a result of the ending of the framework contract for the water utility and partly as a result of moving a local authority framework contract to a different company in the Owen Pugh Group (Owen Pugh GDC Ltd). Gross profits were £525k, representing 23% of turnover and a slight improvement on the previous year (2015: 22%) but not sufficient to compensate for the fall in turnover. Administrative expenses at £675k were inflated by the cost of reconfiguring the fleet following the end of water utility business, particularly losses taken on disposal of assets. As a result, the company made an operating loss of £150k compared with an operating profit of £211k in 2015.

OWEN PUGH HOLDINGS LIMITED

Strategic Report *(continued)*

Year ended 31st March 2016

HEALTH & SAFETY

A passionate commitment to health and safety underpins all Group operations, a commitment demonstrated by investment in training, process and procedure, and in the provision of personal protective equipment where required.

The Group is proud to report that all staff have at the very least passed the CITB health & safety touchscreen test, and most have further health and safety qualifications as appropriate. Training is provided by Owen Pugh Training Services and is delivered and certified to the highest possible standards.

Process and procedure is incorporated in the Group Integrated Management System certified to ISO 14001:2004 (Environmental), BS OHSAS 18001:2007 (Health & Safety) and ISO 9001:2008 (Quality). The consolidation of contracting businesses into Owen Pugh Civil Engineering Ltd presented an opportunity to update and rationalise process and procedures and to re-induct employees into the system.

The remaining challenge is one of influencing behaviours so that good practise becomes embedded within the organisation. A focus on health & safety forums, teleconferences, toolbox talks and site level interventions is underway across the organisation.

The Group Accident Frequency Rate (AFR) at March 2016 was 0.4647.

CORPORATE SOCIAL RESPONSIBILITY

The Owen Pugh Group remains committed to active participation in the communities within which it works. When procedures within the Community Foundation made the Owen Pugh Fund no longer viable, the Group took the decision to withdraw from the Foundation and to establish direct relationships with the main charities supported over recent years. As a result, the Group now provides funding to the Phoenix Detached Youth Project in Chirton, the Patchwork Project in Benwell, the D2 Youth Zone at Newbiggin Hall and Liberdade in Gosforth.

In addition the Group engages with educational establishments across the region including infant, junior and senior schools, higher education colleges and universities. The Group is represented on the Industry Advisory Panels of the civil engineering departments of both Newcastle and Northumbria universities and has provided the venue (Marsden Quarry) and funding for the pilot of Constructionarium North East. The Group also continues to support the Newcastle Fencing & Sports Trust and Newcastle Fencing Centre in Benfield.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal trading risk for the Group is the performance of the construction industry within the regional economy of the North East of England. The business is sensitive to workload volumes available in the civil engineering contracting market; the risk being managed by the development and maintenance of a pipeline of tender opportunities.

Each business within the group faces specific trading risks which are noted in each company's annual report.

The company's principal financial instruments comprise cash and cash equivalents. Other financial assets and liabilities, such as trade debtors, trade creditors and group balances, arise directly from the company's operating activities.

OWEN PUGH HOLDINGS LIMITED

Strategic Report *(continued)*

Year ended 31st March 2016

The main risks associated with the company's financial assets are set out below

INTEREST RATE RISKS

The group invests surplus cash in short term floating rate interest yielding bank accounts. The group's bank borrowings attract interest at variable rates with an element swapped into fixed rates for a period of time. The directors do not consider there to be any significant exposure to movements in interest rates.

PRICE RISK

There is no significant exposure to changes in the carrying value of financial liabilities.

CREDIT RISKS

The company's policy is aimed at minimising losses caused by the granting of credit terms to customers and requires that deferred terms are granted only to customers who demonstrate an appropriate payment history and satisfactory creditworthiness. Individual exposures and overdue debts are monitored carefully with customers subject to credit limits to ensure that the company's exposure to bad debts is not significant. In addition and to further limit exposure the Group carries credit insurance covering outstanding invoices, applications and work in progress with all but a tiny minority of customers.


LIQUIDITY RISK

The company aims to mitigate liquidity risk by managing cash generated by its operations. Capital expenditure is approved by the directors and flexibility is maintained by retaining surplus cash in readily accessible bank accounts and having access to a bank working capital facility.

FOREIGN CURRENCY RISKS

The company has no transactions in foreign currencies and therefore has no exposure to fluctuating exchange rates.

This report was approved by the board of directors on 14th December 2016 and signed on behalf of the board by:



J R Dickson
Director

OWEN PUGH HOLDINGS LIMITED

Directors' Report

Year ended 31st March 2016

The directors present their report and the financial statements of the group for the year ended 31st March 2016.

Principal activities

The principal activity of the group during the year was civil engineering, earth moving and demolition.

Directors

The directors who served the company during the year were as follows:

J R Dickson
R S Armstrong
A P Strickland
J R Grant (Appointed 1st April 2015)

R J D Lowery was appointed as a director on 1 April 2016.

Dividends

Particulars of recommended dividends are detailed in note 13 to the financial statements.

Employment of disabled persons

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

During the year, the policy of providing employees with information about the company has been continued through the employee newsletter, the Employee Representatives Committee and through direct presentations to groups of employees. At all stages employees are encouraged to present their suggestions and views on the company's performance and to engage with management in matters of mutual interest.

