

OWEN PUGH AGGREGATES LIMITED
FINANCIAL STATEMENTS
31st MARCH 2015

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COMPANIES HOUSE

OWEN PUGH AGGREGATES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors

J R Dickson
R S Armstrong

Company secretary

K A Dickie

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 2015

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

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

During the year the average number of employees was 27, the same as 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 risk is the volume of work generated by the construction industry in the North East of England, and particularly that within the economic footprint of Marsden Quarry which is restricted to Sunderland, South Tyneside, North Tyneside and South East Northumberland.

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.

OWEN PUGH AGGREGATES LIMITED

STRATEGIC REPORT *(continued)*

YEAR ENDED 31st MARCH 2015

PRICE RISKS

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

CREDIT RISKS

The company's policy is aimed at minimising losses caused by 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 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.

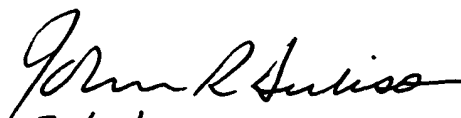
FOREIGN CURRENCY RISK

The company mitigates foreign currency fluctuation risks by securing forward contracts for the sale of foreign currency at acceptable rates at the time of order receipt.

Signed on behalf of the directors

J R Dickson

Director


30/4/15

Approved by the directors on

OWEN PUGH AGGREGATES LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31st MARCH 2015

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 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.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £306,580. 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 AGGREGATES LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31st MARCH 2015

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 30/4/15

OWEN PUGH AGGREGATES LIMITED

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

YEAR ENDED 31st MARCH 2015

We have audited the financial statements of Owen Pugh Aggregates 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 AGGREGATES LIMITED

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

YEAR ENDED 31st MARCH 2015

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.

Kat 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

2 December 2015

OWEN PUGH AGGREGATES LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31st MARCH 2015

	Note	2015 £	2014 £
TURNOVER	2	5,540,597	5,378,120
Cost of sales		<u>(4,454,894)</u>	<u>(4,553,982)</u>
GROSS PROFIT		1,085,703	824,138
Administrative expenses		<u>(725,286)</u>	<u>(655,546)</u>
Other operating income		<u>—</u>	<u>12,954</u>
OPERATING PROFIT	3	360,417	181,546
Interest payable and similar charges	5	<u>(31,673)</u>	<u>(9,771)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		328,744	171,775
Tax on profit on ordinary activities	6	<u>(22,164)</u>	<u>(33,401)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>306,580</u>	<u>138,374</u>

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 19 form part of these financial statements.

OWEN PUGH AGGREGATES LIMITED
COMPANY REGISTRATION NUMBER: 01277269
BALANCE SHEET

31st MARCH 2015

	Note	2015 £	2014 £
FIXED ASSETS			
Intangible assets	8	7,602	9,054
Tangible assets	9	<u>1,167,947</u>	<u>1,311,965</u>
		1,175,549	1,321,019
CURRENT ASSETS			
Stocks	10	193,337	193,136
Debtors	11	3,367,768	2,652,439
Cash at bank and in hand		<u>1,889,117</u>	<u>482,605</u>
		5,450,222	3,328,180
CREDITORS: Amounts falling due within one year	12	<u>(4,005,478)</u>	<u>(2,425,191)</u>
NET CURRENT ASSETS		1,444,744	902,989
TOTAL ASSETS LESS CURRENT LIABILITIES		2,620,293	2,224,008
CREDITORS: Amounts falling due after more than one year	13	(263,096)	(186,984)
PROVISIONS FOR LIABILITIES			
Deferred taxation	16	(115,481)	(101,888)
Other provisions	17	<u>(319,379)</u>	<u>(319,379)</u>
		<u>1,922,337</u>	<u>1,615,757</u>
CAPITAL AND RESERVES			
Called-up equity share capital	22	2	2
Profit and loss account	23	<u>1,922,335</u>	<u>1,615,755</u>
SHAREHOLDERS' FUNDS	24	<u>1,922,337</u>	<u>1,615,757</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 19 form part of these financial statements.

