

**CORMAC CONTRACTING LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2022**



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## **CORMAC CONTRACTING LIMITED**

### **COMPANY INFORMATION**

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#### **DIRECTORS**

C J Robinson  
D J Bostock  
P J Mawston (resigned 8 April 2022)  
P R Andrew  
T A Jeans  
J D Rand (resigned 10 May 2021)  
R A Pears (resigned 10 May 2021)  
M W Hanrahan  
J M Gregory  
S J Smith (resigned 8 December 2021)

#### **COMPANY SECRETARIES**

R C Zmuda (resigned 31 December 2021)  
D E G Kinnair (resigned 30 June 2022)

#### **REGISTERED NUMBER**

07737521

#### **REGISTERED OFFICE**

Western Group Centre  
Radnor Road  
Scorrier  
Redruth  
Cornwall  
TR16 5EH

#### **INDEPENDENT AUDITORS**

Bishop Fleming LLP  
Chartered Accountants & Statutory Auditors  
Salt Quay House  
4 North East Quay  
Sutton Harbour  
Plymouth  
PL4 0BN

#### **BANKERS**

NatWest  
2/4 St Nicholas Street  
Truro  
Cornwall  
TR1 2RN

## **CORMAC CONTRACTING LIMITED**

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## **CORMAC CONTRACTING LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022**

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The directors present their report and the financial statements for the year ended 31 March 2022.

#### **PRINCIPAL ACTIVITY**

The principal activities of the company are civil engineering, highways maintenance and facilities management to external entities other than Cornwall Council.

#### **RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £370,812 (2021: profit £113,673).

No dividend is recommended.

The start of the 2021/2022 year was slow due to the ongoing Covid pandemic, revenues benefited for our various frameworks with southwest local authorities as well as developer's infrastructure in Cornwall and Devon. The business has benefited from a Devon depot in Exeter. Performance at the end of the year was impacted by deferred site mobilisations.

#### **DIRECTORS**

The directors who served during the year were:

C J Robinson  
D J Bostock  
P J Mawston (resigned 8 April 2022)  
P R Andrew  
T A Jeans  
J D Rand (resigned 10 May 2021)  
R A Pears (resigned 10 May 2021)  
M W Hanrahan  
J M Gregory  
S J Smith (resigned 8 December 2021)

#### **FUTURE DEVELOPMENTS**

The order book and business pipeline into 2022/23 is extremely positive and we go into the next 4 years with a clear plan that provides the business certainty and strong growth for the future.

#### **STRATEGIC REPORT**

The company has opted not to present a strategic report in accordance with exemptions for small companies in section 414B of the Companies Act 2006.

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

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

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

#### **POST BALANCE SHEET EVENTS**

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

**CORMAC CONTRACTING LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2022**

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**AUDITORS**

The auditors, Bishop Fleming LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

A handwritten signature in black ink, appearing to read 'D J Bostock', written in a cursive style.

**D J Bostock**  
Director

Date: 27th October 2022

Western Group Centre  
Radnor Road Scorrier  
Redruth  
Cornwall  
TR16 5EH

## **CORMAC CONTRACTING LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2022**

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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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **CORMAC CONTRACTING LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CORMAC CONTRACTING LIMITED**

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#### **OPINION**

We have audited the financial statements of Cormac Contracting Limited (the 'Company') for the year ended 31 March 2022, which comprise the Statement of income and retained earnings, the Statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its 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.

#### **BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **CONCLUSIONS RELATING TO GOING CONCERN**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **OTHER INFORMATION**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **CORMAC CONTRACTING LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CORMAC CONTRACTING LIMITED (CONTINUED)**

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#### **OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

#### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

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

#### **RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CORMAC CONTRACTING LIMITED  
(CONTINUED)**

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**AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We have considered the nature of the industry and sector, control environment and financial performance;
- We have considered the results of enquiries with management and Directors in relation to their own identification and assessment of the risk of irregularities within the entity;
- We have reviewed the documentation of key processes and controls and performed walkthroughs of transactions to confirm that the systems are operating in line with documentation; and
- We have considered the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we have considered the opportunities and incentives that may exist within the organisation for fraud and identified the highest area of risk to be in relation to revenue recognition, with a particular risk in relation to year-end cut-off. In common with all audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override.

