

Company Registration No. 00579506

**THOMPSONS OF PRUDHOE HOLDING
LTD**

Annual Report and Financial Statements

For the year ended 31 March 2014

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

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THOMPSONS OF PRUDHOE HOLDING LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J Thompson
J Thompson (Jnr)
H M Hillary

COMPANY SECRETARY

J Thompson

REGISTERED OFFICE

Princess Way
Low Prudhoe
Northumberland
NE42 6PL

BANKERS

Barclays Bank plc
71 Grey Street
Newcastle upon Tyne
NE1 6EF

SOLICITORS

Sintons LLP
The Cube
Barrack Road
Newcastle upon Tyne
NE4 6DB

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Newcastle upon Tyne
United Kingdom

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

The principal activities of the group during the year continue to be earthworks and quarrying (including bulk excavation, demolition, waste disposal, and recycling). The principal activity of the company remains that of a holding company.

The subsidiary undertakings principally affecting the profits and losses or net assets of the group in the year are listed in note 10 to the financial statements.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The group is reporting profits before tax of £871,306 (2013: £359,576). The group uses the following key performance indicators (KPIs) to monitor and assess performance.

- Revenue growth – During the year the group has seen an increase in turnover of £3.97m to £27.41m (17%), driven by additional demand across the group and reflected in higher contract activity.
- Gross profit as % of sales – 31% (2013: 34%) reflecting the mix of sales and contracts undertaken in the year.
- Net assets – £9,459,804 (2013: £10,353,096). The reduction in net assets follows a £1.5m bonus issue of preference shares in the current year, which are held within non current liabilities. Other movements comprise profits in the year and dividends of £150,000. The balance sheet position, including the financing facilities and cash resources available, is considered adequate for the needs of the company in the foreseeable future.

Overall, it is considered that due to careful management in previous years, the company has been well positioned to handle the demands of the upturn in business during the current year. The directors are satisfied with the results for the year & the end of year balance sheet position.

The directors have considered the current resources available and supplemented them with orders for new equipment after the year end. In doing so they believe that they continue to be in a strong position to compete for future contracts ensuring that the successful progress made by the company in the current year can be built upon.

PRICIPAL RISKS & UNCERTAINTIES

The group operates in a highly competitive market. In order to maintain its market share and minimise the risk of market penetration from competitors, the group prides itself on the efficient service it provides to customers. This is delivered by a loyal and experienced workforce. Management continues to explore different avenues of business development, delivering further efficiencies in the services provided and exploring opportunitis in new locations.

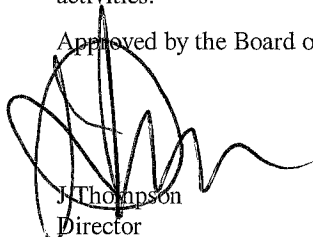
The group operates within a range of regulatory requirements covering environmental matters regarding quarrying, waste management and recycling, health and safety, and transport. A continuous programme of training is in place to ensure that our standards of compliance are at all times at least in line with current legislation.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance. The group is financed by a variable rate overdraft which is exposed to movements in interest rates, fixed rate HP/lease finance on asset purchases and an interest free loan from J Thompson (director). The directors do not deem interest rate risk to be significant to the business given the level of financing in place.

ENVIRONMENT

The company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the company's activities.

Approved by the Board of Directors and signed on behalf of the Board by:



J. Thompson
Director

19 December 2014

DIRECTORS' REPORT

The directors present their annual report on the affairs of the Group and company together with the audited financial statements and auditor's report for the year ended 31 March 2014.

The strategic report sets out the principal activities of the Group and company along with its future prospects and principal risks and uncertainties.

The directors' assessment of whether the company is a going concern has been disclosed within note 1 of the financial statements.

RESULTS AND DIVIDENDS

The audited financial statements for the year ended 31 March 2014 are set out on pages 7 to 23.

The directors paid a dividend of £150,000 during the year (2013: £250,000) and the profit for the year of £756,708 (2013: £308,094) has been transferred to reserves.

