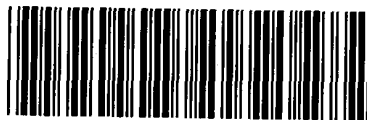


Financial Statements

CORMAC Contracting Limited

For the Year Ended 31 March 2016

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Registered number: 07737521

CORMAC Contracting Limited
Registered number:07737521

Company Information

Directors	Mr R M Ashman Mr D J Bostock (resigned 21 December 2015) Mr A H Hooper Mr C Jarvis Mr J G Keohane (resigned 21 December 2015) Mr J P Masters Mr S M Deacon (appointed 22 December 2015)
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

CORMAC Contracting Limited
Registered number:07737521

Contents

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 5
Statement of comprehensive income	6
Balance sheet	7
Statement of changes in equity	8
Notes to the financial statements	9 - 19

Strategic Report

For the Year Ended 31 March 2016

Business performance overview

Turnover for 2015/16 was 10% ahead of the prior year (£20.2m vs £18.3m) as the Company managed the completion of a number of large long-term projects.

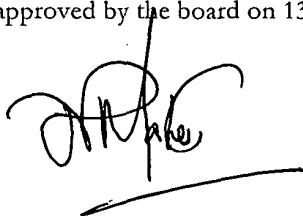
The company recorded an operating loss for 2015/16 due to significant short term supply chain inflation and non-contract cost challenges on projects completed during 2015/16.

Future developments

For 2016/17 the Company is forecasting a return to profitability through a more competitive supply chain and a less complex, lower risk works program. CCL's reputation as a high quality ground works and surfacing contractor ensures that the Company has a strong prospective commercial pipeline.

This report was approved by the board on 13 September 2016 and signed on its behalf.

Mr J P Masters
Director

A handwritten signature in black ink, appearing to be 'JPM', with a long horizontal line underneath it.

Directors' Report

For the Year Ended 31 March 2016

The directors present their report and the financial statements for the year ended 31 March 2016.

Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; 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.

Principal activities

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

Results and dividends

The loss for the year, after taxation, amounted to £827k (2015 - profit £202k).

Directors

The directors who served during the year were:

Mr R M Ashman

Mr D J Bostock (resigned 21 December 2015)

Mr A H Hooper

Mr C Jarvis

Mr J G Keohane (resigned 21 December 2015)

Mr J P Masters (appointed 1 May 2014)

Mr S M Deacon (appointed 22 December 2015)

Future developments

These are detailed within the Strategic report.

Directors' Report

For the Year Ended 31 March 2016

Disclosure of information to auditor

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

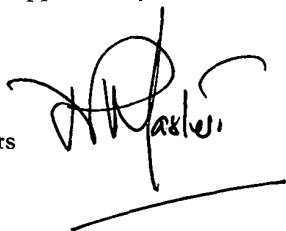
- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor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

Auditors

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board on 13 September 2016 and signed on its behalf.

Mr J P Masters
Director

A handwritten signature in black ink, appearing to read 'J P Masters', is written over a horizontal line.

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

We have audited the financial statements of CORMAC Contracting Limited for the year ended 31 March 2016 which comprise the Statement of Comprehensive Income, the Balance sheet, the Statement of Changes in Equity, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 2016 and of its loss 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

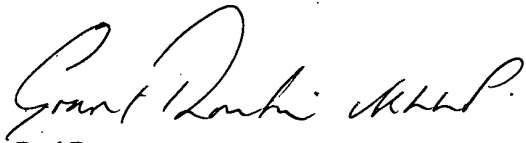
In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

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

A handwritten signature in black ink, appearing to read 'Grant Thornton UK LLP'.

Paul Putnam
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Bristol
13 September 2016

Statement of Comprehensive Income

For the Year Ended 31 March 2016

	Note	2016 £000	2015 £000
Turnover	4	20,181	18,289
Cost of sales		(19,768)	(17,637)
Gross profit		413	652
Administrative expenses		(1,095)	(416)
Operating (loss)/profit	5	(682)	236
Interest receivable and similar income	7	5	5
Interest payable and expenses	8	(150)	(4)
(Loss)/profit before tax		(827)	237
Tax on (loss)/profit	9	-	(35)
(Loss)/profit for the year		(827)	202
Total comprehensive income for the year		(827)	202

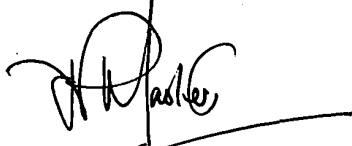
The notes on pages 9 to 19 form part of these financial statements.

