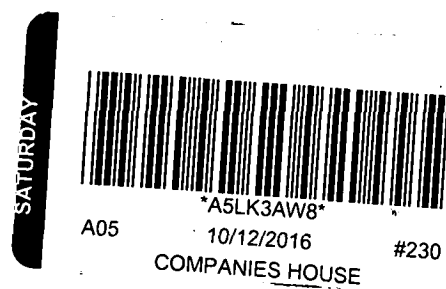


OWEN PUGH PROPERTIES LIMITED
Financial Statements
31st March 2016



OWEN PUGH PROPERTIES LIMITED

Financial Statements

Year ended 31st March 2016

Contents	Pages
Officers and professional advisers	1
Directors' report	2 to 3
Independent auditor's report to the shareholders	4 to 5
Statement of comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Notes to the financial statements	9 to 17
The following pages do not form part of the financial statements	
Detailed income statement	19
Notes to the detailed income statement	20

OWEN PUGH PROPERTIES 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 PROPERTIES 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 on 1 April 2016.

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.

Principal activity

The company holds the property interests of the trading companies in the Owen Pugh Group. It receives rental income for each of these properties which covers the cost of managing the property portfolio.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 PROPERTIES 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.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

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 PROPERTIES LIMITED

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

Year ended 31st March 2016

We have audited the financial statements of Owen Pugh Properties Limited for the year ended 31st March 2016, on pages 6 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), 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 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

OWEN PUGH PROPERTIES LIMITED


Independent Auditor's Report to the Shareholders of Owen Pugh Properties 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; and
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.



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 PROPERTIES LIMITED

Statement of Comprehensive Income

Year ended 31st March 2016

	Note	2016 £	2015 £
Turnover	4	467,164	462,702
Gross profit		<u>467,164</u>	<u>462,702</u>
Administrative expenses		(317,632)	(317,313)
Investment property fair value adjustment		<u>215,000</u>	<u>(6,594)</u>
Operating profit	5	364,532	138,795
Interest payable and similar charges	7	—	(54)
Profit on ordinary activities before taxation		<u>364,532</u>	<u>138,741</u>
Tax on profit on ordinary activities	8	(27,647)	(5,219)
Profit for the financial year and total comprehensive income		<u>336,885</u>	<u>133,522</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 9 to 17 form part of these financial statements.

OWEN PUGH PROPERTIES LIMITED


Statement of Financial Position

31st March 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	10	3,344,265	3,146,697
Current assets			
Debtors	11	5,414	425,967
Creditors: amounts falling due within one year	12	<u>(2,679,485)</u>	<u>(2,767,002)</u>
Net current liabilities		<u>(2,674,071)</u>	<u>(2,341,035)</u>
Total assets less current liabilities		<u>670,194</u>	<u>805,662</u>
Provisions			
Taxation including deferred tax	14	<u>(43,229)</u>	<u>(15,582)</u>
Net assets		<u>626,965</u>	<u>790,080</u>
Capital and reserves			
Called up share capital	15	1	1
Revaluation reserve	16	414,024	199,024
Profit and loss account	16	212,940	591,055
Shareholders funds		<u>626,965</u>	<u>790,080</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

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: 06252475

The notes on pages 9 to 17 form part of these financial statements.

OWEN PUGH PROPERTIES LIMITED

Statement of Changes in Equity

Year ended 31st March 2016

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1st April 2014	1	303,192	353,365	656,558
Profit for the year			133,522	133,522
Other comprehensive income for the year:				
Reclassification from revaluation reserve to profit and loss account	—	(104,168)	104,168	—
Total comprehensive income for the year	—	(104,168)	237,690	133,522
At 31st March 2015	1	199,024	591,055	790,080
Profit for the year			336,885	336,885
Other comprehensive income for the year:				
Reclassification from revaluation reserve to profit and loss account	—	215,000	(215,000)	—
Total comprehensive income for the year	—	215,000	121,885	336,885
Dividends paid and payable	9	—	(500,000)	(500,000)
Total investments by and distributions to owners	—	—	(500,000)	(500,000)
At 31st March 2016	1	414,024	212,940	626,965

The notes on pages 9 to 17 form part of these financial statements.

OWEN PUGH PROPERTIES LIMITED


Notes to the Financial Statements

Year ended 31st March 2016

1. Statement of compliance

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

The entity is a limited company incorporated within 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 on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

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 21.

OWEN PUGH PROPERTIES 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 £22,628.

Revenue recognition

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 business. The turnover, all of which arose in the United Kingdom, and pre-tax profit are attributable to the rental income from fellow group undertakings.

Year ended 31st March 2016

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.

OWEN PUGH PROPERTIES LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

3. Accounting policies *(continued)*

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.

Investment properties

Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure.

Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in profit or loss.

If a reliable measure of fair value is no longer available without undue cost or effort for an item of investment property, it shall be transferred to tangible assets and treated as such until it is expected that fair value will be reliably measurable on an on-going basis.