Financial instruments

See disclosures made within the strategic report.

OWEN PUGH HOLDINGS LIMITED

Directors' Report *(continued)*

Year ended 31st March 2016

Going concern

The directors have assessed the strength of the business as a going concern based on the financial position of the group at 31 March 2016 and forecast performance going forward. This assessment included an analysis of market conditions, the development of budgets and forecasts and testing of underlying assumptions, and a comparison of forecast performance in a range of different scenarios. The key sensitivities identified relate to volume of business, utilisation levels and level of margins going forward. The assessment also considered the ability of the group to operate within the terms of the facilities available to it, the availability of adequate on-going financial support from the group's bankers, the group's ability to comply with the covenants set down within the bank facility, the net current liability position and the relatively high gearing ratio. Whilst trading conditions in the sector remain difficult, the Directors believe that the forecasts are achievable and that on this basis the group will be able to operate within the terms of the facilities currently available to it and that ongoing financial support will continue to be available from the group's bankers. On the basis of this assessment, the directors concluded that the group remains well placed, with an excellent reputation, a strong asset base, a good spread of business and the on-going support of its bankers such that, despite the current uncertain market conditions, there are no material uncertainties that may cast significant doubt about the group's ability to continue as a going concern.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and 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 company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

OWEN PUGH HOLDINGS LIMITED

Directors' Report *(continued)*

Year ended 31st March 2016

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

A resolution to reappoint Tait Walker LLP as auditors will be proposed at the forthcoming Annual General Meeting.

This report was approved by the board of directors on 14th December 2016 and signed on behalf of the board by:



J R Dickson
Director

OWEN PUGH HOLDINGS LIMITED

Independent Auditor's Report to the Shareholders of Owen Pugh Holdings Limited

Year ended 31st March 2016

We have audited the financial statements of Owen Pugh Holdings Limited for the year ended 31st March 2016 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31st March 2016 and of the group's loss 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.

OWEN PUGH HOLDINGS LIMITED

Independent Auditor's Report to the Shareholders of Owen Pugh Holdings Limited *(continued)*

Year ended 31st March 2016

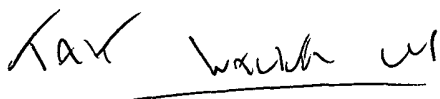
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Christopher Potter BA (Hons) ACA (Senior Statutory Auditor)

For and on behalf of
Tait Walker LLP
Chartered accountant & statutory auditor
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

16th December 2016

OWEN PUGH HOLDINGS LIMITED

Consolidated Statement of Comprehensive Income

Year ended 31st March 2016

	Note	2016 £	2015 £
Turnover	5	36,694,134	39,282,853
Cost of sales		(27,780,891)	(30,305,992)
Gross profit		8,913,243	8,976,861
Administrative expenses		(8,758,763)	(7,973,161)
Exceptional items		(191,318)	(346,320)
Operating (loss)/profit	6	(36,838)	657,380
Other interest receivable and similar income		84,969	46,908
Interest payable and similar charges	10	(413,063)	(503,313)
(Loss)/profit on ordinary activities before taxation		(364,932)	200,975
Tax on (loss)/profit on ordinary activities	11	72,922	(127,013)
(Loss)/profit for the financial year		(292,010)	73,962
Revaluation of tangible assets		255,445	64,020
Total comprehensive income for the year		(36,565)	137,982

All the activities of the group are from continuing operations.

The group has no other recognised items of income and expense other than the results for the period set out above.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial period stated above and their historical cost equivalents.

The notes on pages 20 to 39 form part of these financial statements.

OWEN PUGH HOLDINGS LIMITED

Consolidated Statement of Financial Position

31st March 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	14	(172,058)	(87,679)
Tangible assets	15	<u>9,421,426</u>	<u>10,988,352</u>
		9,249,368	10,900,673
Current assets			
Stocks	17	1,038,277	912,865
Debtors	18	8,150,269	8,254,751
Cash at bank and in hand		<u>12,046</u>	<u>14,893</u>
		9,200,592	9,182,509
Creditors: amounts falling due within one year	20	<u>(9,550,856)</u>	<u>(9,524,649)</u>
Net current liabilities		(350,264)	(342,140)
Total assets less current liabilities		8,899,104	10,558,533
Creditors: amounts falling due after more than one year	21	(5,432,796)	(6,550,186)
Provisions			
Taxation including deferred tax	23	(508,078)	(563,656)
Other provisions	23	<u>(154,575)</u>	<u>(319,379)</u>
		(662,653)	(883,035)
Net assets		<u>2,803,655</u>	<u>3,125,312</u>
Capital and reserves			
Called up share capital	27	91,673	91,673
Share premium account	28	527,114	527,114
Revaluation reserve	28	859,415	603,969
Capital redemption reserve	28	22,926	22,926
Profit and loss account	28	<u>1,302,527</u>	<u>1,879,630</u>
Shareholders funds		<u>2,803,655</u>	<u>3,125,312</u>

The consolidated statement of financial position
continues on the following page.

