A.C.P. (Concrete) Limited

Report and Financial Statements

27 September 2014

Directors
J K Denham
P Armstrong
W Mercer
J C Nash

Secretary
P Armstrong

Auditors
Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle upon Tyne NE1 4JD

Bankers
Clydesdale Bank Plc
239 Kingstown Road
Kingstown
Carlisle
Cumbria CA3 0BQ

Solicitors
Burnetts
6 Victoria Place
Carlisle CA1 1ES

Muckle LLP
Time Central
32 Gallowgate
Newcastle Upon Tyne NE1 4BF

Registered Office
Workington Road
Flimby
Maryport
Cumbria CA15 8RY

Strategic report

Principal activity and review of the business

The company's principal activity during the year continues to be the manufacture and sale of pre-stressed concrete products.

The directors are satisfied with the results for the year.

The company's financial and other performance indicators during the year were as follows:

	2014	*2013*	*Change*
	£000	*£000*	*%*
Turnover	15,203	14,536	4.6
Profit on ordinary activities before taxation	631	447	41.2
Number of employees	127	119	6.7
Turnover per employee	119.7	122.2	(2.0)
Profit on ordinary activities before taxation per employee	5.0	3.8	31.6

The first half of the financial year was poor due to a reduction in demand over the winter months particularly for prestressed wall panels. The second half of the year proved to be much busier across all areas with increased demand for all products from both the construction and agricultural markets. There has been no conclusion on the HSE investigation into the fatality at our Workington site.

Future developments

The directors look forward to improved results in the new financial year.

Principal risks and uncertainties

The principal risks and uncertainties facing the company can be described as competitive, legislative and financial risks:

Competitive risk

The company negotiates annually with certain large customers to supply them for the following year. The success of these negotiations is uncertain and is subject to financial and performance criteria.

The company is exposed to changes in market prices of its raw materials but because of the size of the company's operations it would not be cost effective to attempt to manage this risk. However, the directors will review this policy if circumstances change.

Legislative risk

The end use for a number of the company's products is determined by building legislation. There is always the possibility that policy will change restricting the use of some products.

Financial risk

The main area of risk is that of credit risk by which one party will cause a loss for another party by failing to discharge an obligation. The company's policy is to minimise that risk by ensuring that credit terms are only granted for customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. In addition to this the company has introduced credit insurance for its debtors. Details of the company's debtors are shown in note 9 of the financial statements.

On behalf of the Board

P. Armstrong

P Armstrong

Director

3 March 2015

Registered No. 2212402

Directors' report

The directors present their report and financial statements for the year ended 27 September 2014.

Results and dividends

The profit for the year after taxation amounted to £530,741 (2013 – profit of £379,663). The directors do not recommend a final dividend (2013 – £1,000,000).

Directors

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

J K Denham
P Armstrong
W Mercer
J C Nash

W Mercer retires at the next Annual General meeting, and being eligible, offers himself for re-election.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

P. Armstrong

P Armstrong
Director
3 March 2015

Statement of directors' responsibilities

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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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Independent auditors' report

to the members of A.C.P. (Concrete) Limited

We have audited the financial statements of A.C.P. (Concrete) Limited for the year ended 27 September 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 17. 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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 members 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 page 4, 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 Report and Financial Statements 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 the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 27 September 2014 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.

Building a better working world

Independent auditors' report

to the members of A.C.P. (Concrete) Limited

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.

Darren Rutherford (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne

3 March 2015

Profit and loss account

for the year ended 27 September 2014

	Notes	2014 £	2013 £
Turnover	2	15,202,900	14,536,486
Cost of sales		10,979,560	10,693,787
Gross profit		4,223,340	3,842,699
Distribution costs		1,826,190	1,800,167
Administrative expenses		1,820,880	1,681,730
		3,647,070	3,481,897
		576,270	360,802
Other operating income		47,860	62,294
Operating profit	3	624,130	423,096
Interest receivable and similar income		7,365	23,838
Profit on ordinary activities before taxation		631,495	446,934
Tax	6	100,754	67,271
Profit for the financial year	12	530,741	379,663

All amounts relate to continuing activities.

Statement of total recognised gains and losses

for the year ended 27 September 2014

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £530,741 for the year ended 27 September 2014 (2013 – profit of £379,663).