4. Turnover

Turnover arises from:

	2016 £	2015 £
Rental income	<u>467,164</u>	<u>462,702</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 £
Depreciation of tangible assets	22,628	43,352
Loss on disposal of tangible assets	104	—
Investment property fair value adjustment	<u>215,000</u>	<u>(6,594)</u>

6. Auditor's remuneration

	2016 £	2015 £
Fees payable for the audit of the financial statements	<u>1,092</u>	<u>1,800</u>

7. Interest payable and similar charges

	2016 £	2015 £
Interest on bank loans and overdrafts	<u>—</u>	<u>54</u>

OWEN PUGH PROPERTIES LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

8. Tax on profit on ordinary activities

Major components of tax expense

	2016 £	2015 £
Current tax:		
UK current tax expense	–	8,571
Adjustments in respect of prior periods	–	2,659
Total current tax	<u>–</u>	<u>11,230</u>
Deferred tax:		
Origination and reversal of timing differences	27,647	(6,011)
Tax on profit on ordinary activities	<u>27,647</u>	<u>5,219</u>

Reconciliation of tax 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	364,532	138,741
Profit on ordinary activities by rate of tax	72,907	27,748
Adjustment to tax charge in respect of prior periods	–	2,659
Effect of expenses not deductible for tax purposes	3,211	1,675
Effect of capital allowances and depreciation	1,501	(6,291)
Effect of revenue exempt from tax	(43,000)	–
Effect of different UK tax rates on some earnings	(4,803)	–
Group relief surrendered/ (claimed)	(34,636)	(28,633)
Chargeable gains/(losses)	32,467	8,061
Tax on profit on ordinary activities	<u>27,647</u>	<u>5,219</u>

9. Dividends

	2016 £	2015 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>500,000</u>	<u>–</u>

Dividends paid of £500,000 (2015 - £nil) in the year amount to £500,000 (2015 - £nil) per ordinary share.

OWEN PUGH PROPERTIES LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

10. Tangible assets

	Investment property £	Fixtures and fittings £	Total £
Cost			
At 1st April 2015	3,085,000	141,142	3,226,142
Additions	—	5,300	5,300
Disposals	—	(12,084)	(12,084)
Revaluations	215,000	—	215,000
At 31st March 2016	3,300,000	134,358	3,434,358
Depreciation			
At 1st April 2015	—	79,445	79,445
Charge for the year	—	22,628	22,628
Disposals	—	(11,980)	(11,980)
At 31st March 2016	—	90,093	90,093
Carrying amount			
At 31st March 2016	3,300,000	44,265	3,344,265
At 31st March 2015	3,085,000	61,697	3,146,697

Tangible assets held at valuation

In respect of tangible assets held at valuation, the comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

	Investment property £
At 31st March 2016	2,878,002
At 31st March 2015	2,878,002

11. Debtors

	2016 £	2015 £
Amounts owed by group undertakings and undertakings in which the company has a participating interest	—	413,598
Other debtors	5,414	12,369
	5,414	425,967

OWEN PUGH PROPERTIES LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

12. Creditors: amounts falling due within one year

	2016 £	2015 £
Amounts owed to group undertakings and undertakings in which the company has a participating interest	2,662,442	2,724,834
Corporation tax	–	8,571
Other creditors	17,043	33,597
	<u>2,679,485</u>	<u>2,767,002</u>

13. Deferred tax

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

	2016 £	2015 £
Included in provisions (note 14)	<u>43,229</u>	<u>15,582</u>

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

	2016 £	2015 £
Accelerated capital allowances	<u>43,229</u>	<u>15,582</u>

The net deferred tax liability expected to reverse in 2016/17 is £37,634. This relates to the reversal of timing differences on capital allowances.

14. Provisions

	Deferred tax (note 13) £
At 1st April 2015	15,582
Chargeable gains movement	28,414
Charge against provision	(767)
At 31st March 2016	<u>43,229</u>

15. Called up share capital

Issued, called up and fully paid

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

OWEN PUGH PROPERTIES LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

16. Reserves

Revaluation reserve - This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

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

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

17. Operating leases

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

	2016	2015
	£	£
Not later than 1 year	16,404	17,304
Later than 1 year and not later than 5 years	171,675	52,617
Later than 5 years	48,848	5,202
	<u>236,927</u>	<u>75,123</u>

18. 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.

19. 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.

20. Ultimate parent undertaking and controlling party

The company's immediate and ultimate parent undertaking and controlling part 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.

21. 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.

OWEN PUGH PROPERTIES LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

21. Transition to FRS 102 *(continued)*

Reconciliation of equity

	1st April 2014			31st March 2015		
	As previously stated £	Effect of transition £	FRS 102 (as restated) £	As previously stated £	Effect of FRS 102 (as transition £	restated) £
Fixed assets	2,775,184	688,215	3,463,399	2,557,947	588,750	3,146,697
Current assets	310,856	–	310,856	425,967	–	425,967
Creditors: amounts falling due within one year	(3,096,104)	–	(3,096,104)	(2,767,002)	–	(2,767,002)
Net current liabilities	(2,785,248)	–	(2,785,248)	(2,341,035)	–	(2,341,035)
Total assets less current liabilities	(10,064)	688,215	678,151	216,912	588,750	805,662
Provisions	(7,678)	(13,915)	(21,593)	(7,521)	(8,061)	(15,582)
Net assets	(17,742)	674,300	656,558	209,391	580,689	790,080
Capital and reserves	(17,742)	674,300	656,558	209,391	580,689	790,080

Reconciliation of profit or loss for the year

	Year ended 31st March 2015		
	As previously stated £	Effect of FRS 102 (as transition £	restated) £
Turnover	462,702	–	462,702
Administrative expenses	(224,436)	(92,877)	(317,313)
Investment property fair value adjustment	–	(6,594)	(6,594)
Operating profit	238,266	(99,471)	138,795
Interest payable and similar charges	(54)	–	(54)
Tax on profit on ordinary activities	(11,073)	5,854	(5,219)
Profit for the financial year	227,139	(93,617)	133,522

On transition to FRS 102 the company's properties have been restated to their fair values as provided by an independent third party qualified valuer. Deferred tax balances relating to the revaluations have been recognised.