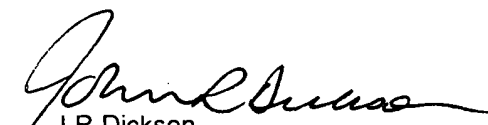
The notes on pages 20 to 39 form part of these financial statements.

OWEN PUGH HOLDINGS LIMITED

Consolidated Statement of Financial Position *(continued)*

31st March 2016

These financial statements were approved by the board of directors and authorised for issue on 14th December 2016, and are signed on behalf of the board by:



J R Dickson
Director

Company registration number: 05314796

The notes on pages 20 to 39 form part of these financial statements.

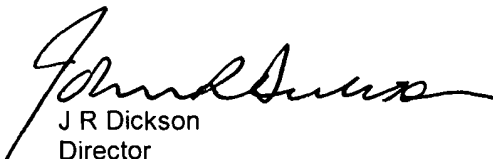
OWEN PUGH HOLDINGS LIMITED

Company Statement of Financial Position

31st March 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	15	68,342	89,978
Investments	16	12,330,535	12,330,535
		<u>12,398,877</u>	<u>12,420,513</u>
Current assets			
Debtors	18	2,671,266	7,076,914
Creditors: amounts falling due within one year	20	(3,850,945)	(8,677,042)
Net current liabilities		<u>(1,179,679)</u>	<u>(1,600,128)</u>
Total assets less current liabilities		<u>11,219,198</u>	<u>10,820,385</u>
Creditors: amounts falling due after more than one year	21	(4,422,888)	(4,972,438)
Provisions			
Taxation including deferred tax	23	(7,032)	(26,926)
Net assets		<u>6,789,278</u>	<u>5,821,021</u>
Capital and reserves			
Called up share capital	26	91,673	91,673
Share premium account	27	527,114	527,114
Capital redemption reserve	27	22,926	22,926
Profit and loss account	27	6,147,565	5,179,308
Shareholders funds		<u>6,789,278</u>	<u>5,821,021</u>

These financial statements were approved by the board of directors and authorised for issue on 14th December 2016, and are signed on behalf of the board by:


J R Dickson
Director

Company registration number: 05314796

The notes on pages 20 to 39 form part of these financial statements.

OWEN PUGH HOLDINGS LIMITED

Consolidated Statement of Changes in Equity

Year ended 31st March 2016

	Called up share capital £	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £	Total £
At 1st April 2014	97,923	527,114	674,300	16,676	2,074,138	3,390,151
Profit for the year					73,962	73,962
Other comprehensive income for the year:						
Revaluation of tangible assets	15	-	64,020	-	-	64,020
Reclassification from revaluation reserve to profit and loss account		-	(134,351)	-	134,351	-
Total comprehensive income for the year		-	(70,331)	-	208,313	137,982
Dividends paid and payable	13	-	-	-	(231,920)	(231,920)
Cancellation of subscribed capital		(6,250)	-	6,250	(170,901)	(170,901)
Total investments by and distributions to owners		(6,250)	-	6,250	(402,821)	(402,821)
At 31st March 2015	91,673	527,114	603,970	22,926	1,879,624	3,125,307
Loss for the year					(292,010)	(292,010)
Other comprehensive income for the year:						
Revaluation of tangible assets	15	-	255,445	-	-	255,445
Total comprehensive income for the year		-	255,445	-	(292,010)	(36,565)

The consolidated statement of changes in equity
continues on the following page.

The notes on pages 20 to 39 form part of these financial statements.

OWEN PUGH HOLDINGS LIMITED

Consolidated Statement of Changes in Equity (continued)

Year ended 31st March 2016

	Called up share capital £	Share premium account £	Revaluatio n reserve £	Capital redemption reserve £	Profit and loss account £	Total £
Dividends paid and payable	Note 13 -	-	-	-	(285,087)	(285,087)
Total investments by and distributions to owners	-	-	-	-	(285,087)	(285,087)
At 31st March 2016	91,673	527,114	859,415	22,926	1,302,527	2,803,655

The notes on pages 20 to 39 form part of these financial statements.

OWEN PUGH HOLDINGS LIMITED

Company Statement of Changes in Equity

Year ended 31st March 2016

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total £
At 1st April 2014	97,923	527,114	16,676	5,798,393	6,440,106
Profit for the year	—	—	—	(216,265)	(216,265)
Total comprehensive income for the year	—	—	—	(216,265)	(216,265)
Dividends paid and payable 13	—	—	—	(231,920)	(231,920)
Cancellation of subscribed capital	(6,250)	—	6,250	(170,900)	(170,900)
Total investments by and distributions to owners	(6,250)	—	6,250	(402,820)	(402,820)
At 31st March 2015	91,673	527,114	22,926	5,179,308	5,821,021
Loss for the year	—	—	—	1,253,344	1,253,344
Total comprehensive income for the year	—	—	—	1,253,344	1,253,344
Dividends paid and payable 13	—	—	—	(285,087)	(285,087)
Total investments by and distributions to owners	—	—	—	(285,087)	(285,087)
At 31st March 2016	<u>91,673</u>	<u>527,114</u>	<u>22,926</u>	<u>6,147,565</u>	<u>6,789,278</u>

The notes on pages 20 to 39 form part of these financial statements.

