

COMPANY REGISTRATION NUMBER 00415592

**OWEN PUGH & COMPANY LIMITED**  
**FINANCIAL STATEMENTS**  
**31st MARCH 2015**

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**OWEN PUGH & COMPANY LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

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<b>The Board of Directors</b>	J R Dickson R S Armstrong
<b>Company secretary</b>	K A Dickie
<b>Registered office</b>	Cramlington Road Dudley Cramlington Northumberland NE23 7PR
<b>Auditor</b>	Tait Walker LLP Chartered Accountants & Statutory Auditor Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS
<b>Bankers</b>	HSBC Bank plc 189 High Street Gosforth Newcastle upon Tyne NE3 1HE
<b>Solicitors</b>	Muckle LLP Time Central 32 Gallowgate Newcastle Upon Tyne NE1 4BF

# **OWEN PUGH & COMPANY LIMITED**

## **STRATEGIC REPORT**

### **YEAR ENDED 31st MARCH 2015**

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

#### **REVIEW OF THE BUSINESS**

The principal activity of the company in the year under review was the hiring out of construction plant, haulage and the provision of training services.

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.

During the year, the average number of employees was 132, an increase of 7 on the previous year.

During the financial year, the Owen Pugh Group completed the process of achieving group-wide certification to ISO 9001, ISO 14001 and OHSAS 18001, bringing all three together in one SHEQ Management system. Further details of this, together with the Group's commitment to CSR and the wider community are identified in the annual report and accounts of Owen Pugh Holdings Ltd.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal trading risk is the performance of the regions construction industry and the level of demand for plant hire and haulage in the region.

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. The company does not undertake any hedging activity.

#### **INTEREST RATE RISKS**

The company invests surplus cash in short term floating rate interest yielding bank accounts. The value of financial assets, 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.

#### **PRICE RISK**

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

# OWEN PUGH & COMPANY LIMITED

## STRATEGIC REPORT *(continued)*

YEAR ENDED 31st MARCH 2015

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### 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.

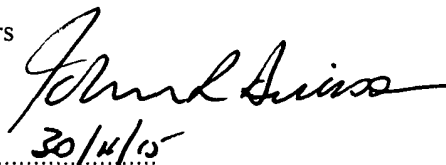
### LIQUIDITY RISK

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.

### 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

  
30/4/15

Approved by the directors on .....

# **OWEN PUGH & COMPANY LIMITED**

## **THE DIRECTORS' REPORT**

**YEAR ENDED 31st MARCH 2015**

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

### **PRINCIPAL ACTIVITIES**

The principal activity of the company during the year was the hiring out of heavy plant and haulage for construction and earthmoving purposes and the provision of training services.

### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £743,884. The directors have not recommended a dividend.

### **FINANCIAL INSTRUMENTS**

See disclosures made within the strategic report.

### **DIRECTORS**

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

J R Dickson  
R S Armstrong  
S Robinson

(Resigned 6th January 2015)

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

# OWEN PUGH & COMPANY LIMITED

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31st MARCH 2015

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### DIRECTORS' RESPONSIBILITIES STATEMENT *(continued)*

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 profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

### 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 company'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.

### 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 30/11/15

# **OWEN PUGH & COMPANY LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OWEN PUGH & COMPANY LIMITED**

**YEAR ENDED 31st MARCH 2015**

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We have audited the financial statements of Owen Pugh & Company Limited for the year ended 31st March 2015 which comprise the Profit and Loss Account, Balance Sheet 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 4 to 5, 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 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 company's affairs as at 31st March 2015 and of its 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.

### **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.

# OWEN PUGH & COMPANY LIMITED

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

YEAR ENDED 31st MARCH 2015

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

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

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

*Tait Walker LLP*

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

*2015*



# OWEN PUGH & COMPANY LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31st MARCH 2015

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	Note	2015 £	2014 £
<b>TURNOVER</b>	<b>2</b>	<b>10,318,586</b>	<b>8,988,936</b>
Cost of sales		<u>(7,808,091)</u>	<u>(7,250,310)</u>
<b>GROSS PROFIT</b>		<b>2,510,495</b>	<b>1,738,626</b>
Administrative expenses		<u>(1,652,778)</u>	<u>(1,484,703)</u>
<b>OPERATING PROFIT</b>	<b>3</b>	<b>857,717</b>	<b>253,923</b>
Interest receivable	<b>5</b>	—	31
Interest payable and similar charges	<b>6</b>	<u>(38,851)</u>	<u>(35,076)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>818,866</b>	<b>218,878</b>
Tax on profit on ordinary activities	<b>7</b>	<u>(74,982)</u>	<u>61,935</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><b>743,884</b></u>	<u><b>280,813</b></u>

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All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 10 to 18 form part of these financial statements.


