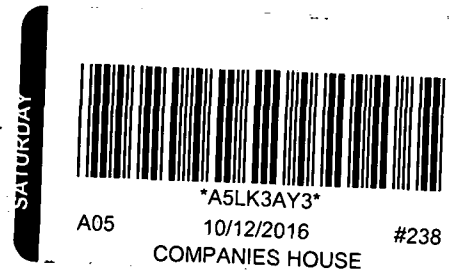


OWEN PUGH AGGREGATES LIMITED

Financial Statements

31st March 2016



OWEN PUGH AGGREGATES LIMITED

Financial Statements

Year ended 31st March 2016

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OWEN PUGH AGGREGATES LIMITED

Officers and Professional Advisers

The board of directors	J R Dickson R S Armstrong J R Grant R J D Lowery
Company secretary	K A Applegarth
Registered office	Cramlington Road Dudley Cramlington Northumberland NE23 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 AGGREGATES LIMITED

Strategic Report

Year ended 31st March 2016

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

REVIEW OF THE BUSINESS

The principal activity of the company during the year was the production and sale of quarried and recycled aggregate for the construction industry, the extraction and sale of agricultural lime for export, the operation of an inert landfill site within Marsden Quarry and the provision of materials testing services to the construction industry.

Financial results for the year ended 31 March 2016 are considered by the directors to be very satisfactory. Turnover of £5.46m was just 1.5% lower than 2015 producing gross profit of £1.56m, an increase of more than 43% on the previous year. As a result operating profit rose from £360k in 2015 to £903k, a rise of 150%.

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

During the year the average number of employees was 26, one fewer than the previous year.

As a member of the Owen Pugh Group, Owen Pugh Aggregates Ltd follows the safety, health, environment and quality management systems of the Group and operates to the highest possible ethical standards. This includes commitments to equality and diversity, anti-bribery and corporate social responsibility among others. Appropriate detail is to be found in the Annual Report and Accounts of Owen Pugh Holdings Ltd.

FINANCIAL RISK MANAGEMENT POLICY

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 and liabilities are set out below.

INTEREST RATE RISKS

The company invests surplus cash in short term floating rate interest yielding bank accounts and has movements in interest rates. However the directors do not consider there to be any significant exposure.

PRICE RISKS

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

OWEN PUGH AGGREGATES LIMITED

Strategic Report *(continued)*

Year ended 31st March 2016

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 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. In addition and to further limit exposure to credit risks, the Group carries credit insurance covering outstanding invoices, applications and work in progress with all but a tiny minority of customers.

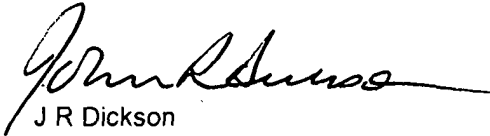
LIQUIDITY RISKS

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

FOREIGN CURRENCY RISK

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

This report was approved by the board of directors on 9th December 2016 and signed on behalf of the board by:



J R Dickson
Director

OWEN PUGH AGGREGATES LIMITED

Directors' Report

Year ended 31st March 2016

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

Directors

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

J R Dickson
R S Armstrong
J R Grant

(Appointed 1st April 2015)

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

Dividends

Particulars of recommended dividends are detailed in note 10 to the financial statements.

Financial instruments

Disclosures have been made in the strategic report.

Going concern

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

Directors' responsibilities statement

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

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

OWEN PUGH AGGREGATES LIMITED

Directors' Report *(continued)*

Year ended 31st March 2016

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

Auditor

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

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

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

This report was approved by the board of directors on 9th December 2016 and signed on behalf of the board by:



J R Dickson
Director

OWEN PUGH AGGREGATES LIMITED

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

Year ended 31st March 2016

We have audited the financial statements of Owen Pugh Aggregates Limited for the year ended 31st March 2016, on pages 8 to 21. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the 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 2016 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 matter prescribed by the Companies Act 2006

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

OWEN PUGH AGGREGATES LIMITED

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

Year ended 31st March 2016

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.