OWEN PUGH HOLDINGS LIMITED

Consolidated Statement of Cash Flows

Year ended 31st March 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
(Loss)/profit for the financial year		(292,010)	73,962
<i>Adjustments for:</i>			
Depreciation of tangible assets		1,471,105	1,646,800
Amortisation of intangible assets		84,379	76,183
Other interest receivable and similar income		(84,969)	(46,908)
Interest payable and similar charges		413,063	503,313
Gains on disposal of tangible assets		(137,487)	(14,238)
Tax on (loss)/profit on ordinary activities		(72,922)	127,013
<i>Changes in:</i>			
Stocks		(125,412)	(180,555)
Trade and other debtors		104,482	(629,358)
Trade and other creditors		(411,668)	(119,596)
Provisions and employee benefits		(164,804)	—
Cash generated from operations		783,757	1,436,616
Interest paid		(413,063)	(503,313)
Interest received		21,994	—
Tax paid		(174,249)	(31,036)
Net cash from operating activities		<u>218,439</u>	<u>902,267</u>
Cash flows from investing activities			
Purchase of tangible assets		(329,403)	(588,894)
Proceeds from sale of tangible assets		846,570	1,089,731
Acquisition of subsidiaries		—	(240,000)
Net cash from investing activities		<u>517,167</u>	<u>260,837</u>
Cash flows from financing activities			
Purchase of own shares		—	(170,900)
Proceeds from borrowings		—	500,000
Repayments of borrowings		(522,286)	(391,108)
Payments of finance lease liabilities		(622,414)	(856,218)
Dividends paid		(285,087)	(231,920)
Net cash used in financing activities		<u>(1,429,787)</u>	<u>(1,150,146)</u>
Net (decrease)/increase in cash and cash equivalents		(694,181)	12,958
Cash and cash equivalents at beginning of year		(757,043)	(770,001)
Cash and cash equivalents at end of year	19	<u>(1,451,224)</u>	<u>(757,043)</u>

The notes on pages 20 to 39 form part of these financial statements.

OWEN PUGH HOLDINGS LIMITED

Notes to the Financial Statements

Year ended 31st March 2016

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Cramlington Road, Dudley, Cramlington, Northumberland, NE3 7PR.

2. Statement of compliance

These financial statements have been prepared in accordance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and the Directors' report. The directors have assessed the strength of the business as a going concern based on the financial position of the group at 31 March 2016 and forecast performance going forward. This assessment included an analysis of market conditions, the development of budgets and forecasts and testing of underlying assumptions, and a comparison of forecast performance in a range of different scenarios. The key sensitivities identified relate to volume of business, utilisation levels, level of margins going forward. The assessment also considered the ability of the group to operate within the terms of the facilities available to it, the availability of adequate on-going financial support from the group's bankers, the group's ability to comply with the covenants set down within the bank facility, the net current liability position and the relatively high gearing ratio. Whilst trading conditions in the sector remain difficult, the directors believe that the forecasts are achievable and that on this basis the group will be able to operate within the terms of the facilities currently available to it and that ongoing financial support will continue to be available from the group's bankers. On the basis of this assessment, the directors concluded that the group remains well placed, with an excellent reputation, a strong asset base, a good spread of business and the on-going support of its bankers such that, despite the current uncertain market conditions, there are no material uncertainties that may cast significant doubt about the group's ability to continue as a going concern.

4. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of land and buildings and certain financial assets and liabilities measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1st April 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 33.

OWEN PUGH HOLDINGS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

4. Accounting policies *(continued)*

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Consolidation

The financial statements consolidate the financial statements of Owen Pugh Holdings Limited and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Assessing indicators of impairment - In assessing whether there have been any indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterpart credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

Contract accounting - Due to the nature of contract accounting, the stage of completion of a job at the year end is judgemental.

Loss provision - Any loss making contracts are provided in full when they are identified as being loss making. Other provisions are made on a specific cost basis for contracts.

OWEN PUGH HOLDINGS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

4. Accounting policies *(continued)*

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Depreciation - Depreciation is calculated as to write off the cost of an asset, less its residual value, over the useful economic life of that asset. An estimate of the useful economic life of assets is detailed in the depreciation accounting policy. The value of depreciation charged in the profit and loss account during the year was £1,471,105.

Amortisation - Amortisation is calculated so as to write off the cost of an intangible asset, over the useful economic life of that asset. An estimate of the useful economic life of assets is detailed in the amortisation accounting policy. The value of the amortisation charged to the income statement during the year was £84,379.

Restoration provision - Restoration provisions relate to the company's quarrying and landfill activities and will be utilised to restore the site as it is made good. The provision is undiscounted and is based on the director's best estimate of the likely total restoration costs under the terms and requirements of the license.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

For services provided, turnover is recognised to the extent that and when there is a right to consideration and in the case of contracts turnover represents the sales value of work done at the year end.

Long term contracts

Profit on contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs (as defined in stocks) as contract activity progresses. Turnover represents the value of the work done during the year. Full provision is made for contract losses in the year in which they are first foreseen.