In the current year, ordinary share capital was increased from 1,500 ordinary shares, to 1,500,000 ordinary shares of £1 each. Furthermore, 1,500,000 preference shares of £1 each were issued. Both were bonus issues, funded by the profit and loss reserves. £800,000 in dividends were received from subsidiary undertakings in the current year. This dividend income is included in current year company only revenue.

DIRECTORS

The directors who served during the year were as follows:

J Thompson
J Thompson Jnr
H M Hillary

AUDITOR

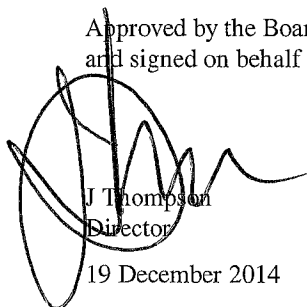
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all the 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.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors on
and signed on behalf of the Board



J Thompson
Director
19 December 2014

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual 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 group and of the profit or loss of the group 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 accounting 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THOMPSONS OF PRUDHOE HOLDING LTD

We have audited the financial statements of Thompsons of Prudhoe Holding Ltd for the year ended 31 March 2014 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 24. 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, 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 group's and the parent 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 annual 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 group's and of the parent company's affairs as at 31 March 2014 and of the group's 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THOMPSONS OF PRUDHOE HOLDING LTD (CONTINUED)

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Paul Feechan (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Newcastle upon Tyne, United Kingdom
19 December 2014

THOMPSONS OF PRUDHOE HOLDING LTD

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2014

	Note	2014 £	2013 £
TURNOVER	2	27,408,916	23,442,629
Cost of sales		<u>(19,029,929)</u>	<u>(15,447,353)</u>
GROSS PROFIT		8,378,987	7,995,276
Other operating expenses (net)		<u>(7,440,383)</u>	<u>(7,572,753)</u>
OPERATING PROFIT		938,604	422,523
Finance charges (net)	3	<u>(67,298)</u>	<u>(62,947)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	871,306	359,576
Tax charge on profit on ordinary activities	7	<u>(114,598)</u>	<u>(51,482)</u>
PROFIT FOR THE FINANCIAL YEAR	18	<u><u>756,708</u></u>	<u><u>308,094</u></u>

All of the company's activities relate to continuing operations.

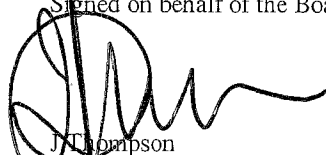
There were no recognised gains and losses in either the current or the preceding year other than those shown in the profit and loss account above. Accordingly, no separate statement of total recognised gains and losses has been presented.

CONSOLIDATED BALANCE SHEET
As at 31 March 2014

	Note	2014 £	2013 £
FIXED ASSETS			
Goodwill	8	50,387	54,263
Tangible assets	9	10,657,819	10,205,012
		<u>10,708,206</u>	<u>10,259,275</u>
CURRENT ASSETS			
Stock	11	422,407	382,118
Debtors			
- amounts falling due within one year	12	7,368,958	6,717,053
- amounts falling due after more than one year	12	213,031	219,316
Cash at bank and in hand		867,308	1,005,062
		<u>8,871,704</u>	<u>8,323,549</u>
CREDITORS: amounts falling due within one year	13	<u>(6,540,349)</u>	<u>(5,948,018)</u>
NET CURRENT ASSETS		<u>2,331,355</u>	<u>2,375,531</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		13,039,561	12,634,806
CREDITORS: amounts falling due after more than one year	14	(2,541,580)	(1,109,122)
PROVISIONS FOR LIABILITIES AND CHARGES	16	<u>(1,038,177)</u>	<u>(1,172,588)</u>
NET ASSETS		<u>9,459,804</u>	<u>10,353,096</u>
CAPITAL AND RESERVES			
Called-up share capital	17	1,500,000	1,500
Capital reserve	18	2,166,338	2,166,338
Capital redemption reserve	18	1,500	1,500
Profit and loss account	18	5,791,966	8,183,758
SHAREHOLDERS' FUNDS	19	<u>9,459,804</u>	<u>10,353,096</u>

The financial statements of Thompsons of Prudhoe Holding Limited, (registered number 00579506), were approved by the Board of Directors and authorised for issue on 19 December 2014.