OWEN PUGH AGGREGATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2015

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.

Amortisation

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

Goodwill - 20 years straight line

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:

Freehold Property	- 40 years straight line
Plant & Machinery	- 5-10 years straight line
Fixtures & Fittings	- 3-5 years straight line
Motor Vehicles	- 5 years straight line

Stocks

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

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.

OWEN PUGH AGGREGATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2015

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

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

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

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

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

Derivative instruments

The company uses forward currency contracts to reduce exposure to foreign exchange rates. The group also uses interest rate swaps to adjust interest rate exposures.

The company considers its derivative instruments qualify for hedge accounting when certain criteria are met.

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>5,540,597</u>	<u>5,378,120</u>

OWEN PUGH AGGREGATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2015

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2015 £	2014 £
Directors' remuneration	—	—
Amortisation of intangible assets	1,452	1,441
Depreciation of owned fixed assets	218,409	125,548
Depreciation of assets held under hire purchase agreements	14,812	27,292
Loss on disposal of fixed assets	10,003	—
Profit on disposal of fixed assets	—	(12,954)
Auditor's remuneration		
- as auditor	4,000	4,500
Operating lease costs:		
- Other	57,558	32,261

4. PARTICULARS OF EMPLOYEES

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

	2015 No	2014 No
Number of management staff	8	8
Number of plant operators and drivers	19	19
	<u>27</u>	<u>27</u>

The aggregate payroll costs of the above were:

	2015 £	2014 £
Wages and salaries	802,477	771,251
Social security costs	79,871	75,981
Other pension costs	24,006	19,855
	<u>906,354</u>	<u>867,087</u>

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 £23,515 (2014 - £40,011) to the company as part of the management charge.

OWEN PUGH AGGREGATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2015

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2015	2014
	£	£
Interest payable on bank borrowing	20,274	-
Finance charges	11,399	9,771
	<u>31,673</u>	<u>9,771</u>

6. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2015	2014
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 20% (2014 - 23%)	8,571	-
Total current tax	<u>8,571</u>	-
Deferred tax:		
Origination and reversal of timing differences (note 16)		
Capital allowances	8,836	38,042
Other	<u>4,757</u>	<u>(4,641)</u>
Total deferred tax (note 16)	<u>13,593</u>	<u>33,401</u>
Tax on profit on ordinary activities	<u>22,164</u>	<u>33,401</u>

(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 20% (2014 - 23%).

	2015	2014
	£	£
Profit on ordinary activities before taxation	<u>328,744</u>	<u>171,775</u>
Profit on ordinary activities by rate of tax	65,749	39,508
Expenses not deductible for tax purposes	-	3,297
Capital allowances for period in excess of depreciation	(7,603)	(54,100)
Other short term differences	(4,758)	5,415
Group relief	(51,962)	5,880
Fixed asset differences	<u>7,145</u>	-
Total current tax (note 6(a))	<u>8,571</u>	-

OWEN PUGH AGGREGATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2015

7. DIVIDENDS

Equity dividends

	2015 £	2014 £
Paid during the year:		
Dividends on equity shares	<u>-</u>	<u>300,000</u>

The dividend paid in the prior year amounted to £150,000 per share.

8. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1st April 2014 and 31st March 2015	<u>30,000</u>
AMORTISATION	
At 1st April 2014	20,946
Charge for the year	<u>1,452</u>
At 31st March 2015	<u>22,398</u>
NET BOOK VALUE	
At 31st March 2015	<u>7,602</u>
At 31st March 2014	<u>9,054</u>

OWEN PUGH AGGREGATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2015

9. TANGIBLE FIXED ASSETS

	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST					
At 1 April 2014	663,875	1,966,735	37,235	11,020	2,678,865
Additions	–	190,001	7,203	–	197,204
Disposals	–	(353,253)	–	–	(353,253)
At 31 March 2015	663,875	1,803,483	44,438	11,020	2,522,816
DEPRECIATION					
At 1 April 2014	360,337	964,879	31,241	10,443	1,366,900
Charge for the year	44,262	184,491	4,391	77	233,221
On disposals	–	(245,252)	–	–	(245,252)
At 31 March 2015	404,599	904,118	35,632	10,520	1,354,869
NET BOOK VALUE					
At 31 March 2015	259,276	899,365	8,806	500	1,167,947
At 31 March 2014	303,538	1,001,856	5,994	577	1,311,965

Hire purchase agreements

Included within the net book value of £1,167,947 is £448,246 (2014 - £435,638) 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 £14,812 (2014 - £27,292).

