

OWEN PUGH HOLDINGS LIMITED
FINANCIAL STATEMENTS
31st MARCH 2015

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COMPANIES HOUSE

OWEN PUGH HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors

J R Dickson
R S Armstrong
A P Strickland

Company secretary

K A Dickie

Registered office

Cramlington Road
Dudley
Cramlington
Northumberland
NE3 7PR

Auditor

Tait Walker LLP
Chartered Accountants
& 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 2015

The directors present their strategic report for the year ended 31 March 2015.

REVIEW OF THE BUSINESS

The principal activities of the group in the year under review were undertaking civil engineering main contracts, undertaking contract works for earthmoving and demolition, the hiring out of operated construction plant, haulage, drainage and small scale civil engineering contracting, extraction and sale of aggregates for the construction industry, extraction and sale of agricultural lime, landfill of inert waste material, materials testing services, emergency and contract drain cleaning and CCTV surveys and construction related training.

Group financial results for the year before exceptional items reflect the progress that was made in difficult circumstances. Consolidated group turnover for the year amounted to £39.3m, an increase of 5.3% over the previous year producing a gross margin of £8.98m, an increase of 14.5%. Administrative expenses rose by 9.5% to produce an operating profit before exceptional items of £1.14m, an improvement of 45% over the previous year. Inclusion of the exceptional item (resulting from a bad debt of £346,320, see below) brought operating profit to £791,729, a more modest 17% improvement over 2014. Given the circumstances, the directors consider the results to be satisfactory. They consider that a 45% increase in operating profit before exceptional items is a noteworthy achievement and a reflection of the underlying strength of the group. Signs of a long awaited recovery began to appear from the bottom of the supply chain. Within the group, Owen Pugh & Co Ltd and Owen Pugh Aggregates Ltd both benefited from higher output prices and improving business conditions, while the contracting businesses continued to struggle with the low volume of work available. Intense competitive pressure persists, exerting downward pressure on output prices. Paradoxically, despite the difficult conditions, new entrants continue to appear in the regional market further intensifying the competitive pressure.

The sudden collapse into administration and eventual liquidation of Southdale Ltd a month after the balance sheet date, left the group with a bad debt of £346,320. On grounds of both size and timing the directors consider this to be exceptional. Meanwhile, the directors have taken the step of arranging credit insurance with Euler Hermes to protect against a repeat occurrence.

The Southdale bad debt, together with the problems encountered working for Lend Lease at Cramlington Hospital, have damaged the group's ability to grow in the short term. A period of consolidation is now envisaged before growth resumes.

During the year the board was depleted through the resignation of Finance Director, Sally Robinson in advance of maternity leave. Steps to strengthen the board subsequently resulted in the appointment of Jonathan Grant as Commercial Director on 1 April 2015 and Andrew Jackson as Non-executive Director on 1 October 2015.

During the year the average number of employees was 404, an increase of 36 on the previous year.

OWEN PUGH HOLDINGS LIMITED

STRATEGIC REPORT *(continued)*

YEAR ENDED 31st MARCH 2015

OWEN PUGH & COMPANY LTD

Financial results for the year ended 31 March 2015 are considered by the directors to be very satisfactory. Turnover in the year totalled £10.32m, 14.8% higher than the previous year (2014 £8.99m), producing gross profit of £2.51m, an improvement of 44.3% on the previous year (2014 £1.74m). As a result the company made an operating profit of £858k compared with £254k in 2014 and a loss of £109k in 2013.

The results are further evidence of the sustained recovery in the company's performance driven by improvements in operational efficiency. In addition, some favourable trading opportunities, particularly a substantial amount of night-shift haulage work, contributed to what should be regarded as an exceptional result.

OWEN PUGH CONTRACTS LTD

Despite a modest improvement on the previous year, the financial results for the year ended 31 March 2015 are considered by the directors to be disappointing. Total turnover at £16.56m represents a 7% increase over the figure for 2014 while gross profit of £2.66m is 28% higher than the year before. The result is a reduction in operating loss from £1.03m to £647k for the year. Once again, the losses are due to the main contracting business where problems include legacy issues from loss making contracts such as the Cramlington Emergency Care Facility, a shortage of workload as a result of the failure to build an adequate pipeline of enquiries and opportunities, and issues relating to the transition to a new management team. All three issues caused more harm than anticipated and all three issues are now under control; a substantial claim is underway with Lend Lease (EMEA) Ltd for costs not recovered at Cramlington Hospital, a new business development manager has boosted the tender pipeline from £2.5m to over £60m; and the new management team is now established with a demonstrable improvement in opportunity pipeline, workload and margin delivery.

Meanwhile the earthmoving and demolition contracting business made excellent progress during the year with a 14% increase in turnover to £12.3m at steady gross margins of just over 20%. The result is a 73% increase in operating profit to £416k. It is clear that this improvement in performance is entirely workload driven. It is anticipated that this performance will be maintained throughout the 2015/16 financial year.