KAVI WALKER

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

9th December 2016

OWEN PUGH AGGREGATES LIMITED

Income Statement

Year ended 31st March 2016

	Note	2016 £	2015 £
Turnover	4	5,457,444	5,540,597
Cost of sales		(3,898,996)	(4,454,894)
Gross profit		1,558,448	1,085,703
Administrative expenses		(655,212)	(725,286)
Operating profit	5	903,236	360,417
Interest payable and similar charges	8	(9,324)	(31,673)
Profit on ordinary activities before taxation		893,912	328,744
Tax on profit on ordinary activities	9	25,022	(22,164)
Profit for the financial year		<u>918,934</u>	<u>306,580</u>

All the activities of the company are from continuing operations.

The company has no other recognised items of income and expenses other than the results for the year as set out above.

The notes on pages 11 to 21 form part of these financial statements.


OWEN PUGH AGGREGATES LIMITED

Statement of Financial Position

31st March 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	11	6,150	7,602
Tangible assets	12	1,001,104	1,167,947
		<u>1,007,254</u>	<u>1,175,549</u>
Current assets			
Stocks	13	148,548	193,337
Debtors	14	1,479,567	3,367,768
Cash at bank and in hand	15	818,394	1,889,117
		<u>2,446,509</u>	<u>5,450,222</u>
Creditors: amounts falling due within one year	16	<u>(941,721)</u>	<u>(4,005,478)</u>
Net current assets		<u>1,504,788</u>	<u>1,444,744</u>
Total assets less current liabilities		<u>2,512,042</u>	<u>2,620,293</u>
Creditors: amounts falling due after more than one year	17	<u>(175,737)</u>	<u>(263,096)</u>
Provisions			
Taxation including deferred tax	20	(90,459)	(115,481)
Other provisions	20	<u>(154,575)</u>	<u>(319,379)</u>
		<u>(245,034)</u>	<u>(434,860)</u>
Net assets		<u>2,091,271</u>	<u>1,922,337</u>
Capital and reserves			
Called up share capital	22	2	2
Profit and loss account	23	2,091,269	1,922,335
Shareholders funds		<u>2,091,271</u>	<u>1,922,337</u>

These financial statements were approved by the board of directors and authorised for issue on 9th December 2016, and are signed on behalf of the board by:


J R Dickson
Director

Company registration number: 01277269

The notes on pages 11 to 21 form part of these financial statements.

OWEN PUGH AGGREGATES LIMITED

Statement of Changes in Equity

Year ended 31st March 2016

	Called up share capital £	Profit and loss account £	Total £
At 1st April 2014	2	1,615,755	1,615,757
Profit for the year		306,580	306,580
Total comprehensive income for the year	–	306,580	306,580
At 31st March 2015	2	1,922,335	1,922,337
Profit for the year		918,934	918,934
Total comprehensive income for the year	–	918,934	918,934
Dividends paid and payable	10	(750,000)	(750,000)
Total investments by and distributions to owners	–	(750,000)	(750,000)
At 31st March 2016	2	2,091,269	2,091,271

The notes on pages 11 to 21 form part of these financial statements.

OWEN PUGH AGGREGATES LIMITED

Notes to the Financial Statements

Year ended 31st March 2016

1. Statement of compliance

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

The entity is a limited company incorporated in England & Wales.

The registered office of the company is:

Cramlington Road
Dudley
Cramlington
Northumberland
NE23 7PR

2. Going concern

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

3. Accounting policies

Basis of preparation

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

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

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1st April 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 27.

OWEN PUGH AGGREGATES LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

3. Accounting policies *(continued)*

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Owen Pugh Holdings Limited which can be obtained from Cramlington Road, Dudley, Cramlington, Northumberland, NE23 7PR. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

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

Judgements and key sources of estimation uncertainty

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

Significant judgements

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

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

Key sources of estimation uncertainty

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

Depreciation - Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the useful economic life of that asset. An estimate of the useful economic life of assets is detailed in the depreciation accounting policy. The value of the depreciation charged to the income statement during the year was £190,058.

Amortisation - Amortisation is calculated so as to write off the cost of an intangible asset, over the useful economic life of that asset. An estimate of the useful economic life of assets is detailed in the amortisation accounting policy. The value of the amortisation charged to the income statement during the year was £1,452.

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

OWEN PUGH AGGREGATES LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

3. Accounting policies *(continued)*

Revenue recognition

Turnover from the sale of goods represents the value of sales made during the year net of discounts, returns and Value Added Tax. The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

Taxation

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

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

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating leases

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

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business. Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed five years.