Balance sheet

at 27 September 2014

	Notes	2014 £	2013 £
Fixed assets			
Tangible assets	7	829,420	1,057,572
Current assets			
Stocks	8	1,560,554	1,403,388
Debtors	9	3,873,952	4,412,242
Cash at bank and in hand		1,736,321	–
		7,170,827	5,815,630
Creditors: amounts falling due within one year	10	3,576,871	2,980,567
Net current assets		3,593,956	2,835,063
Total assets less current liabilities		4,423,376	3,892,635
Capital and reserves			
Called up share capital	11	10,000	10,000
Profit and loss account	12	4,413,376	3,882,635
Shareholders' funds	12	4,423,376	3,892,635

The financial statements were approved and authorised for issue by the Board of Directors on 3 March 2015 and were signed on the Board's behalf by:

J K Denham

Director

Notes to the financial statements

at 27 September 2014

1. Accounting policies

Basis of preparation

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

Statement of cash flows

The company has not prepared a statement of cash flows as it is exempt under FRS 1 as a wholly owned subsidiary undertaking of Thomas Armstrong (Holdings) Limited, which includes a group statement of cash flows in its group financial statements.

Tangible fixed assets

Depreciation is provided on all tangible fixed assets, other than leasehold land, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Leasehold buildings	–	10% per annum straight-line
Plant and machinery, fixtures, fittings and equipment, motor vehicles	–	at rates varying between 25% per annum reducing balance and 10%-50% per annum straight-line.

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value as follows:

Raw materials and consumables	–	Purchase cost on a first-in, first-out basis.
Finished goods	–	Cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred taxation 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 exception:

- Deferred taxation 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 taxation 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.

Lease and hire purchase commitments

Assets held under finance leases are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight-line basis over the lease term.

Pensions

The company belongs to a group money purchase pension scheme which requires contributions to be made to an independently administered fund. Contributions to the fund are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Notes to the financial statements

at 27 September 2014

2. Turnover

Turnover represents the amounts invoiced by the company in respect of goods and services, stated net of value added tax. Turnover and profit before tax, all of which arose in the United Kingdom, are attributable to the manufacture and sale of pre-cast concrete products, which are continuing.

3. Operating profit

This is stated after charging/(crediting):

	2014	*2013*
	£	*£*
Auditors' remuneration	11,750	11,750
Depreciation of owned fixed assets	330,767	355,985
Profit on sale of tangible fixed assets	(15,645)	(4,258)

Auditor's remuneration received in respect of non-audit services is disclosed and analysed in the parent undertaking's group financial statements.

4. Directors' remuneration

	2014	*2013*
	£	*£*
Remuneration (salaries and fees)	112,296	107,204
Estimated benefits in kind	17,566	17,499
Contributions to defined contribution pension scheme	14,248	13,058
	144,110	137,761

Certain directors are paid by the ultimate parent undertaking for their services to the entire group. The company is charged a management charge of £81,848 (2013 – £81,848) for services provided to it by its ultimate parent undertaking. The directors do not consider they can accurately apportion this management charge between the element for directors' remuneration and other services provided.

At 27 September 2014 there were 3 directors (2013 – 3) participating in a group defined contribution pension scheme.

Notes to the financial statements

at 27 September 2014

5. Staff costs

	2014	2013
	£	£
Wages and salaries	2,662,612	2,429,919
Social security costs	218,055	210,345
Other pension costs	85,901	110,901
	2,966,568	2,751,165

The average monthly number of employees during the year was made up as follows:

	No.	No.
Office and management	35	37
Production	92	82
	127	119

6. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2014	2013
	£	£
Current tax:		
UK corporation tax on the profit for the year	121,853	76,604
Tax charge provided in previous periods	(24,906)	(2,261)
Total current tax (note 6(b))	96,947	74,343
Deferred tax:		
Origination and reversal of timing differences (note 6(c))	3,807	(7,072)
Tax on profit on ordinary activities	100,754	67,271

Notes to the financial statements

at 27 September 2014

6. Tax (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 22% (2013 – 23.5%). The differences are explained below:

	2014	*2013*
	£	*£*
Profit on ordinary activities before tax	631,495	446,934
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22% (2013 – 23.5%)	138,929	105,029
Effects of:		
Disallowed expenses and non-taxable income	645	(2,129)
Capital allowances less than depreciation	19,905	13,807
Adjustments in respect of previous periods	(24,906)	(2,261)
Differential tax rate	1,974	3,697
Other timing differences	-	(1,500)
Adjustment re: imputed rent	(39,600)	(42,300)
Current tax for the year (note 6(a))	96,947	74,343

(c) Deferred tax

The deferred tax asset included in the balance sheet is made up as follows:

	2014	*2013*
	£	*£*
Decelerated capital allowances	45,762	49,569
	45,762	49,569

	£
At 29 September 2013	49,569
Charge to profit and loss account	(3,807)
At 27 September 2014	45,762

The company has recognised its deferred tax asset as the directors believe there is sufficient certainty over the level of future taxable profits against which the deferred tax asset can be utilised.