Signed on behalf of the Board of Directors


J. Thompson
Director

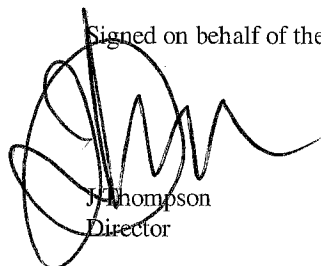
THOMPSONS OF PRUDHOE HOLDING LTD

COMPANY BALANCE SHEET As at 31 March 2014

	Note	2014 £	2013 £
FIXED ASSETS			
Investments	10	3,000	3,000
CURRENT ASSETS			
Debtors:			
Amounts falling due within one year	12	144,043	53,839
Amounts falling due after more than one year	12	4,357,618	4,385,634
		4,501,661	4,439,473
CREDITORS: amounts falling due within one year	13	(1,149,561)	(1,817,297)
NET CURRENT ASSETS		3,352,100	2,622,176
TOTAL ASSETS LESS CURRENT LIABILITIES		3,355,100	2,625,176
CREDITORS: amounts falling due after more than one year	14	(1,711,070)	(310,031)
NET ASSETS		1,644,030	2,315,145
CAPITAL AND RESERVES			
Called-up share capital	17	1,500,000	1,500
Capital redemption reserve	18	1,500	1,500
Profit and loss account	18	142,530	2,312,145
SHAREHOLDERS' FUNDS	19	1,644,030	2,315,145

The financial statements of Thompsons of Prudhoe Holding Limited, (registered number 00579506), were approved by the Board of Directors and authorised for issue on 19 December 2014.

Signed on behalf of the Board of Directors



J. Thompson
Director

THOMPSONS OF PRUDHOE HOLDING LTD

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 March 2014

	Note	2014 £	2013 £
Net cash inflow from operating activities	20	<u>2,258,950</u>	<u>1,665,061</u>
Returns on investments and servicing of finance			
Dividends paid		(150,000)	(250,000)
Interest paid		(2,947)	(2,805)
Interest element of finance lease rentals		<u>(64,351)</u>	<u>(60,142)</u>
Net cash outflow from returns on investments and servicing of finance		<u>(217,298)</u>	<u>(312,947)</u>
Taxation			
Tax received/(paid)		<u>2,316</u>	<u>(282,265)</u>
Capital expenditure and financial investments			
Purchase of tangible fixed assets		(435,484)	(636,203)
Sale of tangible fixed assets		<u>185,637</u>	<u>266,825</u>
Net cash outflow from capital expenditure and financial investments		<u>(249,847)</u>	<u>(369,378)</u>
Net cash inflow before financing		<u>1,794,121</u>	<u>700,471</u>
Financing			
Advance/(Repayment) of loans		6,285	(118,983)
Capital element of finance lease rentals		<u>(1,526,885)</u>	<u>(1,017,856)</u>
Net cash outflow from financing		<u>(1,520,600)</u>	<u>(1,136,839)</u>
Increase/(Decrease) in cash	20	<u><u>273,521</u></u>	<u><u>(436,368)</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

1. ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and preceding year, is set out below:

Basis of accounting

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

Basis of consolidation

The group financial statements consolidate the financial statements of Thompsons of Prudhoe Holding Limited and all of its subsidiary undertakings drawn up to 31 March 2014.

Acquisition accounting has been adopted for all subsidiary undertakings. Under this method, the results of subsidiary undertakings acquired or disposed of during the year are included in the consolidated profit and loss account from the date of acquisition, or until the date of disposal.

The company has taken advantage of the exemption in the Companies Act 2006 Section 408 not to present its own profit and loss account. The company's profit for the year was £978,885 (2013: £81,862).

Basis of preparation and going concern

The financial statements have been prepared on a going concern basis which assumes the company will continue in operational existence for the foreseeable future. This is disclosed in the strategic report under the heading "Business Review and Future Developments". Further the directors are satisfied that the company will continue to successfully manage the principal risks and uncertainties which are also outlined in the strategic report under the heading "Principal Risks and Uncertainties".