Amortisation

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

Goodwill	-	5% straight line
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

OWEN PUGH AGGREGATES LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

3. Accounting policies *(continued)*

Tangible assets

All fixed assets are recorded at cost less accumulated depreciation and any provision for impairment

Depreciation

Depreciation is calculated so as to write off the cost or valuation 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 and Machinery	-	5 - 10 years straight line
Fixtures and Fittings	-	3 - 5 years straight line
Motor Vehicles	-	5 years straight line

Impairment of fixed assets

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

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

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

Stocks

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

Finance leases and hire purchase contracts

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

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

Provisions

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

OWEN PUGH AGGREGATES LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

3. Accounting policies *(continued)*

Provisions *(continued)*

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Defined contribution plans

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

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.

4. Turnover

Turnover arises from:

	2016 £	2015 £
Sale of goods	2,143,158	2,871,380
Rendering of services	2,908,585	2,346,612
Aggregate levy sales	405,701	322,605
	<u>5,457,444</u>	<u>5,540,597</u>

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

5. Operating profit

Operating profit or loss is stated after charging:

	2016 £	2015 £
Amortisation of intangible assets	1,452	1,452
Depreciation of tangible assets	190,058	233,221
Loss on disposal of tangible assets	—	10,003
Defined contribution plans expense	20,363	24,006
Operating lease rentals	<u>82,272</u>	<u>57,558</u>

OWEN PUGH AGGREGATES LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

6. Auditor's remuneration

	2016 £	2015 £
Fees payable for the audit of the financial statements	<u>4,324</u>	<u>4,000</u>

7. Staff costs

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

	2016 No.	2015 No.
Management staff	9	8
Number of plant operators and drivers	17	19
	<u>26</u>	<u>27</u>

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

	2016 £	2015 £
Wages and salaries	793,037	802,477
Social security costs	55,252	79,871
Other pension costs	20,363	24,006
	<u>868,652</u>	<u>906,354</u>

The directors of the company are also members of the executive committee of the ultimate parent undertaking, Owen Pugh Holdings Limited, and are the directors of other subsidiary companies. These directors received total remuneration of £373,377 (2015: £234,277), all of which was accounted for by Owen Pugh Holdings Limited.

The directors have apportioned £19,881 (2015: £23,515) to the company as part of the management charge.

8. Interest payable and similar charges

	2016 £	2015 £
Interest on bank loans and overdrafts	–	20,274
Interest on obligations under finance leases and hire purchase contracts	9,324	11,399
	<u>9,324</u>	<u>31,673</u>

9. Tax on profit on ordinary activities

Major components of tax (income)/expense

	2016 £	2015 £
Current tax:		
UK current tax expense	–	8,571

OWEN PUGH AGGREGATES LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

9. Tax on profit on ordinary activities *(continued)*

	2016 £	2015 £
Deferred tax:		
Origination and reversal of timing differences	(25,022)	13,593
Tax on profit on ordinary activities	<u>(25,022)</u>	<u>22,164</u>

Reconciliation of tax (income)/expense

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

	2016 £	2015 £
Profit on ordinary activities before taxation	<u>893,912</u>	<u>328,744</u>
Profit on ordinary activities by rate of tax	178,782	65,749
Effect of expenses not deductible for tax purposes	145	–
Effect of capital allowances and depreciation	–	5,990
Effect of different UK tax rates on some earnings	139	(4,758)
Group relief	(201,182)	(51,962)
Fixed asset differences	7,145	7,145
Adjustment to closing deferred tax to an average rate	<u>(10,051)</u>	<u>–</u>
Tax on profit on ordinary activities	<u>(25,022)</u>	<u>22,164</u>

10. Dividends

	2016 £	2015 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>750,000</u>	<u>–</u>

Dividends paid of £750,000 (2015 - £nil) in the year amount to £375,000 (2015 - £nil) per ordinary share.

