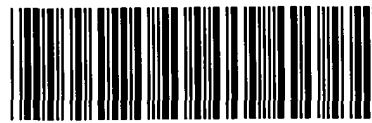


Financial Statements

CORMAC Contracting Limited

For the year ended 31 March 2015

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COMPANIES HOUSE

Registered number: 07737521

Company Information

| | |
|----------------------------|--|
| Directors | Mr R M Ashman Mr D J Bostock Mr M A Crich (resigned 1 May 2014) Mr A H Hooper Mr C Jarvis Mr J G Keohane Mr J P Masters (appointed 1 May 2014) |
| Company secretary | Ms T A Woodhams |
| Registered number | 07737521 |
| Registered office | Cornwall Council Legal Service New County Hall Treyew Road Truro Cornwall TR1 3AY |
| Independent auditor | Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Hartwell House 55-61 Victoria Street Bristol BS1 6FT |

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Directors' Report

For the year ended 31 March 2015

The directors present their report and the financial statements for the year ended 31 March 2015.

Statement of Directors' Responsibilities for the Annual Report and Financial Statements

The directors are responsible for preparing the Strategic report, 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 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 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.

Principal activities

CORMAC Contracting Limited delivers construction and civil engineering solutions and schemes including highway infrastructure, land remediation, building construction and refurbishment.

Directors

The directors who served during the year were:

Mr R M Ashman
Mr D J Bostock
Mr M A Crich (resigned 1 May 2014)
Mr A H Hooper
Mr C Jarvis
Mr J G Keohane
Mr J P Masters (appointed 1 May 2014)

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

CORMAC Contracting Limited

Directors' Report

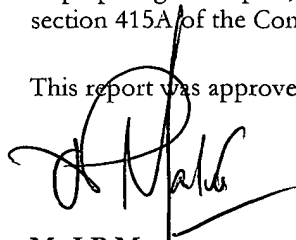
For the year ended 31 March 2015

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

A handwritten signature in black ink, appearing to read 'J P Masters', is written over the text of the approval statement.

Mr J P Masters
Chairman

Date: 13 August 2015

Strategic Report

For the year ended 31 March 2015

Business review

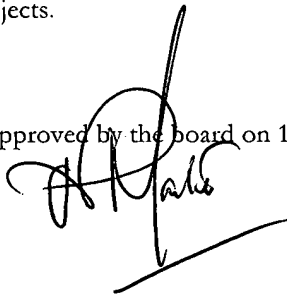
CORMAC Contracting delivered a strong turnover performance in 2014/15 with growth versus the previous year of £11.5m from £6.85m in 13/14 to £18.3m in 14/15. The company commenced three large construction projects (>£6m) within 2014/15 with completion dates all in the first half of 2015/16.

Profitability in 2014/15 was £236k (1.3% of T/O) and compares against £145k in 2013/14 (2.1%). The reduction in profit margin from the prior year can be explained through provisioned risk on the large partially complete projects.

The business is looking to build on its success in 2014/15 through the delivery of a strong pipeline of construction and surfacing projects.

This report was approved by the board on 13 August 2015 and signed on its behalf.

Mr J P Masters
Chairman

A handwritten signature in black ink, appearing to read 'J P Masters', is written over the printed name and title. The signature is fluid and cursive, with a long horizontal stroke extending to the right.



Independent Auditor's Report to the Members of CORMAC Contracting Limited

We have audited the financial statements of CORMAC Contracting Limited for the year ended 31 March 2015, which comprise the Profit and loss account, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 31 March 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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.



Independent Auditor's Report to the Members of CORMAC Contracting 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.

Grant Thornton UK LLP

John Golding (Senior Statutory Auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Bristol

20 August 2015

Profit and Loss Account

For the year ended 31 March 2015

| | Note | 2015 £000 | 2014 £000 |
|--|------|-------------------|-------------------|
| Turnover | 1 | 18,289 | 6,845 |
| Cost of sales | | <u>(17,637)</u> | <u>(6,694)</u> |
| Gross profit | | 652 | 151 |
| Administrative expenses | | <u>(416)</u> | <u>(6)</u> |
| Operating profit | 2 | 236 | 145 |
| Interest receivable and similar income | | 5 | 13 |
| Interest payable and similar charges | | <u>(4)</u> | <u>-</u> |
| Profit on ordinary activities before taxation | | 237 | 158 |
| Tax on profit on ordinary activities | 4 | <u>(35)</u> | <u>(39)</u> |
| Profit for the financial year | 10 | <u><u>202</u></u> | <u><u>119</u></u> |

The notes on pages 8 to 11 form part of these financial statements.