Notes to the financial statements

at 27 September 2014

6. Tax (continued)

(d) Factors that may affect future tax charges

The standard rate of UK corporation tax reduced from 23% to 21% from 1 April 2014. A hybrid rate of 22% therefore applies to the current tax charge arising during the period ended 27 September 2014. A reduction in the UK corporation tax rate to 20% effective from 1 April 2015 was substantively enacted on 2 July 2013. A rate of 20% has therefore been applied to the deferred tax assets at the balance sheet date.

7. Tangible fixed assets

	Leasehold land and buildings	*Fixtures, fittings, equipment*	*Motor vehicles*	*Leased plant and machinery*	*Plant and machinery*	*Total*
	£	*£*	*£*	*£*	*£*	*£*
Cost:						
At 29 September 2013	183,244	71,383	140,507	51,902	4,635,848	5,082,884
Additions	5,250	16,084	49,578	-	31,709	102,621
Disposals	-	-	(63,287)	-	-	(63,287)
At 27 September 2014	188,494	87,467	126,798	51,902	4,667,557	5,122,218
Depreciation:						
At 29 September 2013	101,839	52,644	78,971	51,899	3,739,959	4,025,312
Charge for year	2,930	4,921	40,799	-	282,117	330,767
Disposals	-	-	(63,281)	-	-	(63,281)
At 27 September 2014	104,769	57,565	56,489	51,899	4,022,076	4,292,798
Net book value:						
At 27 September 2014	83,725	29,902	70,309	3	645,481	829,420
At 29 September 2013	81,405	18,739	61,536	3	895,889	1,057,572

8. Stocks

	2014	*2013*
	£	*£*
Raw materials and consumables	376,397	451,026
Finished goods	1,184,157	952,362
	1,560,554	1,403,388

Notes to the financial statements

at 27 September 2014

9. Debtors

	2014	*2013*
	£	*£*
Trade debtors	3,508,263	3,931,637
Prepayments and accrued income	103,722	308,241
Amounts owed by fellow subsidiary undertakings	108,342	107,518
Amounts owed by ultimate parent undertaking	107,863	15,277
Deferred tax asset (note 6(c))	45,762	49,569
	3,873,952	4,412,242

10. Creditors: amounts falling due within one year

	2014	*2013*
	£	*£*
Bank overdraft	-	219,632
Trade creditors	1,593,736	1,141,114
Amounts owed to ultimate parent undertaking	543,665	478,960
Amounts owed to fellow subsidiary undertakings	403,864	266,713
Other taxes and social security costs	240,465	365,725
Accruals	693,638	452,169
Corporation tax	101,503	56,254
	3,576,871	2,980,567

11. Issued share capital

		2014		*2013*
Allotted, called up and fully paid	*No.*	*£*	*No.*	*£*
Ordinary shares of £1 each	10,000	10,000	10,000	10,000

Notes to the financial statements

at 27 September 2014

12. Reconciliation of shareholders' funds and movements on reserves

	Share capital	*Profit and loss account*	*Total share-holders' funds*
	£	£	£
At 30 September 2012	10,000	4,502,972	4,512,972
Profit for the year	-	379,663	379,663
Dividend paid in the year	-	(1,000,000)	(1,000,000)
At 29 September 2013	10,000	3,882,635	3,892,635
Profit for the year	-	530,741	530,741
At 27 September 2014	10,000	4,413,376	4,423,376

13. Capital commitments

	2014	*2013*
	£	£
Authorised and contracted	30,952	-

14. Pensions

The company belongs to a group money purchase pension scheme which is funded by the payment of contributions to an independently administered fund.

15. Contingent liabilities

The company has given the bank an unlimited guarantee in connection with Thomas Armstrong (Holdings) Limited group bank borrowings.

16. Related party transactions

The company has taken advantage of the exemption conferred by FRS 8 from disclosing transactions with related parties that are part of the Thomas Armstrong (Holdings) Limited group of companies on the grounds that it is a wholly owned subsidiary undertaking of that company.

17. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is Thomas Armstrong (Holdings) Limited, a company registered in England and Wales. The parent undertaking of the group of undertakings for which group financial statements are drawn up and of which the company is a member of Thomas Armstrong (Holdings) Limited. Copies of Thomas Armstrong (Holdings) Limited's financial statements can be obtained from Companies House in Cardiff.