OWEN PUGH AGGREGATES LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

11. Intangible assets

	Goodwill £
Cost	
At 1 Apr 2015 and 31 Mar 2016	<u>30,000</u>
Amortisation	
At 1st April 2015	22,398
Charge for the year	<u>1,452</u>
At 31st March 2016	<u>23,850</u>
Carrying amount	
At 31st March 2016	<u>6,150</u>
At 31st March 2015	<u>7,602</u>

12. Tangible assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 Apr 2015	663,875	1,803,483	44,438	11,020	2,522,816
Additions	10,001	13,214	–	–	23,215
Disposals	–	(3,900)	–	–	(3,900)
At 31 Mar 2016	<u>673,876</u>	<u>1,812,797</u>	<u>44,438</u>	<u>11,020</u>	<u>2,542,131</u>
Depreciation					
At 1 Apr 2015	404,599	904,118	35,632	10,520	1,354,869
Charge for the year	44,262	140,991	4,805	–	190,058
Disposals	–	(3,900)	–	–	(3,900)
At 31 Mar 2016	<u>448,861</u>	<u>1,041,209</u>	<u>40,437</u>	<u>10,520</u>	<u>1,541,027</u>
Carrying amount					
At 31 Mar 2016	<u>225,015</u>	<u>771,588</u>	<u>4,001</u>	<u>500</u>	<u>1,001,104</u>
At 31 Mar 2015	<u>259,276</u>	<u>899,365</u>	<u>8,806</u>	<u>500</u>	<u>1,167,947</u>

Included within the net book value of £1,001,104 is £398,677 (2015: £448,246) 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 £49,569 (2015: £14,812).

13. Stocks

	2016 £	2015 £
Stock	<u>148,548</u>	<u>193,337</u>

The stock expense to cost of sales within the income statement amounted to £1,335,836 (2015: £1,120,405). There was no impairment or stock write back during the year (2015: none).

OWEN PUGH AGGREGATES LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

14. Debtors

	2016 £	2015 £
Trade debtors	870,797	958,132
Amounts owed by group undertakings	597,411	2,401,857
Prepayments and accrued income	11,359	7,779
	<u>1,479,567</u>	<u>3,367,768</u>

15. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2016 £	2015 £
Cash at bank and in hand	818,394	1,889,117
Bank overdrafts	—	(1,140)
	<u>818,394</u>	<u>1,887,977</u>

16. Creditors: amounts falling due within one year

	2016 £	2015 £
Bank loans and overdrafts	—	1,140
Trade creditors	249,126	227,930
Amounts owed to group undertakings	—	3,289,693
Accruals and deferred income	375,916	175,095
Corporation tax	—	8,571
Social security and other taxes	229,079	215,449
Obligations under finance leases and hire purchase contracts	87,600	87,600
	<u>941,721</u>	<u>4,005,478</u>

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

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

	2016 £	2015 £
Obligations under finance leases and hire purchase contracts	<u>175,737</u>	<u>263,096</u>

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

OWEN PUGH AGGREGATES LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

18. Finance leases and hire purchase contracts

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

	2016 £	2015 £
Not later than 1 year	87,600	87,600
Later than 1 year and not later than 5 years	175,737	263,096
	<u>263,337</u>	<u>350,696</u>

19. Deferred tax

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

	2016 £	2015 £
Included in provisions (note 20)	<u>90,459</u>	<u>115,481</u>

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

	2016 £	2015 £
Accelerated capital allowances	90,698	115,884
Other timing differences	(239)	(403)
	<u>90,459</u>	<u>115,481</u>

The net deferred tax liability expected to reverse in 2016/17 is £18,541. This relates to the reversal of timing differences on capital allowances.

20. Provisions

	Restoration provisions £	Deferred tax (note 19) £	Total £
At 1st April 2015	319,379	115,481	434,860
Charge against provision	(164,804)	(25,022)	(189,826)
At 31st March 2016	<u>154,575</u>	<u>90,459</u>	<u>245,034</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 director's best estimate of the likely total restoration costs under the terms and requirements of the license.

21. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £20,363 (2015: £24,006).

At the year end a total commitment of £2,075 (2015: £2,016) was outstanding.

OWEN PUGH AGGREGATES LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

22. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

23. Reserves

Called up share capital - This represents the nominal value of shares that have been issued.

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

24. Operating leases

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

	2016	2015
	£	£
Not later than 1 year	1,815	169
Later than 1 year and not later than 5 years	<u>50,722</u>	<u>63,180</u>
	<u>52,537</u>	<u>63,349</u>

25. Related party transactions

The company is exempt from disclosing related party transactions as they are with other companies that are wholly owned within the Group.

26. Ultimate parent undertaking and controlling party

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, Cramlington Road, Dudley, Cramlington, Northumberland, NE23 7PR.

27. Transition to FRS 102

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

No transitional adjustments were required in equity or profit or loss for the year.