The process of establishing a civil engineering main contracting business has been protracted and expensive. Significant unforeseen difficulties were encountered along the way, however it remains an important strategic development for the group providing greatly enhanced forward visibility and resultant stability of workload. Under current forecasts the combined results of the businesses in Owen Pugh Contracts Ltd will reach breakeven in the 2015/16 financial year and are on target to return to profit thereafter.

OWEN PUGH HOLDINGS LIMITED

STRATEGIC REPORT *(continued)*

YEAR ENDED 31st MARCH 2015

OWEN PUGH AGGREGATES LTD

Financial results for the year ended 31 March 2015 are considered by the directors to be very satisfactory. Turnover of £5.54m was 3% higher than 2014 producing gross profit of £1.09m, an increase of more than 30% on the previous year. As a result operating profit rose from £182k in 2014 to £360k, a rise of 98%.

The substantial improvement in financial results was driven by a combination of a general improvement in prices and an advantageous change in the mix of business. The volume of stone sold in the year fell by 11% from the previous year while the average price for the stone sold increased by 9%. Meanwhile the volume of material imported to the landfill grew by 7.8% year on year, while the average price increased by 18%. These factors in combination helped gross margins grow from 15.3% of turnover to 19.6% in 2015. Modest growth in overheads contributed to a 98% rise in operating profits. The directors are pleased to report that this improvement has been sustained throughout the first half of the 2016 financial year.

OWEN PUGH GDC LTD

Financial results for the year ended 31 March 2015 are recognised by the directors to be reflective of continued difficult trading conditions in the industry. Growth in turnover year on year from £13.8m to £14.1m is evidence of success while the deterioration in gross margin from £2.4m to £2.0m is evidence of the trading environment. The most significant factor behind the reduction in gross margin is a substantial drop in the volume of 'emergency' and 'out of hours' work for Northumbrian Water Limited. In recent years, repeated bouts of inclement weather drove demand for emergency drain cleaning and repairing. Recent better weather has removed demand for those higher profitability services.

At the date of the end of the financial year, the company recorded an operating profit of £234k compared with £878k the previous year.

Approximately one month after the end of the financial year, one of the company's customers, Southdale Ltd, went into administration and then liquidation. This post-balance sheet event gave rise to a bad debt of £327,717. Owen Pugh Group is vigorously pursuing recovery of as much of the debt as possible as well as seeking to complete the project for the new main contractor.

The bad debt, which is regarded as an exceptional item because of its size and timing, turns the operating profit of £234k into a loss of £93k.

Since the end of the financial year the company has enjoyed steady order and workload volumes despite a continued decline in work for Northumbrian Water Limited. The company was not successful in tendering for the next stage of the framework, known as Runway 2, which, given the extremely competitive pricing involved, together with rising cost pressures, is not regarded as a problem. Workload volumes have not suffered and the directors are confident that, once the assets and resources of the business are re-configured, profitability will at least recover to previous levels.

OWEN PUGH HOLDINGS LIMITED

STRATEGIC REPORT *(continued)*

YEAR ENDED 31st MARCH 2015

HCS DRAIN SERVICES LTD

Financial results for the year ended 31 March 2015 are considered by the directors to be satisfactory. Turnover at £3.98m was 5.6% lower than 2014 producing gross profit of £872k, some 21% lower than the previous year. As a result the company made an operating profit of £211k, down from £458k the year before.

The most significant factor behind the reduction in profit was a reduction in the volume of emergency drain cleaning activity, largely as a result of the absence of heavy rainfall episodes in the region. In addition, the company has withdrawn from working in the water utility supply chain where margins were under pressure from intense price competition and changes in work scheduling procedures which undermined the company's ability to control its own productivity.

HEALTH & SAFETY

The directors remain resolute in their commitment to the health, safety and wellbeing of employees and others who come into contact with group operations. A key part of that commitment is underpinned with appropriate training and the group continues its record of 100% of employees having a current health and safety qualification. Additionally the existence of a training provider within the group (Owen Pugh Training Services) facilitates a rapid response of to events in the wider industry. Lessons learned in the field are quickly incorporated into appropriate training, ensuring the group learns quickly from problems that arise.

Following certification of the Health and Safety Management System to OHSAS 18001 in July 2014, the group progressed to an integrated SHEQ (Safety, Health, Environment and Quality) management system effectively driving process improvement in all parts of the business. It is important that the SHEQ management system is truly embedded in the operations of the companies in the group and not seen as a standalone initiative, this is reinforced by a detailed SHEQ induction for all employees, together with the regular programme of management review meetings. Directors and management together strongly support the move towards behavioural health and safety, replacing inflexible and out dated rule books with dynamic risk assessment and "safe start" briefings.

Meanwhile the group has renewed its commitment to occupational health through retendering and re-setting the relationship with the occupational health services supplier. A new contract was awarded in July 2015.

