

**W & M THOMPSON (QUARRIES)
LIMITED**

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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**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 312014**

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J Thompson
J Thompson Jnr
J H Burdon
F W Hurst

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
NE1 2HF

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

W&M Thompson (Quarries) Limited is a wholly owned subsidiary of Thompsons of Prudhoe Holding Limited.

The principal activities of the company are that of quarry and landfill site operators based in the North of England. There have been no significant changes in the principal activity of the company during the year and it is anticipated that this will continue to be the case in the coming year.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The company is reporting profit before tax of £220,846 (2013: £19,924). The company uses the following key performance indicators (KPIs) to monitor and assess performance.

- Revenue growth – During the year the company has seen an increase in turnover of £2.55m to £9.60m (36%), driven by additional demand.
- Gross profit as % of sales – 14% (2013: 15%) which has remained largely consistent.
- Net assets – £2,392,563 (2013: £2,598,614). 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 was 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 to ensure that the successful progress made by the company in the current year can be further built upon.

PRINCIPAL RISKS & UNCERTAINTIES

The company operates in a highly competitive market which is a continuing risk to the company and could result in it losing sales to key competitors. In order to maintain its market share and minimise the risk of market penetration from competitors, the company prides itself on the efficient service it provides to customers. This is delivered by a loyal and experienced workforce.

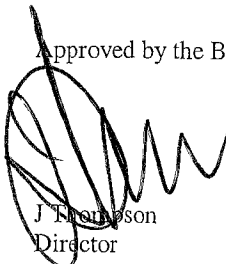
W&M Thompson (Quarries) Ltd operates within a range of regulatory requirements covering environmental matters regarding quarrying, waste management & recycling, health & safety issues & transport. A continuous programme of training is in place to ensure that our standards of compliance are at all times at least in line with current legislation.

The company is financed by an interest free, long term intercompany loan. The company has access to the group's variable rate overdraft facility, however in order to reduce exposure to interest rate movements this is only utilised when working capital requirements dictate. The company also enters into third party fixed rate finance agreements for asset finance, which are not exposed to base rate movements.

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

STRATEGIC REPORT

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

The strategic report sets out the principal activities of the 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 16.

The directors declared a dividend of £400,000 (2013: nil) in the year.

It is proposed that the profit of £193,949 be transferred to reserves (2013: £26,655).

DIRECTORS

The directors who served during the year and subsequently are as follows:

J Thompson
J Thompson Jnr
J H Burdon
F W Hurst

AUDITOR

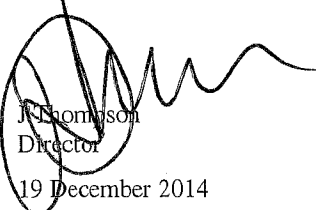
Each of the persons who is a director at the date of approval of this report confirms that:

- 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
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 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 judgements 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.

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 W & M THOMPSON (QUARRIES) LIMITED

We have audited the financial statements of W & M Thompson (Quarries) Limited for the year ended 31 March 2014 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 20. 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 Practising 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 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 company's affairs as at 31 March 2014 and its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF W & M THOMPSON (QUARRIES) LIMITED (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, 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.



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

W & M THOMPSON (QUARRIES) LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2014

| | Note | 2014 £ | 2013 £ |
|--|-------|-----------------------|----------------------|
| TURNOVER | 2 | 9,604,790 | 7,059,602 |
| Cost of sales | | <u>(8,276,361)</u> | <u>(6,002,193)</u> |
| GROSS PROFIT | | 1,328,429 | 1,057,409 |
| Distribution costs | | (57,966) | (65,781) |
| Administrative expenses | | <u>(1,034,030)</u> | <u>(949,999)</u> |
| OPERATING PROFIT | | 236,433 | 41,629 |
| Finance charges | 3 | <u>(15,587)</u> | <u>(21,705)</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 4 | 220,846 | 19,924 |
| Tax (charge) /credit on profit on ordinary activities | 7 | <u>(26,897)</u> | <u>6,731</u> |
| PROFIT FOR THE YEAR | 17,18 | <u><u>193,949</u></u> | <u><u>26,655</u></u> |