The group and company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group and company should be able to operate within the level of its current facility.

After making enquiries the directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements.

Turnover

Turnover comprises the value of sales (excluding trade discounts, allowances and VAT but including landfill tax) of goods and services in the normal course of business and is recognised at point of performance of services.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of the total contract value which costs incurred to date bear to total expected costs for that contract.

Investments

Fixed asset investments are shown at cost. Provisions are made for any impairment in value.

Stocks and Long-term contracts

All stocks are stated in the balance sheet at the lower of cost and net realisable value. Cost includes related production overheads and other costs which have contributed towards bringing the stocks to their present location and condition. Net realisable value is based on selling price, less further costs expected to be incurred to completion and disposal. The group enters into certain long term contracts, as defined under SSAP 9. Profits are recognised under such contracts over the duration of the contract, when it is reasonably certain that such profits will arise.

Provision is made for obsolete, slow-moving or defective items where appropriate.

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as long-term contract balances in stock.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

1. ACCOUNTING POLICIES (CONTINUED)

Taxation

Corporation tax payable is provided on taxable profits at the current rate, based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets and liabilities are not discounted.

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities. The interest elements are charged to the profit and loss account on a straight-line basis over the period of the lease. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Pension costs

The group contributes to defined contribution schemes. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Provision for restoration and post closure monitoring costs

Provisions for restoration costs include provisions associated with the post-closure of quarry and landfill sites. The company estimates its total future cost requirements for post-closure monitoring which includes ground water monitoring, leachate management and methane gas control. The company provides for the unavoidable costs of post-closure monitoring as the land area is used and environmental obligations arise. The provision has not been discounted as the effect of doing so would not be material.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment in value.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset over its estimated useful life, as follows:

Freehold buildings	-	2% per annum, straight line
Leasehold land and buildings	-	straight line over term of lease
Operational quarries	-	straight line over term of lease
Plant and machinery	-	15% reducing balance
Fixtures and fittings	-	15% reducing balance
Motor vehicles	-	15% - 20% reducing balance

Freehold land is not depreciated.

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life of 20 years. Provision is made for any impairment.

2. TURNOVER

All of the group's turnover arose in the UK and from the group's principal activities.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2014

3. FINANCE CHARGES

	2014	2013
	£	£
On bank loans and overdrafts	2,947	2,805
Finance lease and hire purchase contracts	64,351	60,142
	<u>67,298</u>	<u>62,947</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2014	2013
	£	£
Amortisation of goodwill	3,876	3,876
Depreciation of tangible fixed assets		
- owned	956,062	1,032,133
- held under finance leases and hire purchase contracts	496,837	334,750
Loss/(profit) on sale of fixed assets	34,544	(1,946)
Auditor's remuneration:		
- audit fees	35,500	34,750
- non-audit fees	11,225	11,300
	<u>11,225</u>	<u>11,300</u>

The analysis of auditor's remuneration is as follows:

	2014	2013
	£	£
Fees payable to the company's auditor for the audit of the company's financial statements	9,750	9,500
Fees payable to the company's auditor for other services to the group:		
- the audit of the company's subsidiaries pursuant to legislation	25,750	25,250
	<u>35,500</u>	<u>34,750</u>
Total audit fees	<u>35,500</u>	<u>34,750</u>
Total tax services	<u>11,225</u>	<u>11,300</u>

Fees payable to the auditors for non-audit services to the company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

5. STAFF COSTS

Particulars of employees (including executive directors) are as shown below:

	2014	2013
	£	£
Employee costs during the year amounted to:		
Wages and salaries	6,561,973	6,630,622
Social security costs	672,680	606,894
Pension costs (note 21)	105,418	107,428
	<u>7,339,071</u>	<u>7,344,944</u>

THOMPSONS OF PRUDHOE HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2014

7,340,071 7,344,944

5. STAFF COSTS (CONTINUED)

The average monthly number of persons employed by the group during the year was as follows:

	Number	Number
Drivers and plant operatives	91	88
Administration and management	37	36
Labourers	126	122
	<u>254</u>	<u>246</u>

6. DIRECTORS' REMUNERATION AND INTERESTS

Directors' remuneration paid to directors of the parent and subsidiary companies in respect of their services to the group was as follows:

	2014	2013
	£	£
Emoluments	561,283	499,123
Group contributions to money purchase pension schemes	13,723	13,655
	<u>575,006</u>	<u>512,778</u>

Pension schemes

The number of directors who were members of pension schemes was as follows:

	2014	2013
	Number	Number
Money purchase schemes	<u>1</u>	<u>1</u>

Directors' remuneration paid to directors of the parent company in respect of their services to the group was as follows:

	2014	2013
	£	£
Emoluments	252,594	241,565
	<u>252,594</u>	<u>241,565</u>

The directors' remuneration shown above included the following in respect of the highest paid director:

Emoluments	158,195	134,257
Company contributions to money purchase pension schemes	13,723	-
	<u>171,918</u>	<u>134,257</u>

Pension schemes

The number of directors who were members of pension schemes was as follows:

	2014	2013
	Number	Number

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2014

Money purchase schemes

_____ - _____

At 31 March 2014 directors' loans of £213,031 were outstanding (2013: £219,316). During the year, the maximum amount outstanding was £219,316 and there were no write-offs. These loans are in contravention of s197 of the Companies' Act 2006. The directors' loans are interest free and was agreed as repayable in more than one year from the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2014

7. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for the year and comprises:

	2014	2013
	£	£
Current tax		
Corporation tax charge at 23% (2013: 24%)	231,241	146,354
Adjustment in respect of prior years	20	-
	<u>231,261</u>	<u>146,354</u>
Deferred tax		
Origination and reversal of timing differences	(28,223)	(63,603)
Effect of changes in tax rates	(88,440)	(31,269)
	<u>(116,663)</u>	<u>(94,872)</u>
Total tax charge	<u>114,598</u>	<u>51,482</u>

The tax assessed for the year is higher (2013: higher) than that resulting from applying the standard rate of corporation tax in the UK 23% (2013: 24%), as explained below:

	2014	2013
	£	£
Profit on ordinary activities before tax	871,306	359,576
	<u>871,306</u>	<u>359,576</u>
Tax on 23% (2013: 24%) thereon:	200,400	86,298
Effects of:		
Expenses not deductible for tax purposes	3,802	930
Movement in short term timing differences	1,901	-
Depreciation in excess of capital allowances	26,322	53,503
Adjustment in respect of prior years	20	-
Effects of other tax rates/credits	(1,184)	(4,477)
	<u>231,261</u>	<u>136,254</u>
Current tax charge for year	<u>231,261</u>	<u>136,254</u>

The Finance Act 2013, which was substantively enacted in July 2013, included provisions to reduce the main rate of UK corporation tax to 21% effective from 1 April 2014 and 20% with effect from 1 April 2015.

Deferred taxation is measured at the tax rates that are expected to apply in the period in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Accordingly, deferred tax balances have been revalued to the lower rate of 20% in these financial statements which has resulted in a credit to the profit and loss account of £88,440.

THOMPSONS OF PRUDHOE HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2014

8. GOODWILL

	£
Cost	
At 1 April 2013 and 31 March 2014	77,519
Amortisation	
At 1 April 2013	23,256
Amortisation	3,876
	27,132
Net book value	
At 31 March 2014	50,387
At 31 March 2013	54,263

Goodwill arose on the acquisition of Tyneside Minimix (Concrete) Limited in 2007. The goodwill in Tyneside Minimix (Concrete) Limited is being written off over its estimated useful economic life of 20 years.