CORPORATE SOCIAL RESPONSIBILITY

The group is proud to be an active part of the communities in which it operates. The group contributes to these communities in many ways above and beyond the normal commercial issues of trade, taxes and sustainable employment opportunities. CSR activity in the 2014/15 financial year may be summarised in three parts.

Firstly, the group donated £25,000 plus an administration fee to the Owen Pugh Fund managed and administered by the Community Foundation. The fund awarded twelve grants throughout the year to organisations such as West End Women and Girls Centre, Benwell Young Peoples Development Group, D2 Youth Zone, Phoenix Detached Youth Project, Liberdade and many more. Grant funds were used to support many different types of work and activity from providing driving lessons for young people to extending LGBT support work into Middlesbrough.

OWEN PUGH HOLDINGS LIMITED

STRATEGIC REPORT *(continued)*

YEAR ENDED 31st MARCH 2015

Secondly, the group provided support to the Newcastle Fencing and Sports Trust by underwriting the cost of renting appropriate premises and then financing the cost of creating the Newcastle Fencing Centre, a permanent centre for the sport of fencing in the North East, one of only two permanent centres in the whole of the UK.

Thirdly, in a programme of varied activities throughout the year the group works to support and enhance the reputation of the industry in the community. Whether this is by hosting visits to the Quarry or other operation sites, or by visiting schools for careers events, or through sponsorship of sports teams and events, or by engaging with local universities and colleges, the work is intended to enhance the reputation of the industry and to attract people to consider a career in civil engineering.

PRINCIPAL RISKS AND UNCERTAINTIES

The principle 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.

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 to credit risks, with effect from June 2015 the Group put in place 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.

OWEN PUGH HOLDINGS LIMITED

STRATEGIC REPORT *(continued)*

YEAR ENDED 31st MARCH 2015

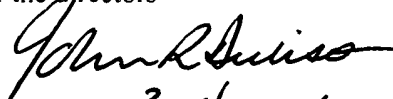
FOREIGN CURRENCY RISKS

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

Signed on behalf of the directors

J R Dickson

Director



Approved by the directors on *30 November 2015*

OWEN PUGH HOLDINGS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31st MARCH 2015

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 31st March 2015.

PRINCIPAL ACTIVITIES

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

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £152,021. Particulars of dividends paid are detailed in note 10 to the financial statements.

FINANCIAL INSTRUMENTS

The objectives of the group's treasury policies are to manage financial risk and to minimise the adverse effects of fluctuations in interest rates on reported profitability and on the cash flows of the group.

The group's principal financial instruments comprise cash, cash equivalents and bank and other loans. The group has access to a working capital facility which can be used to satisfy short term cash flow requirements. Other financial assets and liabilities, such as trade debtors, trade creditors and group balances, arise directly from the group's operating activities.

The main risks associated with the group's financial assets and liabilities 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. Therefore financial assets, liabilities, interest income and cash flows can be affected by movements in interest rates. However, the directors do not consider there to be any significant exposure.

Credit risks

The group'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 credit worthiness. 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.

Liquidity risks

The group 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.

DIRECTORS

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

J R Dickson
R S Armstrong
A P Strickland
S Robinson

(Resigned 6th January 2015)

J R Grant was appointed as a director on 1st April 2015.

A Jackson was appointed as a director on 1st October 2015.

OWEN PUGH HOLDINGS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31st MARCH 2015

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 2015 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 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 directors' report and the financial statements in accordance with applicable law and regulations.

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

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

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

OWEN PUGH HOLDINGS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31st MARCH 2015

DIRECTORS' RESPONSIBILITIES STATEMENT *(continued)*

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

DISABLED EMPLOYEES

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.

PURCHASE OF OWN SHARES

During the year the company re-purchased 6,250 ordinary 'A' shares of £1 each for consideration of £170,000. Included in the share re-purchase costs are £900 of transactional and legal fees.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

In so far as the directors are aware:

- there is no relevant audit information of which the group's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

OWEN PUGH HOLDINGS LIMITED

THE DIRECTORS' REPORT *(continued)*

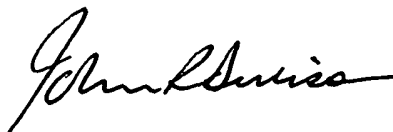
YEAR ENDED 31st MARCH 2015

AUDITOR

On 9th February 2015, Tait Walker LLP were appointed as auditors replacing the previous auditors, Ernst & Young LLP. A resolution to re-appoint Tait Walker LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

Signed on behalf of the directors

J R Dickson
Director



Approved by the directors on 30 November 2015

OWEN PUGH HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OWEN PUGH HOLDINGS LIMITED

YEAR ENDED 31st MARCH 2015

We have audited the group and parent company financial statements ("the financial statements") of Owen Pugh Holdings Limited for the year ended 31st March 2015 which comprise the Profit and Loss Account, Group Balance Sheet and Company Balance Sheet, Group Cash Flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 set out on pages 9 to 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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 parent company's affairs as at 31st March 2015 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.