OWEN PUGH HOLDINGS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

4. Accounting policies *(continued)*

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised 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 reporting date that are expected to apply to the reversal of the timing difference.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed five years.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	10% straight line
Negative Goodwill	-	10% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

OWEN PUGH HOLDINGS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

4. Accounting policies *(continued)*

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Under FRS 102, the Group has elected to adopt the revaluation model at the date of transition for land and buildings. The Group will no longer apply the cost model under FRS 102 and will hold assets at the revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	- 5 - 40 years straight line
Plant & Machinery	- 5 - 10 years straight line
Fixtures & Fittings	- 5 - 10 years straight line
Motor Vehicles	- 20% straight line
Quarry	- 2% straight line

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

OWEN PUGH HOLDINGS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

4. Accounting policies *(continued)*

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset.

The group is committed to re-instatement and environment monitoring liabilities relating to its quarrying and landfill activities. Provisions for re-instatement costs are made, on an undiscounted basis, as the extraction and landfill activities progress and is utilised as the restoration is made good. Environmental monitoring costs are provided when the expenditure is committed (as required by the terms of planning permission or grant of licence) and the cost can be estimated with a reasonable degree of certainty.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

OWEN PUGH HOLDINGS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

4. Accounting policies *(continued)*

Financial instruments *(continued)*

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

5. Turnover

Turnover arises from:

	2016 £	2015 £
Sale of goods	4,432,073	4,147,973
Rendering of services	2,432,688	2,898,146
Construction contracts	29,829,373	32,236,734
	<u>36,694,134</u>	<u>39,282,853</u>

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

6. Operating profit

Operating profit or loss is stated after charging:

	2016 £	2015 £
Amortisation of intangible assets	84,379	76,183
Depreciation of tangible assets	1,471,105	1,646,801
Gains on disposal of tangible assets	(137,487)	(14,238)
Impairment of trade debtors	5,561	105,153
Operating leases	1,152,900	735,670
Exceptional items	<u>191,318</u>	<u>346,320</u>

Exceptional items include £191,318 (2015: £346,320) relating to bad debts incurred as a result of a major customer going into liquidation after the previous year end.

OWEN PUGH HOLDINGS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

7. Auditor's remuneration

	2016 £	2015 £
Fees payable for the audit of the financial statements	<u>28,000</u>	<u>28,000</u>
Fees payable to the company's auditor and its associates for other services: Taxation advisory services	<u>7,500</u>	<u>7,500</u>

8. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2016 No.	2015 No.
Engineers, quantity surveyors, office and management	108	132
Plant operators and drivers	<u>306</u>	<u>272</u>
	<u>414</u>	<u>404</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2016 £	2015 £
Wages and salaries	11,852,006	11,235,649
Social security costs	1,218,420	1,139,660
Other pension costs	<u>361,335</u>	<u>303,115</u>
	<u>13,431,761</u>	<u>12,678,424</u>

9. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2016 £	2015 £
Remuneration	218,286	235,477
Company contributions to defined contribution pension plans	<u>70,000</u>	<u>30,000</u>
	<u>288,286</u>	<u>265,477</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2016 No.	2015 No.
Defined contribution plans	<u>2</u>	<u>3</u>

Remuneration of the highest paid director in respect of qualifying services:

	2016 £	2015 £
Aggregate remuneration	<u>93,633</u>	<u>88,004</u>

OWEN PUGH HOLDINGS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

9. Directors' remuneration *(continued)*

The key management of the group are its directors.

10. Interest payable and similar charges

	2016 £	2015 £
Interest on bank loans and overdrafts	315,851	413,170
Interest on obligations under finance leases and hire purchase contracts	97,212	90,143
	<u>413,063</u>	<u>503,313</u>

11. Tax on (loss)/profit on ordinary activities

Major components of tax (income)/expense

	2016 £	2015 £
Current tax:		
UK current tax expense	10,825	173,991
Adjustments in respect of prior periods	—	16,575
Total current tax	<u>10,825</u>	<u>190,566</u>
Deferred tax:		
Origination and reversal of timing differences	(83,747)	(63,553)
Tax on (loss)/profit on ordinary activities	<u>(72,922)</u>	<u>127,013</u>

Reconciliation of tax (income)/expense

The tax assessed on the loss on ordinary activities for the year is higher than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 21%).

	2016 £	2015 £
(Loss)/profit on ordinary activities before taxation	(364,932)	200,975
(Loss)/profit on ordinary activities by rate of tax	(72,986)	42,205
Adjustment to tax charge in respect of prior periods	—	16,575
Effect of expenses not deductible for tax purposes	6,621	8,891
Effect of capital allowances and depreciation	2,023	12,662
Effect of revenue exempt from tax	(12,595)	—
Fixed asset differences	7,145	(6,596)
Short term timing differences	(12,650)	(15,839)
Adjustment to deferred tax rate	(50,355)	—
Other tax adjustments	59,875	69,115
Tax on (loss)/profit on ordinary activities	<u>(72,922)</u>	<u>127,013</u>

OWEN PUGH HOLDINGS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

12. Profit for the year of the parent company

The profit for the financial year of the parent company was £1,253,344 (2015: £216,265 loss).

13. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2016 £	2015 £
Dividends on equity shares	<u>285,087</u>	<u>231,920</u>

Dividends paid of £285,087 (2015: £231,920) amount to £3.11 (2015: £2.53) per ordinary share.