9. TANGIBLE FIXED ASSETS

	Long leasehold land, quarries and buildings	Freehold land and buildings	Plant and machinery	Fixtures and fittings	Motor vehicles	Total
Group	£	£	£	£	£	£
Cost						
At 1 April 2013	542,468	2,830,388	7,231,249	220,281	12,509,408	23,333,794
Additions	-	-	779,501	30,478	1,315,908	2,125,887
Disposals	-	-	(600,384)	(45,835)	(728,957)	(1,375,176)
	542,468	2,830,388	7,410,366	204,924	13,096,359	24,084,505
Depreciation						
At 1 April 2013	222,284	633,420	4,527,273	135,694	7,610,111	13,128,782
Charge for the year	-	-	493,928	13,238	945,733	1,452,899
Disposals	-	-	(484,849)	(40,056)	(630,090)	(1,154,995)
	222,284	633,420	4,536,352	108,876	7,925,754	13,426,686
Net book value						
At 31 March 2014	320,184	2,196,968	2,874,014	96,048	5,170,605	10,657,819
At 31 March 2013	320,184	2,196,968	2,703,976	84,587	4,899,297	10,205,012

Freehold land with a value of £2,127,005 (2013: £2,127,005) has not been depreciated.

THOMPSONS OF PRUDHOE HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2014

Leased assets included in the above net book value	Plant and machinery £	Motor vehicles £	Total £
At 31 March 2014	<u>672,803</u>	<u>2,487,124</u>	<u>3,159,927</u>
At 31 March 2013	<u>582,804</u>	<u>1,822,606</u>	<u>2,405,410</u>

THOMPSONS OF PRUDHOE HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2014

10. FIXED ASSET INVESTMENTS

	£
Company	
Subsidiary undertakings:	
Cost and net book value	
At 1 April 2013 and 31 March 2014	3,000

The company has investments in the following subsidiary undertakings, which are registered in England and Wales and operate in the UK, and contributed to the profits and net assets of the group.

	Principal activity	% Holding
W & M Thompson (Quarries) Limited	Quarrying	100
Thompsons of Prudhoe Limited	Demolition and Earthmoving	100
Tyneside Minimix (Concrete) Ltd	Concrete Producer	100*
<i>* Held through W&M Thompson (Quarries) Limited</i>		

11. STOCK

	2014	2013
Group	£	£
Raw materials and consumables	422,407	382,118

In the opinion of the directors, there is no material difference between the balance sheet value of stocks and their replacement cost.

12. DEBTORS

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	5,997,216	5,849,241	-	-
Amounts recoverable on contracts	1,278,247	695,094	-	-
Prepayments and accrued income	91,916	99,652	43	771
UK corporation tax recoverable	-	68,833	-	48,833
Amounts owed by subsidiary undertakings	-	-	144,000	-
Other debtors	1,579	4,233	-	4,235
	7,368,958	6,717,053	144,043	53,839
Amounts falling due after more than one year:				
Amounts owed by subsidiary undertakings	-	-	4,184,587	4,226,318
Directors' loan account (note 6)	213,031	219,316	173,031	159,316
	213,031	219,316	4,357,618	4,385,634
	7,581,989	6,936,369	4,501,661	4,439,473

THOMPSONS OF PRUDHOE HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans and overdrafts (note 15)	1,099,483	1,510,758	1,099,483	1,478,444
Obligations under finance leases and hire purchase contracts (note 15)	1,131,555	999,456	-	-
Payments on account	228,250	240,340	-	-
Trade creditors	2,840,920	2,182,922	-	-
Amounts owed to subsidiary undertakings	-	-	-	302,500
UK corporation tax payable	109,094	61,013	12,939	20,072
Taxation and social security	628,169	770,875	16,014	3,106
Accruals and deferred income	502,878	182,654	21,125	13,175
	6,540,349	5,948,018	1,149,561	1,817,297

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Obligations under finance leases and hire purchase contracts (note 15)	830,510	799,091	-	-
Other creditors	211,070	310,031	211,070	310,031
Redeemable preference shares	1,500,000	-	1,500,000	-
	2,541,580	1,109,122	1,711,070	310,031

In the current year, 1,500,000 preference shares of £1 each were issued by means of a bonus issue.

Preference shares provide full voting rights of 1 vote per share; preferential right to a dividend; and right to return of capital and share in surplus capital on winding up or other repayment of capital.