Balance Sheet

As at 31 March 2015

| | Note | £000 | 2015 £000 | 2014 £000 |
|---|------|----------------|-------------------|-------------------|
| Fixed assets | | | | |
| Tangible assets | 5 | | 129 | 138 |
| Current assets | | | | |
| Debtors | 6 | 9,101 | | 1,905 |
| Cash at bank | | 203 | | 1,124 |
| | | <u>9,304</u> | | <u>3,029</u> |
| Creditors: amounts falling due within one year | 7 | <u>(9,077)</u> | | <u>(2,864)</u> |
| Net current assets | | | <u>227</u> | <u>165</u> |
| Total assets less current liabilities | | | <u>356</u> | <u>303</u> |
| Provisions for liabilities | | | | |
| Other provisions | 8 | | <u>(44)</u> | <u>(163)</u> |
| Net assets | | | <u><u>312</u></u> | <u><u>140</u></u> |
| Capital and reserves | | | | |
| Called up share capital | 9 | | - | - |
| Profit and loss account | 10 | | <u>312</u> | <u>140</u> |
| Shareholders' funds | | | <u><u>312</u></u> | <u><u>140</u></u> |

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 August 2015.


Mr J P Masters

The notes on pages 8 to 11 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 March 2015

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | |
|-------------------|----------------------|
| Plant & machinery | - 6.6% straight line |
|-------------------|----------------------|

1.4 Taxation

The company is subject to corporation tax and VAT in the same way as any commercial organisation. The Company has a group registration for VAT with CORMAC Solutions Limited.

1.5 Going Concern

The activities of the Company, together with the factors likely to affect its future development and performance are set out in the Director's annual review. The financial position of the Company, its cashflow, assets and liabilities are described in the Financial Statements and accompanying Notes.

Accordingly the Company has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

1.6 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event. It is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Notes to the Financial Statements

For the year ended 31 March 2015

2. Operating profit

The operating profit is stated after charging:

| | 2015 £000 | 2014 £000 |
|--|--------------|--------------|
| Depreciation of tangible fixed assets: | | |
| - owned by the company | 9 | - |
| Auditor's remuneration | 11 | 6 |
| | <u>20</u> | <u>6</u> |

During the year, no director received any emoluments (2014 - £NIL).

3. Directors' remuneration

The executive directors of CORMAC Contracting Limited (CCL) are remunerated by CORMAC Solutions Limited (CSL) and a proportionate element of their costs are invoiced by CSL to CCL as part of an overall management charge.

4. Taxation

| | 2015 £000 | 2014 £000 |
|--|--------------|--------------|
| Analysis of tax charge in the year | | |
| UK corporation tax charge on profit for the year | 35 | 30 |
| Adjustments in respect of prior periods | - | 9 |
| | <u>35</u> | <u>39</u> |
| Tax on profit on ordinary activities | <u>35</u> | <u>39</u> |

5. Tangible fixed assets

| | Plant & machinery £000 |
|-----------------------------------|------------------------------|
| Cost | |
| At 1 April 2014 and 31 March 2015 | 138 |
| Depreciation | |
| Charge for the year | 9 |
| At 31 March 2015 | 9 |
| Net book value | |
| At 31 March 2015 | 129 |
| At 31 March 2014 | 138 |

Notes to the Financial Statements

For the year ended 31 March 2015

6. Debtors

| | 2015 £000 | 2014 £000 |
|------------------------------------|--------------|--------------|
| Trade debtors | 3,552 | 1,367 |
| Amounts owed by group undertakings | 5,314 | - |
| Other taxation and social security | 26 | 26 |
| Other debtors | 209 | 512 |
| | <u>9,101</u> | <u>1,905</u> |

Included within debtors are amounts owed by related party undertakings of £7,973,000 (2014: £561,000)

**7. Creditors:
Amounts falling due within one year**

| | 2015 £000 | 2014 £000 |
|------------------------------------|--------------|--------------|
| Trade creditors | 3,975 | 337 |
| Amounts owed to group undertakings | 2,500 | - |
| Corporation tax | - | 30 |
| Other taxation and social security | 372 | 413 |
| Other creditors | 2,230 | 2,084 |
| | <u>9,077</u> | <u>2,864</u> |

Included within the creditors above are amounts owed to related party undertakings of £7,154,000 (2014: £2,082,000)

8. Provisions

| | Remedial works £000 |
|------------------|---------------------------|
| At 1 April 2014 | 163 |
| Amounts used | (119) |
| At 31 March 2015 | <u>44</u> |

Provision for Remedial Works

A provision has been established to anticipate that there will be a requirement to undertake remedial works some time after the completion of the work.

9. Share capital

| | 2015 £000 | 2014 £000 |
|------------------------------------|--------------|--------------|
| Allotted, called up and fully paid | | |
| 1 Ordinary share of £1 | <u>-</u> | <u>-</u> |

Notes to the Financial Statements

For the year ended 31 March 2015

10. Reserves

| | Profit and loss account £000 |
|-------------------------------|------------------------------------|
| At 1 April 2014 | 140 |
| Profit for the financial year | 202 |
| Dividends: Equity capital | (30) |
| At 31 March 2015 | <u>312</u> |

11. Dividends

| | 2015 £000 | 2014 £000 |
|----------------------------------|--------------|--------------|
| Dividends paid on equity capital | <u>30</u> | <u>-</u> |

12. Related party trading

The company has taken advantage of the exemption in Financial Reporting Standard No 8 'Related Party Disclosures' from the requirement to disclose transactions with group entities on the grounds that all entities are wholly owned members of the group.

13. Ultimate parent undertaking and controlling party

Cornwall Council, the direct parent undertaking, is considered the ultimate controlling party due to its 100% shareholding of the company.