14. Intangible assets

Group	Goodwill £	Negative goodwill £	Total £
Cost			
At 1 Apr 2015 and 31 Mar 2016	<u>1,492,167</u>	<u>(3,314,493)</u>	<u>(1,822,326)</u>
Amortisation			
At 1st April 2015	1,004,002	(2,738,649)	(1,734,647)
Charge for the year	150,669	(66,290)	84,379
At 31st March 2016	<u>1,154,671</u>	<u>(2,804,939)</u>	<u>(1,650,268)</u>
Carrying amount			
At 31st March 2016	<u>337,496</u>	<u>(509,554)</u>	<u>(172,058)</u>
At 31st March 2015	<u>488,165</u>	<u>(575,844)</u>	<u>(87,679)</u>

The company has no intangible assets.

OWEN PUGH HOLDINGS LIMITED

Notes to the Financial Statements (continued)

Year ended 31st March 2016

15. Tangible assets

Group	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Quarry assets £	Total £
Cost or valuation						
At 1 Apr 2015	4,499,515	13,379,074	1,540,280	517,056	663,875	20,599,800
Additions	–	261,121	58,281	–	10,001	329,403
Disposals	–	(2,132,834)	(12,084)	(64,805)	–	(2,209,723)
Revaluations	215,000	–	–	–	–	215,000
At 31 Mar 2016	4,714,515	11,507,361	1,586,477	452,251	673,876	18,934,480
Depreciation						
At 1 Apr 2015	657,245	7,072,784	1,121,393	355,427	404,599	9,611,448
Charge for the year	68,859	1,099,565	206,334	52,085	44,262	1,471,105
Disposals	–	(1,447,975)	(11,980)	(40,685)	–	(1,500,640)
Revaluations	(68,859)	–	–	–	–	(68,859)
At 31 Mar 2016	657,245	6,724,374	1,315,747	366,827	448,861	9,513,054
Carrying amount						
At 31 Mar 2016	4,057,270	4,782,987	270,730	85,424	225,015	9,421,426
At 31 Mar 2015	3,842,270	6,306,290	418,887	161,629	259,276	10,988,352
Company						
			Fixtures and fittings £	Motor vehicles £		Total £
Cost or valuation						
At 1st April 2015			131,516	42,000		173,516
Additions			21,677	–		21,677
At 31st March 2016			153,193	42,000		195,193
Depreciation						
At 1st April 2015			66,232	17,306		83,538
Charge for the year			29,313	14,000		43,313
At 31st March 2016			95,545	31,306		126,851
Carrying amount						
At 31st March 2016			57,648	10,694		68,342
At 31st March 2015			65,284	24,694		89,978

Included within the group net book value of £9,418,225 is £2,539,039 (2015: £3,792,010) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets is £345,001 (2015: £399,660).

Included within the company net book value of £68,342 is £31,701 (2015: £57,697) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets is £12,998 (2015: £12,998).

OWEN PUGH HOLDINGS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

15. Tangible assets *(continued)*

Tangible assets held at valuation

Land and buildings were valued by Lambert Smith Hampton as at 31 March 2016 on the basis of fair value, the definition adopted by the International Accounting Standards Board.

In respect of tangible assets held at valuation, aggregate cost, depreciation and comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

Group	Freehold property £
At 31st March 2016	
Aggregate cost	2,923,371
Aggregate depreciation	(478,664)
Carrying value	<u>2,444,707</u>
At 31st March 2015	
Aggregate cost	2,923,371
Aggregate depreciation	(413,006)
Carrying value	<u>2,510,365</u>

The company has no tangible assets held at valuation.

16. Investments

The group has no investments.

Company	Shares in group undertaking s £
Cost	
At 1 Apr 2015 and 31 Mar 2016	<u>12,330,535</u>
Impairment	
At 1 Apr 2015 and 31 Mar 2016	<u>—</u>
Carrying amount	
At 1 Apr 2015 and 31 Mar 2016	<u>12,330,535</u>

OWEN PUGH HOLDINGS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

16. Investments *(continued)*

Subsidiaries, associates and other investments

Details of the investments in which the parent company has an interest of 20% or more are as follows:

	Country of incorporation	Class of share	Percentage of shares held
Subsidiary undertakings			
Owen Pugh & Company Limited	England	Ordinary	100
Owen Pugh Contracts Limited	England	Ordinary	100
Owen Pugh Aggregates Limited	England	Ordinary	100
Owen Pugh Properties Limited	England	Ordinary	100
Owen Pugh Civil Engineering	England	Ordinary	100
HCS Drainage Services Limited	England	Ordinary	100

All investments are held directly.

The nature of business of each of the subsidiaries listed above is as follows:

Owen Pugh & Company Limited: Plant hire

Owen Pugh Contracts Limited: Contracting

Owen Pugh Aggregates Limited: Extraction and sale of aggregates and landfill

Owen Pugh Properties Limited: Property investment

Owen Pugh GDC Limited: Contracting

HCS Drain Services Limited: Drain cleaning

17. Stocks

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Raw materials and consumables	302,055	361,601	–	–
Work in progress	736,222	551,264	–	–
	<u>1,038,277</u>	<u>912,865</u>	<u>–</u>	<u>–</u>

The stock expense to cost of sales within the group income statement amounted to £9,867,290 (2015: £9,448,038). There was no impairment or stock write back during the year (2015: none).