15. BORROWINGS

a) Obligations under finance leases and hire purchase contracts

	Group	
	2014	2013
	£	£
Amounts payable:		
- within one year	1,131,555	999,456
- within one to two years	751,547	606,816
- within two to five years	78,963	192,275
	1,962,065	1,798,547

The hire purchase contracts and finance leases are secured on the assets to which they relate.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2014

15. BORROWINGS (CONTINUED)

b) Bank loans and overdrafts

	<u>Group</u>	
	2014	2013
	Overdraft	Overdraft
	£	£
Amount payable:		
- within one year	1,099,483	1,510,758
	<u>1,099,483</u>	<u>1,510,758</u>

	<u>Company</u>	
	2014	2013
	Overdraft	Overdraft
	£	£
Amount payable:		
- within one year	1,099,483	1,478,444
	<u>1,099,483</u>	<u>1,478,444</u>

The overdraft is secured by a fixed and floating charge on the group's assets.

16. PROVISIONS FOR LIABILITIES AND CHARGES

The balances at 31 March 2014 and 1 April 2013 are made up as follows:

	<u>Group</u>		
	Deferred	Restoration	Total
	taxation	and post	
	£	closure	£
		monitoring	
		costs	
	£	£	£
At 1 April 2013	711,656	460,932	1,172,588
Released to profit and loss account	(116,663)	(17,748)	(134,411)
	<u>594,993</u>	<u>443,184</u>	<u>1,038,177</u>
At 31 March 2014	<u>594,993</u>	<u>443,184</u>	<u>1,038,177</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

16. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

	<u>Group</u>	
	<u>2014</u>	<u>2013</u>
	£	£
Deferred taxation		
Timing differences:		
- Accelerated capital allowances	605,084	721,362
- Other	(10,091)	(9,706)
	<u>594,993</u>	<u>711,656</u>

Restoration costs

The provision for restoration costs relates to the group's obligation to restore quarry and landfill sites and monitor its environmental position. The level of expenditure to be incurred in order to fulfil this obligation has been estimated based on the historical experience of the group and current cost estimates and legislation. The timing of this expenditure is dependent upon the rate of excavation and in-fill of the sites over a period of up to 30 years. The provision has not been discounted as the effect of doing so would not be material.

Deferred tax

There is no unprovided deferred tax for the current and previous year.

17. CALLED-UP SHARE CAPITAL

	<u>2014</u>	<u>2013</u>
	£	£
Group and company		
Authorised, called up and fully paid		
1,500,000 ordinary shares of £1 each (2013: 1,500)	<u>1,500,000</u>	<u>1,500</u>

In the current year, ordinary share capital was increased from 1,500 ordinary shares, to 1,500,000 ordinary shares of £1 each, by means of a bonus issue.

Ordinary shares provide full voting rights of 1 vote per share; right to dividend after the declaration of a preferential dividend on the preference shares; and right to return of capital and share in surplus capital on winding up or other repayment of capital.

THOMPSONS OF PRUDHOE HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

18. RESERVES

Group	Capital redemption reserve £	Capital reserve £	Profit and loss account £	Total £
At 1 April 2013	1,500	2,166,338	8,183,758	10,351,596
Profit for the year	-	-	756,708	756,708
Dividend paid on equity shares	-	-	(150,000)	(150,000)
Ordinary share bonus issue	-	-	(1,498,500)	(1,498,500)
Preference share bonus issue	-	-	(1,500,000)	(1,500,000)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2014	<u>1,500</u>	<u>2,166,338</u>	<u>5,791,966</u>	<u>7,959,804</u>

Company	Capital redemption reserve £	Capital reserve £	Profit and loss account £	Total £
At 1 April 2013		1,500	2,312,145	2,313,645
Profit for the year		-	978,885	978,885
Dividend paid on equity shares		-	(150,000)	(150,000)
Ordinary share bonus issue		-	(1,498,500)	(1,498,500)
Preference share bonus issue		-	(1,500,000)	(1,500,000)
		<hr/>	<hr/>	<hr/>
At 31 March 2014		<u>1,500</u>	<u>142,530</u>	<u>144,030</u>