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**OWEN PUGH & COMPANY LIMITED**  
**COMPANY REGISTRATION NUMBER: 00415592**  
**BALANCE SHEET**

**31st MARCH 2015**

	Note	2015 £	2014 £
<b>FIXED ASSETS</b>			
Tangible assets	9	3,969,946	4,798,458
<b>CURRENT ASSETS</b>			
Stocks	10	64,821	61,661
Debtors	11	10,009,033	5,117,876
Cash in hand		779	—
		<u>10,074,633</u>	<u>5,179,537</u>
<b>CREDITORS: Amounts falling due within one year</b>	12	<u>(9,276,394)</u>	<u>(5,542,829)</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>798,239</u>	<u>(363,292)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,768,185</u>	<u>4,435,166</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	13	(661,485)	(999,053)
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	16	<u>(313,448)</u>	<u>(386,745)</u>
		<u>3,793,252</u>	<u>3,049,368</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	20	100	100
Profit and loss account	21	<u>3,793,152</u>	<u>3,049,268</u>
<b>SHAREHOLDERS' FUNDS</b>	22	<u>3,793,252</u>	<u>3,049,368</u>

These financial statements were approved by the directors and authorised for issue on 30/11/15, and are signed on their behalf by:

  
J R Dickson  
Director

The notes on pages 10 to 18 form part of these financial statements.

**OWEN PUGH & COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31st MARCH 2015**

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**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention.

**Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

**Turnover**

Turnover represents the value of goods sold and services provided during the year net of discounts, returns and Value Added Tax. All turnover arises from the continuing operations of the company.

**Fixed assets**

All fixed assets are initially recorded at cost.

**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:

Plant & Machinery	-	5-10 years straight line
Fixtures & Fittings	-	3-10 years straight line
Motor Vehicles	-	5-10 years straight line

**Stocks**

Stocks are stated at purchase cost on a first in, first out basis.

**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 contributes to defined contribution pension schemes for its employees and directors. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes.

**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:

**OWEN PUGH & COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31st MARCH 2015**

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**1. ACCOUNTING POLICIES** *(continued)*

**Deferred taxation** *(continued)*

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.

**2. TURNOVER**

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

	2015 £	2014 £
United Kingdom	<u>10,318,586</u>	<u>8,988,936</u>

**OWEN PUGH & COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31st MARCH 2015**

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**3. OPERATING PROFIT**

Operating profit is stated after charging:

	<b>2015</b>	2014
	<b>£</b>	<b>£</b>
Directors' remuneration	—	—
Depreciation of owned fixed assets	<b>431,209</b>	216,466
Depreciation of assets held under hire purchase agreements	<b>260,057</b>	426,172
Loss on disposal of fixed assets	<b>10,875</b>	38,846
Auditor's remuneration		
- as auditor	<b>4,000</b>	6,000
Operating lease costs:		
- Other	<b><u>110,400</u></b>	<b><u>45,000</u></b>

**4. PARTICULARS OF EMPLOYEES**

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

	<b>2015</b>	2014
	<b>No</b>	<b>No</b>
Number of office, fitters and management staff	<b>31</b>	28
Number of plant operators and drivers	<b><u>101</u></b>	<u>97</u>
	<b><u>132</u></b>	<b><u>125</u></b>

The aggregate payroll costs of the above were:

	<b>2015</b>	2014
	<b>£</b>	<b>£</b>
Wages and salaries	<b>3,540,413</b>	3,125,558
Social security costs	<b>319,671</b>	283,280
Other pension costs	<b><u>16,993</u></b>	<u>50,762</u>
	<b><u>3,877,077</u></b>	<b><u>3,459,600</u></b>

The directors of the company are also members of the executive committee of the ultimate parent undertaking, Owen Pugh Holdings Limited, and are directors of other subsidiary companies. These directors received total remuneration for the year of £234,277 (2014 - £340,090), all of which was accounted for by Owen Pugh Holdings Limited.