18. Debtors

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	7,823,535	7,957,589	–	–
Amounts owed by group undertakings	–	–	2,519,385	6,968,192
Prepayments and accrued income	256,033	261,127	82,676	56,760
Other debtors	70,701	36,035	69,205	51,962
	<u>8,150,269</u>	<u>8,254,751</u>	<u>2,671,266</u>	<u>7,076,914</u>

OWEN PUGH HOLDINGS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

19. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2016	2015
	£	£
Cash at bank and in hand	12,046	14,893
Bank overdrafts	(1,463,270)	(771,936)
	<u>(1,451,224)</u>	<u>(757,043)</u>

20. Creditors: amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Bank loans and overdrafts	2,086,699	1,395,360	3,618,861	4,676,974
Trade creditors	3,491,498	3,992,304	60,773	24,427
Amounts owed to group undertakings	–	–	–	3,735,812
Accruals and deferred income	2,499,723	2,330,364	30,185	46,369
Corporation tax	10,818	173,992	10,818	–
Social security and other taxes	766,095	846,316	31,393	31,570
Obligations under finance leases and hire purchase contracts	624,366	651,681	27,258	27,258
Derivative financial liability	71,657	134,632	71,657	134,632
	<u>9,550,856</u>	<u>9,524,649</u>	<u>3,850,945</u>	<u>8,677,042</u>

Bank overdrafts and borrowings are secured by an unlimited multilateral guarantee dated 18 February 2008 given by all group companies, and a debenture dated 15 July 2010 including a fixed charge over all present freehold and leasehold property; a first fixed charge over book and other debts, chattels, goodwill and uncalled share capital, both present and future; and a first floating charge over all other assets and undertaking both present and future.

Liabilities relating to hire purchase and finance lease agreements are secured against the assets to which they relate.

21. Creditors: amounts falling due after more than one year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Bank loans and overdrafts	4,378,111	4,900,402	4,378,111	4,900,402
Obligations under finance leases and hire purchase contracts	1,054,685	1,649,784	44,777	72,036
	<u>5,432,796</u>	<u>6,550,186</u>	<u>4,422,888</u>	<u>4,972,438</u>

OWEN PUGH HOLDINGS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

Bank overdrafts and borrowings are secured by an unlimited multilateral guarantee dated 18 February 2008 given by all group companies, and a debenture dated 15 July 2010 including a fixed charge over all present freehold and leasehold property; a first fixed charge over book and other debts, chattels, goodwill and uncalled share capital, both present and future; and a first floating charge over all other assets and undertaking both present and future.

Liabilities relating to hire purchase and finance lease agreements are secured against the assets to which they relate.

22. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Not later than 1 year	624,366	651,681	27,258	651,681
Later than 1 year and not later than 5 years	1,054,685	1,649,784	44,777	1,649,784
	<u>1,679,051</u>	<u>2,301,465</u>	<u>72,035</u>	<u>2,301,465</u>

23. Provisions

Group	Restoration provision	Deferred tax (note 24)	Total
	£	£	£
At 1st April 2015	319,379	563,657	883,036
Additions	–	31,557	31,557
Charge against provision	(164,804)	(87,136)	(251,940)
At 31st March 2016	<u>154,575</u>	<u>508,078</u>	<u>662,653</u>

Company	Deferred tax (note 24)
	£
At 1st April 2015	26,926
Additions	(19,894)
At 31st March 2016	<u>7,032</u>

Restoration provisions relate to the group's quarrying and landfill activities and will be utilised to restore the site as it is made good. The provision is undiscounted and is based on the director's best estimate of the likely total restoration costs under the terms and requirements of the license.

OWEN PUGH HOLDINGS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

24. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Included in provisions (note 23)	<u>508,078</u>	<u>563,656</u>	<u>7,032</u>	<u>26,926</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Accelerated capital allowances	498,533	532,973	(5,237)	—
Other timing difference	<u>9,545</u>	<u>30,683</u>	<u>12,269</u>	<u>26,926</u>
	<u>508,078</u>	<u>563,656</u>	<u>7,032</u>	<u>26,926</u>

25. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £361,335 (2015: £303,115).

26. Financial instruments

The carrying amount for each category of financial instrument is as follows:

Financial assets that are debt instruments measured at amortised cost

	Group	
	2016	2015
	£	£
Financial assets that are debt instruments measured at amortised cost	<u>7,835,581</u>	<u>7,972,482</u>

Financial liabilities measured at fair value through profit or loss

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Financial liabilities measured at fair value through profit or loss	<u>71,657</u>	<u>134,632</u>	<u>71,657</u>	<u>134,632</u>

Financial liabilities measured at amortised cost

	Group	
	2016	2015
	£	£
Financial liabilities measured at amortised cost	<u>11,635,359</u>	<u>12,589,531</u>

OWEN PUGH HOLDINGS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

27. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
'A' ordinary shares of £1 each	<u>91,673</u>	<u>91,673</u>	<u>91,673</u>	<u>91,673</u>

28. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Revaluation reserve - This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Reserve for own shares - This reserve records the value paid for shares held in treasury.