19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

Group	2014 £	2013 £
Opening shareholders' funds	10,353,096	10,295,002
Profit for the financial year	756,708	308,094
Dividends paid	(150,000)	(250,000)
Preference shares issued and recognised within non current liabilities	(1,500,000)	-
	<hr/>	<hr/>
Closing shareholders' funds	<u>9,459,804</u>	<u>10,353,096</u>

Company	2014 £	2013 £
Opening shareholders' funds	2,315,145	2,483,283
Profit for the year	978,885	81,862
Dividends paid	(150,000)	(250,000)
Preference shares issued and recognised within non current liabilities	(1,500,000)	-
	<hr/>	<hr/>
Closing shareholders' funds	<u>1,644,030</u>	<u>2,315,145</u>

THOMPSONS OF PRUDHOE HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

20. CASH FLOW INFORMATION

a) Reconciliation of operating profit to net cash inflow from operating activities

	2014	2013
	£	£
Operating profit	938,604	422,523
Depreciation charge	1,452,899	1,366,883
Amortisation and impairment of goodwill	3,876	3,876
Loss/(profit) on sale of fixed assets	34,544	(1,946)
Increase in stocks	(40,289)	(45,511)
(Increase)/decrease in debtors	(720,738)	197,460
Increase/(decrease) in creditors	590,054	(278,224)
Net cash inflow from operating activities	<u>2,258,950</u>	<u>1,665,061</u>

b) Reconciliation of net cash flow to movement in net debt

	2014	2013
	£	£
Increase /(decrease) in cash in the year	273,521	(436,368)
Cash inflow from decrease in debt and leasing	1,520,600	1,136,839
Changes in net funds	1,794,121	700,471
New finance leases	(1,690,403)	(817,218)
Movement in net debt	103,718	(116,747)
Net debt at 1 April	(2,084,927)	(1,968,180)
Net debt at 31 March	<u>(1,981,209)</u>	<u>(2,084,927)</u>

c) Analysis of net debt

	At		Non cash	At
	1 April	Cash flows	flows	31 March
	2013	£	£	2014
	£	£	£	£
Cash at bank and in hand	1,005,062	(137,754)	-	867,308
Overdrafts	(1,510,758)	411,275	-	(1,099,483)
	(505,696)	273,521	-	(232,175)
Finance leases and HP contracts	(1,798,547)	1,526,885	(1,690,403)	(1,962,065)
Directors loan account	219,316	(6,285)	-	213,031
	<u>(1,579,231)</u>	<u>1,520,600</u>	<u>(1,690,403)</u>	<u>(1,749,034)</u>
	<u>(2,084,927)</u>	<u>1,794,121</u>	<u>(1,690,403)</u>	<u>(1,981,209)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

21. PENSION ARRANGEMENTS

The group operates money purchase pension schemes for the employees and the directors for which the pension cost charge for the year was £105,418 (2013: £107,428).

There were no prepaid or accrued contributions at the balance sheet date.

22. GUARANTEE AND FINANCIAL COMMITMENTS

a) Capital commitments

At 31 March 2014 and 2013 the group had no capital commitments.

b) Commitments on behalf of related undertakings

The company has given an unlimited guarantee in favour of Barclays Bank plc in respect of the overdraft of Thompsons of Prudhoe Limited and W & M Thompson (Quarries) Limited. At the year end the overdraft amounted to £nil (2013: £32,314).

23. RELATED PARTIES

During the year the company entered into transactions, in the ordinary course of business, with J & E Thompson and Family Limited, a company under common control.

During the year, the group rented the land and buildings at Highfield farm, which is owned by J&E Thompson and Family Limited. At the year end there was an amount owing to J & E Thompson and Family Limited of £207,433 (2013: £203,812). This loan is not at arm's length as no interest is charged.

The company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the group headed by Thompsons of Prudhoe Holding Limited.

24. ULTIMATE CONTROLLING PARTY

Mr J Thompson, who is the majority shareholder and a director, is the company's controlling party.