Balance Sheet

As at 31 March 2016

	Note	2016 £000	2015 £000
Fixed assets			
Tangible assets		<u>119</u>	<u>129</u>
		119	129
Current assets			
Debtors: amounts falling due within one year	11	3,869	9,101
Cash at bank and in hand	12	<u>1,116</u>	<u>203</u>
		4,985	9,304
Creditors: amounts falling due within one year	13	<u>(5,619)</u>	<u>(9,077)</u>
Net current (liabilities)/assets		<u>(634)</u>	<u>227</u>
Total assets less current liabilities		<u>(515)</u>	<u>356</u>
Provisions for liabilities			
Other provisions	15	-	(44)
		<u>-</u>	<u>(44)</u>
Net assets		<u><u>(515)</u></u>	<u><u>312</u></u>
Capital and reserves			
Profit and loss account	17	<u>(515)</u>	<u>312</u>
		<u><u>(515)</u></u>	<u><u>312</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
13 September 2016 13 September 2016



Mr J P Masters
Director

Company number 07737521

The notes on pages 9 to 19 form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 31 March 2016

	Retained earnings £000	Total equity £000
At 1 April 2015	312	312
Comprehensive income for the year		
Loss for the year	(827)	(827)
Total comprehensive income for the year	<u>(827)</u>	<u>(827)</u>
At 31 March 2016	<u>(515)</u>	<u>(515)</u>

Statement of Changes in Equity

For the Year Ended 31 March 2015

	Retained earnings £000	Total equity £000
At 1 April 2014	140	140
Comprehensive income for the year		
Profit for the year	202	202
Total comprehensive income for the year	<u>202</u>	<u>202</u>
Dividends: Equity capital	(30)	(30)
Total transactions with owners	<u>(30)</u>	<u>(30)</u>
At 31 March 2015	<u>312</u>	<u>312</u>

The notes on pages 9 to 19 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 March 2016

1. General information

CORMAC Contracting Limited is a private company incorporated in the United Kingdom under the Companies Act 2006. The company is limited by shares.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 21.

The financial statements are presented in Sterling (£,000).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The company has taken advantage of the reduced disclosures for Subsidiary entities provided for in FRS102 and has therefore not provided a statement of cashflows.

These financial statements are consolidated in the financial statements of Cornwall Council. These may be obtained from Legal Services, Cornwall Council, New County Hall, Truro, Cornwall, TR13AY.

The following principal accounting policies have been applied:

2.2 Going concern

The directors have considered the future profitability of the company and forecast positive cash flows for the future after taking account of reasonably possible changes in trading performance. The company has secured the continued on-going support from its parent organisation.

As such the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Notes to the Financial Statements

For the Year Ended 31 March 2016

2. Accounting policies (continued)

2.3 Revenue

Turnover comprises the fair value of consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

Turnover is recognised when the outcome of a job or contract can be estimated reliably; turnover associated with the transaction is recognised by reference to the stage of completion of work at the balance sheet date. The outcome of the transaction is deemed to be able to be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the balance sheet date can be measured reliably, and;
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant & machinery	- 10% - 33% straight line
-------------------	---------------------------

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of comprehensive income.

Notes to the Financial Statements

For the Year Ended 31 March 2016

2. Accounting policies (continued)

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.7 Financial instruments

Classification

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on the net basis or to realise the asset and settle the liability simultaneously.

Recognition and Measurement

Basic financial assets which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangements constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate.