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

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

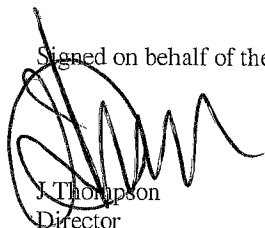
W & M THOMPSON (QUARRIES) LIMITED

BALANCE SHEET
As at 31 March 2014

| | Note | 2014 £ | 2013 £ |
|--|------|--------------------|--------------------|
| FIXED ASSETS | | | |
| Tangible fixed assets | 8 | 4,231,862 | 4,059,709 |
| Investments | 9 | 148,354 | 148,354 |
| | | <u>4,380,216</u> | <u>4,208,063</u> |
| CURRENT ASSETS | | | |
| Stocks | 10 | 335,482 | 300,901 |
| Debtors: | | | |
| Amounts falling due within one year | 11 | 2,502,913 | 1,979,296 |
| Amounts falling due after more than one year | 11 | 28,336 | 24,245 |
| Cash at bank and in hand | | 431,030 | 234,405 |
| | | <u>3,297,761</u> | <u>2,538,847</u> |
| CREDITORS: amounts falling due within one year | 12 | <u>(2,799,472)</u> | <u>(1,740,544)</u> |
| NET CURRENT ASSETS | | <u>498,289</u> | <u>798,303</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 4,878,505 | 5,006,366 |
| CREDITORS: amounts falling due after more than one year | 13 | (2,193,040) | (2,091,513) |
| PROVISIONS FOR LIABILITIES AND CHARGES | 15 | <u>(292,902)</u> | <u>(316,239)</u> |
| NET ASSETS | | <u>2,392,563</u> | <u>2,598,614</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 16 | 1,000 | 1,000 |
| Profit and loss account | 17 | 2,391,563 | 2,597,614 |
| SHAREHOLDERS' FUNDS | 18 | <u>2,392,563</u> | <u>2,598,614</u> |

The financial statements of W&M Thompson (Quarries) Limited, registered number 01233082, 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

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 current 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.

Under the provisions of s400 of the Companies Act 2006 the company is exempt from the obligation to prepare and deliver group financial statements as it is included in the consolidated financial statements of Thompsons of Prudhoe Holding Limited. Accordingly, these financial statements present information about the company as an individual entity and not as a group.

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

After making enquiries the directors have a reasonable expectation that the company has 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.

Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard 1 (revised) to present a cash flow statement, because it is a wholly owned subsidiary of Thompsons of Prudhoe Holding Limited which prepares consolidated financial statements which include a cash flow statement and are publicly available.

Turnover

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

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provisions 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 |
| Plant and machinery | - | 15% per annum, reducing balance |
| Fixtures and fittings | - | 15% per annum, reducing balance |
| Motor vehicles | - | 20% per annum, reducing balance |

Freehold land is not depreciated.

Stocks

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 estimated selling price, less further costs expected to be incurred to completion and disposal.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

1. ACCOUNTING POLICIES (CONTINUED)

Investments

Fixed asset investments are shown at cost less provision for impairment

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by 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.

Pension costs

The company 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.

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 sum of digits basis over the period of the lease. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Provision for restoration costs and post closure monitoring

Provisions for restoration costs include provisions associated with the post-closure costs 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.

2. TURNOVER

All of the company's turnover arose in the UK and from the company's principal activity.