OWEN PUGH HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OWEN PUGH HOLDINGS LIMITED *(continued)*

YEAR ENDED 31st MARCH 2015

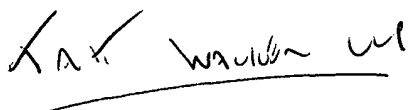
OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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 Accountants & Statutory Auditor

Bulman House

Regent Centre

Gosforth

Newcastle upon Tyne

NE3 3LS

2 September 2015

OWEN PUGH HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31st MARCH 2015

	Note	2015 £	2014 £
GROUP TURNOVER	3	39,282,853	37,304,986
Cost of sales		<u>(30,305,993)</u>	<u>(29,464,291)</u>
GROSS PROFIT		8,976,860	7,840,695
Administrative expenses		<u>(8,185,131)</u>	<u>(7,164,798)</u>
OPERATING PROFIT	4	791,729	675,897
Attributable to:			
Operating profit before exceptional items		1,138,049	778,408
Exceptional items	4	<u>(346,320)</u>	<u>(102,511)</u>
		791,729	675,897
Interest receivable		—	328
Interest payable and similar charges	7	<u>(503,313)</u>	<u>(384,168)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		288,416	292,057
Tax on profit on ordinary activities	8	<u>(136,395)</u>	<u>(26,232)</u>
PROFIT FOR THE FINANCIAL YEAR	9	<u>152,021</u>	<u>265,825</u>

All of the activities of the group are classed as continuing.
The group has no recognised gains or losses other than the results for the year as set out above.

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

The notes on pages 20 to 34 form part of these financial statements.

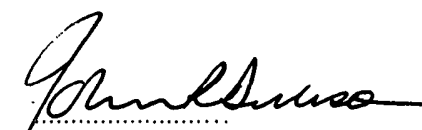
OWEN PUGH HOLDINGS LIMITED

GROUP BALANCE SHEET

31st MARCH 2015

	Note	2015 £	2014 £
FIXED ASSETS			
Intangible assets – positive goodwill	11	488,165	626,325
Intangible assets – negative goodwill	11	(575,844)	(637,821)
Tangible assets	12	10,376,321	11,586,452
		<u>10,288,642</u>	<u>11,574,956</u>
CURRENT ASSETS			
Stocks	14	912,865	732,310
Debtors	15	8,254,751	7,625,393
Cash at bank and in hand		14,893	–
		<u>9,182,509</u>	<u>8,357,703</u>
CREDITORS: amounts falling due within one year	16	<u>(9,390,017)</u>	<u>(9,852,253)</u>
NET CURRENT LIABILITIES		<u>(207,508)</u>	<u>(1,494,550)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>10,081,134</u>	<u>10,080,406</u>
CREDITORS: amounts falling due after more than one year	17	(6,550,186)	(6,245,414)
PROVISIONS FOR LIABILITIES			
Deferred taxation	19	(528,669)	(581,914)
Other provisions	20	(319,379)	(319,379)
		<u>2,682,900</u>	<u>2,933,699</u>
CAPITAL AND RESERVES			
Called-up equity share capital	23	91,673	97,923
Share premium account	24	527,114	527,114
Other reserves	24	22,926	16,676
Profit and loss account	24	2,041,187	2,291,986
SHAREHOLDERS' FUNDS	25	<u>2,682,900</u>	<u>2,933,699</u>

These financial statements were approved by the directors and authorised for issue on 30 November 2015 and are signed on their behalf by:


J R Dickson

The notes on pages 20 to 34 form part of these financial statements.

OWEN PUGH HOLDINGS LIMITED
COMPANY REGISTRATION NUMBER 05314796

BALANCE SHEET

31st MARCH 2015

	Note	2015 £	2014 £
FIXED ASSETS			
Tangible assets	12	89,978	122,282
Investments	13	12,330,535	12,330,535
		<u>12,420,513</u>	<u>12,452,817</u>
CURRENT ASSETS			
Debtors	15	7,076,914	6,066,162
CREDITORS: amounts falling due within one year	16	<u>(8,542,410)</u>	<u>(7,136,802)</u>
NET CURRENT LIABILITIES		<u>(1,465,496)</u>	<u>(1,070,640)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>10,955,017</u>	<u>11,382,177</u>
CREDITORS: amounts falling due after more than one year	17	<u>(4,972,438)</u>	<u>(4,724,223)</u>
		<u>5,982,579</u>	<u>6,657,954</u>
CAPITAL AND RESERVES			
Called-up equity share capital	23	91,673	97,923
Share premium account	24	527,114	527,114
Other reserves	24	22,926	16,676
Profit and loss account	24	5,340,866	6,016,241
SHAREHOLDERS' FUNDS		<u>5,982,579</u>	<u>6,657,954</u>

These financial statements were approved by the directors and authorised for issue on 30 November 2015 and are signed on their behalf by:


J R Dickson

The notes on pages 20 to 34 form part of these financial statements.