Profit and loss account - This reserve records retained earnings and accumulated losses.

Share capital reserve - This reserve records the value of the share capital issued.

29. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Not later than 1 year	429,020	550,473	26,007	27,721
Later than 1 year and not later than 5 years	1,025,750	1,548,414	13,191	—
Later than 5 years	48,848	5,202	—	—
	<u>1,503,618</u>	<u>2,104,089</u>	<u>39,198</u>	<u>27,721</u>

30. Pension commitments

The unpaid contributions outstanding at the year end are £28,727 (2015: £13,404).

31. Related party transactions

Company

The company has taken advantage under paragraph 33.1A of FRS 102, of not disclosing transactions with other group companies. There are no other transactions which are required to be disclosed under the terms of FRS 102.

OWEN PUGH HOLDINGS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

32. Controlling party

The company is considered to be under the control of Mr J R Dickson, by virtue of his majority shareholding.

33. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The group and the company transitioned to FRS 102 on 1st April 2014.

Reconciliation of equity

Group	1st April 2014			31st March 2015		
	As previously stated £	Effect of transition £	FRS 102 (as restated) £	As previously stated £	Effect of transition £	FRS 102 (as restated) £
Fixed assets	11,574,956	688,215	12,263,171	10,288,642	612,031	10,900,673
Current assets	8,357,703	—	8,357,703	9,182,509	—	9,182,509
Creditors: amounts falling due within one year	(9,852,253)	(181,540)	(10,033,793)	(9,390,017)	(134,632)	(9,524,649)
Net current liabilities	(1,494,550)	(181,540)	(1,676,090)	(207,508)	(134,632)	(342,140)
Total assets less current liabilities	10,080,406	506,675	10,587,081	10,081,134	477,399	10,558,533
Creditors: amounts falling due after more than one year	(6,245,414)	—	(6,245,414)	(6,550,186)	—	(6,550,186)
Provisions	(901,293)	(50,223)	(951,516)	(848,048)	(34,987)	(883,035)
Net assets	<u>2,933,699</u>	<u>456,452</u>	<u>3,390,151</u>	<u>2,682,900</u>	<u>442,412</u>	<u>3,125,312</u>
Capital and reserves	<u>2,933,699</u>	<u>456,452</u>	<u>3,390,151</u>	<u>2,682,900</u>	<u>442,412</u>	<u>3,125,312</u>

OWEN PUGH HOLDINGS LIMITED

Notes to the Financial Statements (continued)

Year ended 31st March 2016

33. Transition to FRS 102 (continued)

Reconciliation of equity

Company	1st April 2014			31st March 2015		
	As previously stated £	Effect of transition £	FRS 102 (as restated) £	As previously stated £	Effect of transition £	FRS 102 (as restated) £
Fixed assets	12,452,817	–	12,452,817	12,420,513	–	12,420,513
Current assets	6,066,162	–	6,066,162	7,076,914	–	7,076,914
Creditors: amounts falling due within one year	(7,136,802)	(181,540)	(7,318,342)	(8,542,410)	(134,632)	(8,677,042)
Net current liabilities	(1,070,640)	(181,540)	(1,252,180)	(1,465,496)	(134,632)	(1,600,128)
Total assets less current liabilities	11,382,177	(181,540)	11,200,637	10,955,017	(134,632)	10,820,385
Creditors: amounts falling due after more than one year	(4,724,223)	–	(4,724,223)	(4,972,438)	–	(4,972,438)
Provisions	–	(36,308)	(36,308)	–	(26,926)	(26,926)
Net assets	<u>6,657,954</u>	<u>(217,848)</u>	<u>6,440,106</u>	<u>5,982,579</u>	<u>(161,558)</u>	<u>5,821,021</u>
Capital and reserves	<u>6,657,954</u>	<u>(217,848)</u>	<u>6,440,106</u>	<u>5,982,579</u>	<u>(161,558)</u>	<u>5,821,021</u>

Reconciliation of profit or loss for the year

	Year ended 31st March 2015		
	As previously stated £	Effect of transition £	FRS 102 (as restated) £
Turnover	39,282,853	–	39,282,853
Cost of sales	(30,305,992)	–	(30,305,992)
Gross profit	8,976,861	–	8,976,861
Administrative expenses	(7,838,811)	(134,350)	(7,973,161)
Exceptional items	(346,320)	–	(346,320)
Operating (loss)/profit	791,730	(134,350)	657,380
Other interest receivable and similar income	–	46,908	46,908
Interest payable and similar charges	(503,313)	–	(503,313)
Tax on (loss)/profit on ordinary activities	(136,395)	9,382	(127,013)
(Loss)/profit for the financial year	<u>152,022</u>	<u>(78,060)</u>	<u>73,962</u>

OWEN PUGH HOLDINGS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

33. Transition to FRS 102 *(continued)*

On transition to FRS 102 the company's interest rate swap valuations have been restated to their fair values as provided by an independent third party qualified valuer. Deferred tax balances relating to the valuations have also been recognised.

On transition to FRS 102 the company's land and buildings have been restated to their fair values as provided by an independent third party qualified valuer. Deferred tax balances relating to the revaluations have also been recognised.