10. STOCKS

	2015 £	2014 £
Stock	<u>193,337</u>	<u>193,136</u>

11. DEBTORS

	2015 £	2014 £
Trade debtors	958,132	864,398
Amounts owed by group undertakings	2,401,857	1,774,406
Prepayments and accrued income	7,779	13,635
	<u>3,367,768</u>	<u>2,652,439</u>

OWEN PUGH AGGREGATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2015

12. CREDITORS: Amounts falling due within one year

	2015	2014
	£	£
Overdrafts	1,140	—
Trade creditors	227,930	255,304
Amounts owed to group undertakings	3,289,693	1,573,960
Corporation tax	8,571	—
PAYE and social security	32,659	25,558
VAT	182,790	129,737
Hire purchase agreements	87,600	96,403
Accruals and deferred income	175,095	344,229
	<u>4,005,478</u>	<u>2,425,191</u>

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

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

	2015	2014
	£	£
Hire purchase agreements	<u>263,096</u>	<u>186,984</u>

Hire purchase agreements are secured on 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	87,600	96,403
Non-current obligations	263,096	186,984
	<u>350,696</u>	<u>283,387</u>

15. PENSIONS

The company operates defined contribution pension schemes for its salaried employees. The assets of the schemes are held separately from those of the company in independently administered funds.

The unpaid contributions outstanding at the year end are £2,016 (2014 - £3,771).

OWEN PUGH AGGREGATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2015

16. DEFERRED TAXATION

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

	2015 £	2014 £
Provision brought forward	101,888	68,487
Profit and loss account movement arising during the year	13,593	33,401
Provision carried forward	<u>115,481</u>	<u>101,888</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	115,884	107,048
Other timing differences	(403)	(5,160)
	<u>115,481</u>	<u>101,888</u>

17. OTHER PROVISIONS

	2015 £
Restoration provision:	
Balance brought forward	<u>319,379</u>

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

OWEN PUGH AGGREGATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2015

18. COMMITMENTS UNDER OPERATING LEASES

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

	2015		2014	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire:				
Within 1 year	-	506	-	-
After 1 year but within 5 years	-	25,410	-	20,534
After 5 years	14,500	-	-	-
	<u>14,500</u>	<u>25,916</u>	<u>-</u>	<u>20,534</u>

19. CONTINGENCIES

The company is party to a bank unlimited multilateral guarantee dated 18 February 2008 in relation to the bank borrowings of all group companies.

20. DERIVATIVES

The company purchases forward foreign currency contracts to hedge currency exposure on firm future commitments. The fair value of the derivatives held at the balance sheet date, determined by reference to their market values, is as follows:

	2015		2014	
	£	£	£	£
Forward foreign currency contracts		-		2,780

21. 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.

22. SHARE CAPITAL

Allotted, called up and fully paid:

	2015		2014	
	No	£	No	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

OWEN PUGH AGGREGATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2015

23. PROFIT AND LOSS ACCOUNT

	2015	2014
	£	£
Balance brought forward	1,615,755	1,777,381
Profit for the financial year	306,580	138,374
Equity dividends	—	(300,000)
Balance carried forward	<u>1,922,335</u>	<u>1,615,755</u>

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2015	2014
	£	£
Profit for the financial year	306,580	138,374
Equity dividends	—	(300,000)
Net addition/(reduction) to shareholders' funds	306,580	(161,626)
Opening shareholders' funds	<u>1,615,757</u>	<u>1,777,383</u>
Closing shareholders' funds	<u>1,922,337</u>	<u>1,615,757</u>

25. 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.