OWEN PUGH HOLDINGS LIMITED

GROUP CASH FLOW

YEAR ENDED 31st MARCH 2015

	2015	2014
	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	1,436,618	2,865,373
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	-	328
Interest paid	(413,170)	(312,208)
Interest element of hire purchase	(90,143)	(73,327)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(503,313)	(385,207)
TAXATION	(31,036)	(363,578)
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	(588,894)	(1,335,548)
Receipts from sale of fixed assets	1,089,731	320,416
NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE	500,837	(1,015,132)
ACQUISITIONS AND DISPOSALS		
Payment of deferred consideration	(240,000)	(100,000)
NET CASH OUTFLOW FROM ACQUISITIONS AND DISPOSALS	-	(100,000)
EQUITY DIVIDENDS PAID	(231,920)	(321,868)
CASH INFLOW BEFORE FINANCING	931,186	679,588
Carried forward	931,186	679,588

The notes on pages 20 to 34 form part of these financial statements.

OWEN PUGH HOLDINGS LIMITED

GROUP CASH FLOW

YEAR ENDED 31st MARCH 2015

	2015	2014
	£	£
Brought forward	931,186	679,588
FINANCING		
Issue of equity share capital	—	550,037
Purchase of own equity shares	(170,900)	(1,862,698)
Repayment of loans	(391,108)	(423,339)
New loans	500,000	2,000,000
Capital element of hire purchase	(856,218)	(902,281)
NET CASH OUTFLOW FROM FINANCING	(918,226)	(638,281)
INCREASE IN CASH	12,960	41,307

RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2015	2014
	£	£
Operating profit	791,729	675,897
Amortisation	76,183	80,172
Depreciation	1,646,800	1,246,091
(Profit)/Loss on disposal of fixed assets	(148,588)	24,977
(Increase)/decrease in stocks	(180,555)	161,436
Increase in debtors	(629,358)	(732,698)
(Reduction)/increase in creditors	(119,593)	1,387,268
Increase in provisions	—	22,500
Net cash inflow from operating activities	1,436,618	2,865,373

The notes on pages 20 to 34 form part of these financial statements.

OWEN PUGH HOLDINGS LIMITED

GROUP CASH FLOW

YEAR ENDED 31st MARCH 2015

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2015	2014
	£	£
Increase in cash in the period	12,960	41,307
Repayment of loans	391,108	418,773
New loans	(500,000)	(2,000,000)
Payment of deferred consideration	240,000	100,000
Cash outflow in respect of hire purchase	856,218	902,281
New hire purchase leases	(788,920)	(2,013,103)
	<u>211,366</u>	<u>(2,550,742)</u>
Change in net debt	211,366	(2,550,742)
Net debt at 1 April 2014	(8,793,698)	(6,242,956)
Net debt at 31 March 2015	<u>(8,582,332)</u>	<u>(8,793,698)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Apr 2014	Cash flows	Other non-cash changes	At 31 Mar 2015
	£	£	£	£
Net cash:				
Cash in hand and at bank	-	14,894	-	14,894
Overdrafts	(770,001)	(1,934)	-	(771,935)
	<u>(770,001)</u>	<u>12,960</u>	<u>-</u>	<u>(757,041)</u>
Debt:				
Loans due within 1 year	(930,005)	356,580	-	(573,425)
Loans due after 1 year	(3,706,596)	(465,473)	-	(4,172,069)
Deferred loan note consideration	(1,018,332)	240,000	-	(778,332)
Hire purchase agreements due within 1 year	(748,278)	885,517	(788,920)	(651,681)
Hire purchase agreements due after 1 year	(1,620,485)	-	(29,299)	(1,649,784)
	<u>(8,023,696)</u>	<u>1,016,624</u>	<u>(818,219)</u>	<u>(7,825,291)</u>
Net debt	<u>(8,793,697)</u>	<u>1,029,584</u>	<u>(818,219)</u>	<u>(8,582,332)</u>

The notes on pages 20 to 34 form part of these financial statements.

OWEN PUGH HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2015

1. 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 2015 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 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.

2. ACCOUNTING POLICIES

Basis of accounting

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off from the year of acquisition. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Turnover

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.

Amortisation

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

Goodwill	- 10 years straight line
Negative Goodwill	- 10 years straight line

Fixed assets

All fixed assets are initially recorded at cost.

OWEN PUGH HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2015

2. ACCOUNTING POLICIES *(continued)*

Depreciation

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

Freehold Property	- 40 years straight line
Plant & Machinery	- 5 - 10 years straight line
Fixtures & Fittings	- 5 - 10 years straight line
Motor Vehicles	- 5 years straight line
Equipment	- 5 - 10 years straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Long term contracts

Profits 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. Short term contracts are accounted for on an absorbed cost basis until they are completed.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

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

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Provisions for liabilities and charges

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.