3. FINANCE CHARGES

| | 2014 | 2013 |
|--|--------|--------|
| | £ | £ |
| Interest on finance leases and hire purchase contracts | 15,587 | 21,705 |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

| | 2014 | 2013 |
|--|-------------------|-------------------|
| | £ | £ |
| Depreciation of tangible fixed assets: | | |
| Owned | 265,939 | 277,267 |
| Held under finance leases and hire purchase contracts | 85,168 | 69,952 |
| Fees payable to the company's auditor for the audit of the company's annual financial statements | 9,000 | 9,000 |
| Fees payable to the company's auditor for tax services | 2,300 | 2,300 |
| Profit on disposal of tangible fixed assets | (4,591) | (16,979) |
| | <u> </u> | <u> </u> |

5. STAFF COSTS

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

| | 2014 | 2013 |
|---|------------------|------------------|
| | £ | £ |
| Employees costs during the year amounted to: | | |
| Wages and salaries | 1,025,500 | 951,416 |
| Social security costs | 95,486 | 92,183 |
| Other pension costs (note 19) | 19,053 | 18,548 |
| | <u>1,140,039</u> | <u>1,062,147</u> |

| | 2014 | 2013 |
|--|-----------|-----------|
| | No. | No. |
| The average monthly numbers of persons employed by the company during the year was as follows: | | |
| Drivers and plant operatives | 21 | 20 |
| Administration and management | 9 | 9 |
| Labourers | 8 | 8 |
| | <u>38</u> | <u>37</u> |

6. DIRECTORS' REMUNERATION

The directors are remunerated for their services to the Group. The amounts shown below comprise the part of their total remuneration which is attributable to their services provided to the company.

| | 2014 | 2013 |
|---|----------------|----------------|
| | £ | £ |
| Emoluments | 134,020 | 106,673 |
| Company contributions to money purchase pension schemes | 4,238 | 3,696 |
| | <u>138,258</u> | <u>110,369</u> |

Pensions schemes

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

| | No. | No. |
|--------------------------------|----------|----------|
| Money purchase pension schemes | <u>1</u> | <u>1</u> |

No directors were members of defined benefit schemes.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

7. TAX CHARGE/(CREDIT) ON PROFIT ON ORDINARY ACTIVITIES

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

| | 2014 £ | 2013 £ |
|--|-----------------|-----------------|
| Current taxation: | | |
| UK corporation tax on profits | 71,118 | 12,000 |
| Adjustment in respect of prior years | 5 | - |
| | <u>71,123</u> | <u>12,000</u> |
| Total current tax | 71,123 | 12,000 |
| Deferred taxation: | | |
| Origination and reversal of timing differences | (19,421) | (9,618) |
| Effect of change of tax rates | (24,805) | (9,113) |
| | <u>(44,226)</u> | <u>(18,731)</u> |
| Total deferred taxation | (44,226) | (18,731) |
| Total tax charge/(credit) for the year | <u>26,897</u> | <u>(6,731)</u> |

Factors affecting the tax charge for the current year

The current tax assessed for the year is lower (2013: higher) than that resulting from applying the standard rate of corporation tax in the UK: 23% (2013: 24%).

The differences are explained below:

| | 2014 £ | 2013 £ |
|--|---------------|---------------|
| Profit on ordinary activities before tax | 220,846 | 19,924 |
| Tax at 23% (2013: 24%): | 50,795 | 4,782 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 902 | - |
| Depreciation in excess of capital allowances | 17,520 | 9,618 |
| Movement in short term timing differences | 1,901 | - |
| Adjustments in respect to of prior years | 5 | - |
| Effects of other tax rates | - | (2,400) |
| | <u>71,123</u> | <u>12,000</u> |
| Current tax charge for the year | 71,123 | 12,000 |

The Finance Act 2013, which provided for a reduction in the main rate of UK corporation tax to 21% effective from 1 April 2014 and to 20% effective from 1 April 2015, was substantively enacted on 2 July 2013. As this rate was enacted prior to 31 March 2014 and as deferred tax balances are expected to be realised after 1 April 2015, the deferred tax balance has been recognised at 20% at 31 March 2014.