We have also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, FRS 102 and UK tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or avoid a material penalty. These include highways legislation, data protection legislation, health and safety regulations, environmental regulations and employment law.

Our procedures to respond to the risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having direct effect on the financial statements;
- Enquiring of management concerning actual and potential litigation and claims;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reviewing board meeting minutes;
- Performing detailed transactional testing in relation to the recognition of revenue with a particular focus around year end cut-off including the agreement of year end balances with Cornwall Council; and;
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries, and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of the business.

We also communicated identified laws and regulations and potential fraud risks to all members of the engagement team and remained alert to possible indicators of fraud or non-compliance with laws and regulations throughout the audit.

## **CORMAC CONTRACTING LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CORMAC CONTRACTING LIMITED (CONTINUED)**

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Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

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

#### **USE OF OUR REPORT**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.

*Bishop Fleming LLP*

Robert Davey FCA (Senior statutory auditor)  
for and on behalf of  
**Bishop Fleming LLP**  
Chartered Accountants  
Statutory Auditors  
Salt Quay House  
4 North East Quay  
Sutton Harbour  
Plymouth  
PL4 0BN  
Date: 1st November 2022

**CORMAC CONTRACTING LIMITED**

**STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 31 MARCH 2022**

	<b>Note</b>	<b>2022 £</b>	<b>2021 £</b>
Turnover	4	5,844,043	5,222,486
Cost of sales		(5,418,256)	(4,290,124)
<b>Gross profit</b>		<b>425,787</b>	<b>932,362</b>
Administrative expenses		(696,879)	(719,667)
<b>Operating (loss)/profit</b>	5	<b>(271,092)</b>	<b>212,695</b>
Interest receivable and similar income	8	-	1,022
Interest payable and similar expenses	9	(99,914)	(99,850)
<b>(Loss)/profit before tax</b>		<b>(371,006)</b>	<b>113,867</b>
Tax on (loss)/profit	10	194	(194)
<b>(Loss)/profit after tax</b>		<b>(370,812)</b>	<b>113,673</b>
Retained earnings at the beginning of the year		(822,743)	(936,416)
(Loss)/profit for the year		(370,812)	113,673
<b>Retained earnings at the end of the year</b>		<b>(1,193,555)</b>	<b>(822,743)</b>

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of income and retained earnings.

The notes on pages 10 to 20 form part of these financial statements.

**CORMAC CONTRACTING LIMITED**  
**REGISTERED NUMBER:07737521**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	11	64,236	73,413
<b>Current assets</b>			
Debtors: amounts falling due within one year	12	1,299,021	1,108,842
Cash at bank and in hand	13	1,620,296	1,621,938
		<u>2,919,317</u>	<u>2,730,780</u>
Creditors: amounts falling due within one year	14	(2,375,703)	(1,803,435)
<b>Net current assets</b>		<u>543,614</u>	<u>927,345</u>
<b>Total assets less current liabilities</b>		<u>607,850</u>	<u>1,000,758</u>
Creditors: amounts falling due after more than one year	15	(1,750,000)	(1,750,000)
<b>Provisions for liabilities</b>			
Other provisions	17	(51,404)	(73,500)
<b>Net liabilities</b>		<u>(1,193,554)</u>	<u>(822,742)</u>
<b>Capital and reserves</b>			
Called up share capital	18	1	1
Profit and loss account	19	(1,193,555)	(822,743)
		<u>(1,193,554)</u>	<u>(822,742)</u>

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



**D J Bostock**

Director

Date: 27th October 2022

The notes on pages 10 to 20 form part of these financial statements.

## **CORMAC CONTRACTING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

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#### **1. GENERAL INFORMATION**

The Company (registered number 07737521) is a private Company, limited by shares and registered in England and Wales. The registered office address is Western Group Centre, Radnor Road, Scorrier, Cornwall, TR16 5EH.

#### **2. ACCOUNTING POLICIES**

##### **2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### **2.2 FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS**

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Cornwall Council as at 31 March 2022 and these financial statements may be obtained from Cornwall Council's website.

##### **2.3 GOING CONCERN**

The company has made a loss for the year of £370,812 and has net liabilities amounting to £1,193,554. Cornwall Council has confirmed its intention to continue to support the Company financially for a period of not less than 12 months from the date on which the financial statements for the year ended 31 March 2022 are approved by the Directors.