OWEN PUGH HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2015

2. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

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

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

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

OWEN PUGH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2015

3. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the group.
An analysis of turnover is given below:

	2015	2014
	£	£
United Kingdom	<u>39,282,853</u>	<u>37,304,986</u>

4. OPERATING PROFIT

Operating profit is stated after charging:

	2015	2014
	£	£
Amortisation of positive goodwill	138,160	136,708
Amortisation of negative goodwill	(61,977)	(61,977)
Depreciation of owned fixed assets	1,247,140	421,916
Depreciation of assets held under hire purchase agreements	399,660	758,342
Loss on disposal of fixed assets	–	24,977
Auditor's remuneration		
- as auditor	28,000	40,500
- for other services	7,500	16,210
Operating lease costs:		
- Other	865,833	585,070
Exceptional operating expenses	<u>346,320</u>	<u>102,511</u>

Exceptional costs of £346,320 relate to bad debt costs incurred in relation to a major customer that went into liquidation following the year end. Prior year costs of £102,511 relate to the costs of restructuring the group's contracts division.

Auditor's fees

The fees charged by the auditor can be further analysed under the following headings for services rendered:

	2015	2014
	£	£
Audit	28,000	40,500
Taxation	7,500	4,210
Business consultancy	–	12,000
	<u>35,500</u>	<u>56,710</u>

OWEN PUGH HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2015

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to:

	2015	2014
	No	No
Engineers, quantity surveyors, office and management	132	124
Plant operators and drivers	272	244
	<u>404</u>	<u>368</u>

The aggregate payroll costs of the above were:

	2015	2014
	£	£
Wages and salaries	11,235,649	10,568,331
Social security costs	1,139,660	1,032,589
Other pension costs	303,115	298,918
	<u>12,678,424</u>	<u>11,899,838</u>

6. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	2015	2014
	£	£
Aggregate remuneration	235,477	340,090
Value of company pension contributions to money purchase schemes	30,000	56,487
	<u>265,477</u>	<u>396,577</u>

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

	2015	2014
	No	No
Money purchase schemes	<u>3</u>	<u>5</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2015	2014
	£	£
Interest payable on bank borrowing	413,170	310,841
Finance charges	90,143	73,327
	<u>503,313</u>	<u>384,168</u>

OWEN PUGH HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2015

8. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2015		2014
	£	£	£
Current tax:			
In respect of the year:			
UK Corporation tax based on the results for the year at 21% (2014 - 23%)	173,991		65,402
(Over)/under provision in prior year	16,575		(84)
Total current tax	<u>190,566</u>		<u>65,318</u>
Deferred tax:			
Origination and reversal of timing differences	(54,171)		(39,086)
Total deferred tax (note 19)	<u>(54,171)</u>		<u>(39,086)</u>
Tax on profit on ordinary activities	<u>136,395</u>		<u>26,232</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21% (2014 - 23%).

	2015	2014
	£	£
Profit on ordinary activities before taxation	<u>288,416</u>	<u>292,057</u>
Profit on ordinary activities by rate of tax	60,567	67,173
Expenses not deductible for tax purposes	8,891	27,433
Capital allowances for period in excess of depreciation	76,215	(43,575)
Other timing differences	(15,839)	(12,743)
Marginal relief	-	(5,214)
Amortisation and depreciation of fair value adjustments	50,754	32,328
Adjustments to tax charge in respect of previous periods	16,574	(84)
Other adjustments	(6,596)	-
Total current tax (note 8(a))	<u>190,566</u>	<u>65,318</u>

OWEN PUGH HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2015

9. LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the financial statements of the parent company was £(272,555) (2014 – profit of £1,283,762).

10. DIVIDENDS

Equity dividends

	2015	2014
	£	£
Paid during the year:		
Dividends on equity shares	<u>231,920</u>	<u>291,002</u>

Dividends paid amount to £2.53 (2014 - £2.97) per 'A' ordinary share.

11. INTANGIBLE FIXED ASSETS

Group	Goodwill	Negative	Total
	£	goodwill	£
		£	
COST			
At 1st April 2014 and 31st March 2015	<u>1,492,167</u>	<u>(3,314,493)</u>	<u>(1,822,326)</u>
AMORTISATION			
At 1st April 2014	865,842	(2,676,672)	(1,810,830)
Charge for the year	<u>138,160</u>	<u>(61,977)</u>	<u>76,183</u>
At 31st March 2015	<u>1,004,002</u>	<u>(2,738,649)</u>	<u>(1,734,647)</u>
NET BOOK VALUE			
At 31st March 2015	<u>488,165</u>	<u>(575,844)</u>	<u>(87,679)</u>
At 31st March 2014	<u>626,325</u>	<u>(637,821)</u>	<u>(11,496)</u>