The directors have apportioned £40,062 (2014 - £50,384) to the company as part of the management charge.

**OWEN PUGH & COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31st MARCH 2015**

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**5. INTEREST RECEIVABLE**

	2015	2014
	£	£
Bank interest receivable	<u>—</u>	<u>31</u>

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	2015	2014
	£	£
Interest payable on bank borrowing	43	—
Finance charges	<u>38,808</u>	<u>35,076</u>
	<u>38,851</u>	<u>35,076</u>

**7. 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%)	<u>148,279</u>	<u>8,568</u>
Total current tax	<u>148,279</u>	<u>8,568</u>
Deferred tax:		
Origination and reversal of timing differences (note 16)		
Capital allowances	(73,896)	(70,511)
Other	<u>599</u>	<u>8</u>
Total deferred tax (note 16)	<u>(73,297)</u>	<u>(70,503)</u>
Tax on profit on ordinary activities	<u>74,982</u>	<u>(61,935)</u>

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**OWEN PUGH & COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31st MARCH 2015**

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**7. TAXATION ON ORDINARY ACTIVITIES** *(continued)*

**(b) Factors affecting current tax charge**

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

	<b>2015</b>	2014
	<b>£</b>	<b>£</b>
Profit on ordinary activities before taxation	<b><u>818,866</u></b>	<u>218,878</u>
Profit on ordinary activities by rate of tax	<b>171,962</b>	50,342
Expenses not deductible for tax purposes	<b>14</b>	133
Capital allowances for period in excess of depreciation	<b>77,587</b>	12,355
Marginal rate relief	<b>-</b>	(1,286)
Group relief	<b>(100,656)</b>	(53,113)
Other short term differences	<b><u>(628)</u></b>	<u>137</u>
Total current tax (note 7(a))	<b><u>148,279</u></b>	<u>8,568</u>

**8. DIVIDENDS**

**Equity dividends**

	<b>2015</b>	2014
	<b>£</b>	<b>£</b>
Paid during the year:		
Dividends on equity shares	<u>-</u>	<u>500,000</u>

Dividends paid of £nil (2014 - £500,000) amount to £nil (2014 - £5,000) per ordinary share.

**OWEN PUGH & COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31st MARCH 2015**

**9. TANGIBLE FIXED ASSETS**

	<b>Plant &amp; Machinery £</b>	<b>Fixtures &amp; Fittings £</b>	<b>Motor Vehicles £</b>	<b>Total £</b>
<b>COST</b>				
At 1st April 2014	9,579,293	606,170	68,033	10,253,496
Additions	265,470	64,206	3,001	332,677
Disposals	(1,749,763)	(9,494)	–	(1,759,257)
<b>At 31st March 2015</b>	<b><u>8,095,000</u></b>	<b><u>660,882</u></b>	<b><u>71,034</u></b>	<b><u>8,826,916</u></b>
<b>DEPRECIATION</b>				
At 1st April 2014	4,920,551	468,046	66,441	5,455,038
Charge for the year	616,968	73,759	539	691,266
On disposals	(1,281,416)	(7,918)	–	(1,289,334)
<b>At 31st March 2015</b>	<b><u>4,256,103</u></b>	<b><u>533,887</u></b>	<b><u>66,980</u></b>	<b><u>4,856,970</u></b>
<b>NET BOOK VALUE</b>				
<b>At 31st March 2015</b>	<b><u>3,838,897</u></b>	<b><u>126,995</u></b>	<b><u>4,054</u></b>	<b><u>3,969,946</u></b>
At 31st March 2014	<u>4,658,742</u>	<u>138,124</u>	<u>1,592</u>	<u>4,798,458</u>

**Hire purchase agreements**

Included within the net book value of £3,969,946 is £2,132,363 (2014 - £2,418,701) 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 £260,057 (2014 - £426,172).