As such the Directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus continue to adopt the going concern basis of accounting in preparing the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

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**2. ACCOUNTING POLICIES (continued)**

**2.4 REVENUE**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax, other sales taxes and sales within the company. The following criteria must also be met before revenue is recognised:

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and the costs incurred and the costs to complete the contract can be measure reliably.

**2.5 LONG-TERM CONTRACTS**

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses.

Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

**2.6 INTEREST INCOME**

Interest income is recognised in profit or loss in the year in which it is received.

**2.7 BORROWING COSTS**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

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**2. ACCOUNTING POLICIES (continued)**

**2.8 TAXATION**

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**2.9 TANGIBLE FIXED ASSETS**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

Depreciation is provided on the following basis:

Plant and machinery	-	7% straight line
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

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**2. ACCOUNTING POLICIES (continued)**

**2.10 DEBTORS**

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.11 CASH AND CASH EQUIVALENTS**

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

**2.12 CREDITORS**

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.13 PROVISIONS FOR LIABILITIES**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

**2.14 FINANCIAL INSTRUMENTS**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans to and from related parties.

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

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



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

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**2. ACCOUNTING POLICIES (continued)**

**2.14 FINANCIAL INSTRUMENTS (CONTINUED)**

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

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

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

**3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION  
UNCERTAINTY**

Preparation of the financial statements requires management to make judgements and estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- Provisions for remedial works are recognised by the company using judgement based on past experience and the company's record of requiring remedial action.
- Valuation of incomplete contracts at the year-end: contracts are valued (both in terms of cost and revenue) by the in house team based on their experience in the industry and their knowledge of the contract in question.
- No deferred tax asset has been included in the financial statements. In making the decision whether to recognise this deferred tax asset management have assessed the availability of taxable profits in future periods which could be utilised. On the basis that sufficient taxable profits are not anticipated in the short term, it has been decided not to recognise the deferred tax asset.

**4. TURNOVER**

The whole of the turnover is attributable to highways maintenance and facilities management.

All turnover arose within the United Kingdom.

**CORMAC CONTRACTING LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022****5. OPERATING (LOSS)/PROFIT**

The operating (loss)/profit is stated after charging:

	2022 £	2021 £
Depreciation of tangible fixed assets	9,177	9,177

**6. AUDITORS' REMUNERATION**

	2022 £	2021 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	11,470	9,785

**FEEs PAYABLE TO THE COMPANY'S AUDITOR AND ITS  
ASSOCIATES IN RESPECT OF:**

Taxation compliance services	1,015	950
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**7. DIRECTORS' REMUNERATION**

The executive Directors are remunerated by Corserv Limited or Cormac Solutions Limited and a proportionate element of their costs are invoiced to other group Companies as part of an overall management charge. This is the element that relates to Cormac Contracting Limited.

	2022 £	2021 £
Directors' emoluments	38,006	43,537
Company contributions to defined contribution pension schemes	3,895	5,916
	41,901	49,453

During the year retirement benefits were accruing to 2 directors (2021: 2) in respect of defined contribution pension schemes.

During the year retirement benefits were accruing to no directors (2021: 2) in respect of defined benefit pension schemes.

The directors' pension benefits are funded through Corserv Limited or Cormac Solutions Limited and recharged to Cormac Contracting Limited.

Cormac Contracting Limited has no employees. The average monthly number of Directors during the year was 8 (2021: 9).

**CORMAC CONTRACTING LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022****8. INTEREST RECEIVABLE**

	2022 £	2021 £
Other interest receivable	-	1,022

**9. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2022 £	2021 £
Loan interest payable to group entities	99,914	99,850

**10. TAXATION**

	2022 £	2021 £
Current tax on profits for the year	-	194
Adjustments in respect of previous periods	(194)	-
<b>TOTAL CURRENT TAX</b>	<b>(194)</b>	<b>194</b>

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is higher than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
(Loss)/profit on ordinary activities before tax	(371,006)	113,867
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(70,491)	21,635
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(86)	-
Adjustments to tax charge in respect of prior periods	(194)	-
Deferred tax not recognised	114,171	(21,441)
Remeasurement of deferred tax for changes in tax rates	(43,766)	-
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<b>(194)</b>	<b>194</b>

**CORMAC CONTRACTING LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022****10. TAXATION (CONTINUED)****FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

There were no factors that may affect future tax charges.