OWEN PUGH HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2015

12. TANGIBLE FIXED ASSETS

Group	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST					
At 1 April 2014	5,178,594	14,796,268	1,355,533	515,089	21,845,484
Additions	115,593	1,077,022	156,845	28,354	1,377,814
Disposals	(292,426)	(2,494,216)	(9,494)	(26,387)	(2,822,523)
At 31 March 2015	<u>5,001,761</u>	<u>13,379,074</u>	<u>1,502,884</u>	<u>517,056</u>	<u>20,400,775</u>
DEPRECIATION					
At 1 April 2014	1,402,605	7,606,436	933,467	316,524	10,259,032
Charge for the year	109,021	1,270,346	195,844	71,589	1,646,800
On disposals	(36,776)	(1,803,998)	(7,918)	(32,686)	(1,881,378)
At 31 March 2015	<u>1,474,850</u>	<u>7,072,784</u>	<u>1,121,393</u>	<u>355,427</u>	<u>10,024,454</u>
NET BOOK VALUE					
At 31 March 2015	<u>3,526,911</u>	<u>6,306,290</u>	<u>381,491</u>	<u>161,629</u>	<u>10,376,321</u>
At 31 March 2014	<u>3,775,989</u>	<u>7,189,832</u>	<u>422,066</u>	<u>198,565</u>	<u>11,586,452</u>

Hire purchase agreements

Included within the net book value of £10,376,321 is £3,792,010 (2014 - £6,938,878) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £399,660 (2014 - £758,342).

OWEN PUGH HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2015

12. TANGIBLE FIXED ASSETS *(continued)*

Company	Fixtures & Fittings £	Motor Vehicles £	Total £
COST			
At 1st April 2014	117,245	42,000	159,245
Additions	14,271	–	14,271
At 31st March 2015	131,516	42,000	173,516
DEPRECIATION			
At 1st April 2014	33,657	3,306	36,963
Charge for the year	32,575	14,000	46,575
At 31st March 2015	66,232	17,306	83,538
NET BOOK VALUE			
At 31st March 2015	65,284	24,694	89,978
At 31st March 2014	83,588	38,694	122,282

Hire purchase agreements

Included within the net book value of £89,978 is £57,697 (2014 - £70,695) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £12,998 (2014 - £12,998).

13. INVESTMENTS

Company	Group companies £
COST	
At 1st April 2014 and 31st March 2015	12,330,535
NET BOOK VALUE	
At 31st March 2015 and 31st March 2014	12,330,535

OWEN PUGH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2015

13. INVESTMENTS *(continued)*

The principal companies which have been consolidated, in which the group's interest at the year end is more than 20% are as follows:

Subsidiary undertakings	Country of incorporation or registration	Class of shares held	Proportion of voting rights and shares held	Nature of business
Direct holdings				
Owen Pugh & Company Limited	England	Ordinary shares	100%	Plant hire
Owen Pugh Contracts Limited	England	Ordinary shares	100%	Contracting
Owen Pugh Aggregates Limited	England	Ordinary shares	100%	Extraction and sale of aggregates and landfill
Owen Pugh Properties Limited	England	Ordinary shares	100%	Property Investment
HCS Drain Services Limited	England	Ordinary shares	100%	Drain cleaning
Owen Pugh GDC Limited	England	Ordinary shares	100%	Contracting

14. STOCKS

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Stock	361,601	122,320	—	—
Work in progress	551,264	609,990	—	—
	<u>912,865</u>	<u>732,310</u>	<u>—</u>	<u>—</u>

15. DEBTORS

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors and amounts recoverable on contracts	7,957,589	7,404,641	—	—
Amounts owed by group undertakings	—	—	6,968,192	6,026,084
VAT recoverable	—	—	20,493	22,540
Other debtors	36,035	—	31,469	—
Prepayments and accrued income	261,127	220,752	56,760	17,538
	<u>8,254,751</u>	<u>7,625,393</u>	<u>7,076,914</u>	<u>6,066,162</u>

OWEN PUGH HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2015

16. CREDITORS: amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans and overdrafts	1,395,360	1,800,006	4,676,974	3,521,975
Trade creditors	3,992,304	2,987,330	24,427	8,642
Amounts owed to group undertakings	–	–	3,735,812	3,408,295
Hire purchase agreements	651,681	748,278	27,258	27,258
Other creditors including taxation and social security:				
Corporation tax	173,992	15,388	–	7
PAYE and social security	846,316	737,257	31,570	32,230
Accruals and deferred income	2,330,364	3,563,994	46,369	138,395
	<u>9,390,017</u>	<u>9,852,253</u>	<u>8,542,410</u>	<u>7,136,802</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans and overdrafts	1,395,360	1,800,006	4,676,974	3,521,975
Hire purchase agreements	651,681	775,536	27,258	27,258
	<u>2,047,041</u>	<u>2,575,542</u>	<u>4,704,232</u>	<u>3,549,233</u>

Hire purchase agreements are secured against the assets to which they relate.

Bank loans are secured via a fixed and floating charge over the group's assets and a mortgage against its properties.