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

8. TANGIBLE FIXED ASSETS

| | Freehold land and buildings £ | Fixtures and fittings £ | Plant and machinery £ | Motor vehicles £ | Total £ |
|---------------------------------|--|-------------------------------|-----------------------------|------------------------|------------------|
| Cost | | | | | |
| At 1 April 2013 | 2,720,338 | 114,732 | 4,142,863 | 160,568 | 7,138,501 |
| Additions | - | 18,869 | 623,050 | - | 641,919 |
| Disposals | - | (27,389) | (538,486) | (21,167) | (587,042) |
| At 31 March 2014 | <u>2,720,338</u> | <u>106,212</u> | <u>4,227,427</u> | <u>139,401</u> | <u>7,193,378</u> |
| Accumulated depreciation | | | | | |
| At 1 April 2013 | 633,420 | 61,842 | 2,295,323 | 88,207 | 3,078,792 |
| Charge for the year | - | 8,143 | 328,492 | 14,472 | 351,107 |
| Disposals | - | (23,373) | (425,585) | (19,425) | (468,383) |
| At 31 March 2014 | <u>633,420</u> | <u>46,612</u> | <u>2,198,230</u> | <u>83,254</u> | <u>2,961,516</u> |
| Net book value | | | | | |
| At 31 March 2014 | <u>2,086,918</u> | <u>59,600</u> | <u>2,029,197</u> | <u>56,147</u> | <u>4,231,862</u> |
| At 31 March 2013 | <u>2,086,918</u> | <u>52,890</u> | <u>1,847,540</u> | <u>72,361</u> | <u>4,059,709</u> |

Freehold land with a value of £2,086,918 (2013: £2,086,918) has not been depreciated. Freehold land and buildings includes operational quarries and landfill sites.

Leased assets included in the above net book value

| | Plant and machinery £ |
|------------------|-----------------------------|
| At 31 March 2014 | <u>575,742</u> |
| At 31 March 2013 | <u>479,229</u> |

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

9. INVESTMENTS

The company has a significant shareholding in the following undertakings:

| | Principal activity | Class of shares held | % Holding |
|-------------------------------------|---|-------------------------|----------------|
| Subsidiary undertakings: | | | |
| Tyneside Minimix (Concrete) Limited | Concrete Manufacture & Distribution | Ordinary | 100% |
| | | | £ |
| Cost and net book value | | | |
| At 1 April 2013 and 31 March 2014 | | | <u>148,354</u> |

10. STOCKS

| | 2014 £ | 2013 £ |
|-------------------------------|----------------|----------------|
| Raw materials and consumables | <u>335,482</u> | <u>300,901</u> |

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

11. DEBTORS

| | 2014 £ | 2013 £ |
|--------------------------------------|------------------|------------------|
| Amounts falling due within one year: | | |
| Trade debtors | 1,971,230 | 1,405,157 |
| Amounts owed by group undertakings | 512,260 | 567,927 |
| Prepayments and accrued income | 19,423 | 6,212 |
| | <u>2,502,913</u> | <u>1,979,296</u> |
| Amounts falling due after one year: | | |
| Amounts owed by group undertakings | 28,336 | 24,245 |
| | <u>2,531,249</u> | <u>2,003,541</u> |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2014 | 2013 |
|--|------------------|------------------|
| | £ | £ |
| Obligations under finance leases and hire purchase contracts (note 14) | 204,387 | 259,343 |
| Trade creditors | 896,934 | 599,350 |
| Amounts owed to group undertakings | 1,121,763 | 470,913 |
| Corporation tax | 71,123 | 11,995 |
| Other taxes and social security | 478,550 | 341,142 |
| Accruals and deferred income | 26,715 | 57,801 |
| | <u>2,799,472</u> | <u>1,740,544</u> |

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

| | 2014 | 2013 |
|--|------------------|------------------|
| | £ | £ |
| Obligations under finance leases and hire purchase contracts (note 14) | 119,269 | 89,981 |
| Amounts owed to group undertakings | 2,073,771 | 2,001,532 |
| | <u>2,193,040</u> | <u>2,091,513</u> |

14. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

| | 2014 | 2013 |
|--------------------------------------|----------------|----------------|
| | £ | £ |
| The maturity of these is as follows: | | |
| Amounts payable: | | |
| - within one year | 204,387 | 259,343 |
| - within one to two years | 119,269 | 89,981 |
| - between two and five years | - | - |
| | <u>323,656</u> | <u>349,324</u> |

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

15. PROVISIONS FOR LIABILITIES AND CHARGES

The balances are made up as follows:

| | Deferred taxation £ | Restoration and post closure monitoring costs £ | Total £ |
|-----------------------------------|---------------------------|--|----------------|
| At 1 April 2014 | 209,598 | 106,641 | 316,239 |
| Deferred tax credit | (44,226) | - | (44,226) |
| Increase in restoration provision | - | 20,889 | 20,889 |
| At 31 March 2014 | <u>165,372</u> | <u>127,530</u> | <u>292,902</u> |

Restoration and post closure monitoring costs

The provision for restoration costs relates to the company's obligation to restore quarry and landfill sites and to monitor their post-closure environmental position. The level of expenditure to be incurred in order to fulfil this obligation has been estimated based on the prior experience of the company and on current 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 taxation

The provision for deferred taxation comprises:

| | 2014 £ | 2013 £ |
|--------------------------------|----------------|----------------|
| Timing differences: | | |
| Accelerated capital allowances | 175,463 | 219,302 |
| Other timing differences | (10,093) | (9,704) |
| | <u>165,370</u> | <u>209,598</u> |

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

16. CALLED UP SHARE CAPITAL

| | 2014 £ | 2013 £ |
|---|--------------|--------------|
| Called up, allotted and fully paid | | |
| 1,000 ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

17. STATEMENT OF MOVEMENT IN RESERVES

| | Profit and loss account £ |
|---------------------|--|
| At 31 March 2013 | 2,597,614 |
| Profit for the year | 193,949 |
| Dividends paid | (400,000) |
| At 31 March 2014 | <u>2,391,563</u> |

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2014 £ | 2013 £ |
|---|-------------------|-------------------|
| Profit for the year | 193,949 | 26,655 |
| Dividends paid | (400,000) | - |
| Net (reduction)/addition to shareholders' funds | <u>(206,051)</u> | <u>26,655</u> |
| Opening shareholders' funds | 2,598,614 | 2,571,959 |
| Closing shareholders' funds | <u>2,392,563</u> | <u>2,598,614</u> |

19. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

Commitments on behalf of related undertakings

As at 31 March 2014 the company had given an unlimited guarantee in favour of Barclays Bank Plc in respect of the bank borrowings of Thompson's of Prudhoe Holding Limited and Thompson's of Prudhoe Limited. At the end of the year these borrowings totalled £1,099,483 (2013: £1,510,758).

Pension arrangements

The company operates a money purchase scheme for its employees for which the pension cost charge for the year was £19,053 (2013: £18,548). There were no prepaid or accrued contributions at the balance sheet date (2013: £nil).

Capital commitments

The company had no capital commitments at the balance sheet date (2013 - £nil).

20. ULTIMATE PARENT COMPANY AND RELATED PARTY TRANSACTIONS

The directors regard Thompsons of Prudhoe Holding Limited, incorporated in England and Wales, as being the company's ultimate parent company. John Thompson, who is the majority shareholder of Thompsons of Prudhoe Holding Limited, and a director, is the company's ultimate controlling party.

Thompsons of Prudhoe Holding Limited leads the largest and smallest group in which the results of the company are consolidated. Copies of the consolidated financial statements are available from Thompsons of Prudhoe Holding Limited, Princess Way, Low Prudhoe, Northumberland, NE42 6PL.

As a subsidiary undertaking of Thompsons of Prudhoe Holding Limited, 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.

There were no other related party transactions in the year (2013: none).