**10. STOCKS**

	<b>2015 £</b>	<b>2014 £</b>
Stock	<b><u>64,821</u></b>	<b><u>61,661</u></b>

**11. DEBTORS**

	<b>2015 £</b>	<b>2014 £</b>
Trade debtors	344,420	449,847
Amounts owed by group undertakings	9,293,831	4,084,475
VAT recoverable	222,316	437,421
Other debtors	4,136	5,134
Prepayments and accrued income	144,330	140,999
	<b><u>10,009,033</u></b>	<b><u>5,117,876</u></b>



**OWEN PUGH & COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31st MARCH 2015**

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**12. CREDITORS: Amounts falling due within one year**

	2015	2014
	£	£
Overdrafts	4,628,096	1,888,699
Trade creditors	589,082	495,627
Amounts owed to group undertakings	3,140,987	2,470,845
Corporation tax	148,279	8,568
PAYE and social security	94,600	86,252
Hire purchase agreements	278,909	422,586
Other creditors	10,271	—
Accruals and deferred income	386,170	170,252
	<u>9,276,394</u>	<u>5,542,829</u>

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

**13. CREDITORS: Amounts falling due after more than one year**

	2015	2014
	£	£
Hire purchase agreements	<u>661,485</u>	<u>999,053</u>

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

**14. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS**

Future commitments under hire purchase agreements are as follows:

	2015	2014
	£	£
Hire purchase agreements are analysed as follows:		
Current obligations	278,909	422,586
Non-current obligations	<u>661,485</u>	<u>999,053</u>
	<u>940,394</u>	<u>1,421,639</u>

**15. PENSIONS**

The company contributes to defined contribution schemes for all of its salaried employees and directors. The assets of the scheme are held separately from those of the company in independently administered funds. The unpaid contributions at the year end are £nil (2014 - £4,929).

**OWEN PUGH & COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31st MARCH 2015**

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**16. DEFERRED TAXATION**

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

	2015 £	2014 £
Provision brought forward	386,745	457,248
Profit and loss account movement arising during the year	(73,297)	(70,503)
Provision carried forward	<u>313,448</u>	<u>386,745</u>

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

	2015 £	2014 £
Excess of taxation allowances over depreciation on fixed assets	313,835	387,731
Other timing differences	(387)	(986)
	<u>313,448</u>	<u>386,745</u>

**17. COMMITMENTS UNDER OPERATING LEASES**

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

	<b>Assets other than Land and buildings</b> 2015 £	2014 £
Operating leases which expire:		
Within 1 year	1,910	5,979
After 1 year but within 5 years	236,516	179,239
	<u>238,426</u>	<u>185,218</u>

**18. CONTINGENCIES**

The company has paid £101,398 (2014 - £101,398) into an ESCROW account as a guarantee against potential future liabilities at Bothal Landfill Site. These sums are repayable to the company, subject to the satisfactory completion of the landfill project.

The company's bankers have given a guarantee dated 19 February 2010 in favour of The Environment Agency amounting to £175,432 in relation to the restoration of Marsden Quarry.

The company is party to a bank unlimited multilateral guarantee date 18 February 2008 in relation to the bank borrowings of all group companies and a debenture charge dated 6 October 2005.

**OWEN PUGH & COMPANY LIMITED**  
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**19. 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 by the parent undertaking.

**20. SHARE CAPITAL**

**Allotted, called up and fully paid:**

	<b>2015</b>		<b>2014</b>	
	<b>No</b>	<b>£</b>	<b>No</b>	<b>£</b>
Ordinary shares of £1 each	<u><b>100</b></u>	<u><b>100</b></u>	<u><b>100</b></u>	<u><b>100</b></u>

**21. PROFIT AND LOSS ACCOUNT**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Balance brought forward	<b>3,049,268</b>	3,268,455
Profit for the financial year	<b>743,884</b>	280,813
Equity dividends	<u><b>—</b></u>	<u>(500,000)</u>
Balance carried forward	<u><b>3,793,152</b></u>	<u><b>3,049,268</b></u>

**22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	<b>743,884</b>	280,813
Equity dividends	<u><b>—</b></u>	<u>(500,000)</u>
Net addition/(reduction) to shareholders' funds	<b>743,884</b>	(219,187)
Opening shareholders' funds	<u><b>3,049,368</b></u>	<u><b>3,268,555</b></u>
Closing shareholders' funds	<u><b>3,793,252</b></u>	<u><b>3,049,368</b></u>

**23. ULTIMATE PARENT COMPANY**

The company's immediate and ultimate parent undertaking and controlling party is Owen Pugh Holdings Limited, which has included the company in its group financial statements, copies of which are available from its registered office, Dudley, Cramlington, Northumberland, NE23 7PR.