17. CREDITORS: amounts falling due after more than one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans and overdrafts	4,900,402	4,624,929	4,900,402	4,624,929
Hire purchase agreements	1,649,784	1,620,485	72,036	99,294
	<u>6,550,186</u>	<u>6,245,414</u>	<u>4,972,438</u>	<u>4,724,223</u>

OWEN PUGH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2015

17. CREDITORS: amounts falling due after more than one year (continued)

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans and overdrafts	4,900,402	4,624,929	4,900,402	4,624,929
Hire purchase agreements	1,649,784	1,620,485	72,036	99,294
	<u>6,550,186</u>	<u>6,245,414</u>	<u>4,972,438</u>	<u>4,724,223</u>

Hire purchase agreements are secured against the assets to which they relate.

Bank loans are secured via a fixed and floating charge over the group's assets and a mortgage against its properties.

18. CREDITORS - CAPITAL INSTRUMENTS

Creditors include finance capital which is due for repayment as follows:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Amounts repayable:				
In one year or less or on demand	2,047,041	2,548,284	4,704,232	3,549,233
In more than one year but not more than two years	4,630,218	4,127,948	3,052,470	2,606,757
In more than two years but not more than five years	1,919,968	2,117,466	1,919,968	2,117,466
	<u>8,597,227</u>	<u>8,793,698</u>	<u>9,676,670</u>	<u>8,273,456</u>

19. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Provision brought forward	581,914	620,982	-	-
Decrease in provision	(53,245)	(39,068)	-	-
Provision carried forward	<u>528,669</u>	<u>581,914</u>	<u>-</u>	<u>-</u>

OWEN PUGH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2015

19. DEFERRED TAXATION *(continued)*

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of:

Group	2015		2014	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	542,268	-	597,154	-
Other timing differences	(13,599)	-	(15,240)	-
	<u>528,669</u>	<u>-</u>	<u>581,914</u>	<u>-</u>

20. OTHER PROVISIONS

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Other provisions:	<u>319,379</u>	<u>319,379</u>	<u>-</u>	<u>-</u>

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 directors' best estimate of the likely total restoration costs under the terms and requirements of the licence.

21. COMMITMENTS UNDER OPERATING LEASES

At 31st March 2015 the group had annual commitments under non-cancellable operating leases as set out below.

Group	2015		2014	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire:				
Within 1 year	17,567	32,475	-	100,456
Within 2 to 5 years	16,404	625,275	34,607	476,423
After more than 5 years	14,500	-	-	-
	<u>48,471</u>	<u>657,750</u>	<u>34,607</u>	<u>576,879</u>

OWEN PUGH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2015

21. COMMITMENTS UNDER OPERATING LEASES *(continued)*

At 31st March 2015 the company had annual commitments under non-cancellable operating leases as set out below.

Company	2015		2014	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire:				
Within 2 to 5 years	-	27,721	-	-
	<u>-</u>	<u>27,721</u>	<u>-</u>	<u>-</u>

22. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption allowable under FRS 8 and has not disclosed transactions with other entities within the group which are 100% owned.

23. SHARE CAPITAL

Allotted, called up and fully paid:

	2015		2014	
	No	£	No	£
'A' ordinary shares of £1 each	91,668	91,668	97,918	97,918
'B' ordinary shares of £0.01 each	500	5	500	5
	<u>92,168</u>	<u>91,673</u>	<u>98,418</u>	<u>97,923</u>

24. RESERVES

Group	Share premium account £	Capital redemption reserve £	Profit and loss account £
Balance brought forward	527,114	16,676	2,291,986
Profit for the year	-	-	152,021
Equity dividends	-	-	(231,920)
Other movements			
Transfer on redemption	-	6,250	(170,900)
Balance carried forward	<u>527,114</u>	<u>22,926</u>	<u>2,041,187</u>

OWEN PUGH HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2015

24. RESERVES *(continued)*

Company	Share premium account £	Capital redemption reserve £	Profit and loss account £
Balance brought forward	527,114	16,676	6,016,241
Loss for the year	—	—	(272,555)
Equity dividends	—	—	(231,920)
Other movements			
Transfer on redemption	—	6,250	(170,900)
Balance carried forward	<u>527,114</u>	<u>22,926</u>	<u>5,340,866</u>

25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2015 £	£	2014 £	£
Profit for the financial year		152,021		265,825
New equity share capital subscribed	—		522,923	
Premium on new share capital subscribed	—		527,114	
		—		1,050,037
Purchase of own ordinary shares	(6,250)		(75,000)	
Premium on purchase of own ordinary shares	(164,650)		(1,787,698)	
Equity dividends	(231,920)		(291,002)	
		(402,820)		(2,153,700)
Net reduction to shareholders' funds		(250,799)		(837,838)
Opening shareholders' funds		2,933,699		3,771,537
Closing shareholders' funds		<u>2,682,900</u>		<u>2,933,699</u>

26. ULTIMATE CONTROLLING PARTY

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