**11. TANGIBLE FIXED ASSETS**

	<b>Plant and machinery £</b>
<b>COST</b>	
At 1 April 2021	<b>137,650</b>
At 31 March 2022	<b>137,650</b>
<b>DEPRECIATION</b>	
At 1 April 2021	<b>64,237</b>
Charge for the year on owned assets	<b>9,177</b>
At 31 March 2022	<b>73,414</b>
<b>NET BOOK VALUE</b>	
At 31 March 2022	<b>64,236</b>
At 31 March 2021	<b>73,413</b>

**12. DEBTORS**

	<b>2022 £</b>	<b>2021 £</b>
Trade debtors	<b>1,160,965</b>	723,010
Amounts owed by group undertakings	<b>24,380</b>	17,375
Other debtors	<b>2,329</b>	2,333
Prepayments and accrued income	<b>111,347</b>	366,124
	<b>1,299,021</b>	1,108,842

**CORMAC CONTRACTING LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022****13. CASH AND CASH EQUIVALENTS**

	2022 £	2021 £
Cash at bank and in hand	<u>1,620,296</u>	<u>1,621,938</u>

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022 £	2021 £
Trade creditors	195,457	195,226
Amounts owed to group undertakings	1,798,990	1,027,378
Corporation tax	-	194
Other taxation and social security	257,661	272,282
Other creditors	28,924	30,515
Accruals and deferred income	94,671	277,840
	<u>2,375,703</u>	<u>1,803,435</u>

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2022 £	2021 £
Other loans	<u>1,750,000</u>	<u>1,750,000</u>

**16. LOANS**

Analysis of the maturity of loans is given below:

	2022 £	2021 £
<b>AMOUNTS FALLING DUE 2-5 YEARS</b>		
Loans from group entities	<u>1,750,000</u>	<u>1,750,000</u>

The Company has a funding agreement with Corserv Limited. Interest is fixed at 5.7% and the amount is repayable by 31 March 2024. At the year end the amount outstanding under this arrangement was £1,750,000.

**CORMAC CONTRACTING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

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**17. PROVISIONS**

	<b>Remedial Works £</b>
At 1 April 2021	<b>73,500</b>
Charged to profit or loss	<b>(22,096)</b>
<b>AT 31 MARCH 2022</b>	<b>51,404</b>

The provision for remedial works being the Company's judgement based on past experience and the Company's record of contracts requiring remedial action.

**18. SHARE CAPITAL**

	<b>2022 £</b>	<b>2021 £</b>
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
1 (2021: 1) ordinary share of £1.00	<b>1</b>	<b>1</b>

**19. RESERVES**

**Profit and loss account**

Profit and loss account comprises all current and prior period accumulated profits and losses.

# CORMAC CONTRACTING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 20. RELATED PARTY TRANSACTIONS

	2022 £	2021 £
<b>Sales</b>		
Cormac Solutions Limited	-	7,117
Cornwall Housing Limited	19,756	-
	<u>19,756</u>	<u>7,117</u>
<b>Purchases</b>		
Cornwall Council	53,458	93,436
Cormac Solutions Limited	2,014,979	1,537,877
Cornwall Housing Limited	212	7,880
Corserv Limited	559,999	443,750
	<u>2,628,648</u>	<u>2,082,943</u>
<b>Debtors at year end</b>		
Cornwall Council	24,380	16,344
Cormac Solutions Limited	-	1,031
	<u>24,380</u>	<u>17,375</u>
<b>Creditors at year end</b>		
Cornwall Council	1,688	7,135
Cormac Solutions Limited	1,697,091	500,119
Cornwall Housing Limited	212	-
Corserv Limited	1,850,000	2,270,124
	<u>3,548,991</u>	<u>2,777,378</u>

Key Management Personnel are limited to directors, transactions are as disclosed in Note 7.

The Company has a funding arrangement with Corserv Limited. Interest is fixed at 5.7% with the charge for the year being £99,914 (2021: £99,850). At the year end, the amount outstanding under this arrangement was £1,750,000 (2021: £1,750,000); this forms part of the Corserv Limited creditor balance above.

### 21. CONTROLLING PARTY

The Company's immediate parent is Corserv Limited. The ultimate parent is Cornwall Council. These accounts are consolidated into the group accounts of Cornwall Council.