Basic financial liabilities, including trade and other payables and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the Financial Statements

For the Year Ended 31 March 2016

2. Accounting policies (continued)

2.9 Finance costs

Finance costs are charged to the Profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.11 Borrowing Costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.12 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.13 Provisions for liabilities

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Notes to the Financial Statements

For the Year Ended 31 March 2016

2. Accounting policies (continued)

2.14 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

- Depreciation is applied to the Company's assets based upon a range of factors judged to reflect their expected useful economic lives, and are detailed within the Accounting policies (2.4) of these financial statements.
- Provisions for remedial works are no longer required as Cormac Solutions Limited would have responsibility for the remedial works and consequently the cost incurred.

4. Analysis of turnover

An analysis of turnover by class of business is as follows:

	2016 £000	2015 £000
Rendering of services	20,181	18,289
	<u>20,181</u>	<u>18,289</u>

All turnover arose within the United Kingdom.

Notes to the Financial Statements

For the Year Ended 31 March 2016

5. Operating (loss)/profit

The operating profit is stated after charging:

	2016 £000	2015 £000
Depreciation	10	9
Auditors Remuneration - Audit Fee	12	10
Auditors Remuneration - Other Services	3	2
	<u>15</u>	<u>21</u>

6. 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.

Board Members and Executive Directors

The aggregate amount of emoluments payable to the directors or former directors (including board members where remunerated) during the year as follows:

	2016 £000	2015 £000
Directors who are executive staff members	201	234
	<u>201</u>	<u>234</u>

The highest paid director received remuneration of £83k (2015 - £102k).

Executive Officers

The full time equivalent numbers of staff who received emoluments:

	2016 No.	2015 No.
£30,001 - £35,000	-	1
£75,001 - £80,000	1	-
£80,001 - £85,000	1	-
£100,001 - £105,000	-	1
	<u>2</u>	<u>2</u>

7. Interest receivable

	2016 £000	2015 £000
Other interest receivable	5	5
	<u>5</u>	<u>5</u>

Notes to the Financial Statements

For the Year Ended 31 March 2016

8. Interest payable and similar charges

	2016 £000	2015 £000
Loans from group undertakings	150	4
	<u>150</u>	<u>4</u>

9. Taxation on ordinary activities

	2016 £000	2015 £000
The tax charge is based on the profit year and represents:		
UK corporation tax	-	35
Total current tax	<u>-</u>	<u>35</u>
Deferred taxation	-	-
Taxation on profit on ordinary activities	<u>-</u>	<u>35</u>

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2015 - the same as) the standard rate of corporation tax in the UK of 20% (2015 - 20%) as set out below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	<u>(827)</u>	<u>237</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	(165)	47
Effects of:		
Non-taxable income	165	(12)
Total tax charge for the year	<u>-</u>	<u>35</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

Notes to the Financial Statements

For the Year Ended 31 March 2016

10. Tangible fixed assets

Plant & Machinery

	2016 £000	2015 £000
Cost or valuation		
At 1 April	138	138
At 31 March	138	138
Depreciation		
At 1 April	9	-
Charge owned for the period	10	9
At 31 March	19	9
Net book value		
At 31 March	119	129

11. Debtors

	2016 £000	2015 £000
Trade debtors	1,106	3,552
Amounts owed by group undertakings	2,664	5,314
Other debtors	-	209
Other taxation and social security	99	26
	3,869	9,101

12. Cash and cash equivalents

	2016 £000	2015 £000
Cash at bank and in hand	1,116	203
	1,116	203

Notes to the Financial Statements

For the Year Ended 31 March 2016

13. Creditors: Amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	1,247	1,547
Amounts owed to group undertakings	4,353	7,095
Other taxation and social security	18	372
Other creditors	1	63
	<u>5,619</u>	<u>9,077</u>

14. Financial instruments

	2016 £000	2015 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	4,885	9,277
	<u>4,885</u>	<u>9,277</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(5,601)	(8,705)
	<u>(5,601)</u>	<u>(8,705)</u>

15. Provisions

	Remedial Works £000
At 1 April 2015	44
Charged to the profit or loss	(44)
At 31 March 2016	<u>-</u>

In the normal course of business, Cormac Solutions Limited has responsibility for the remedial works and consequently the cost incurred.

CORMAC Contracting Limited

Notes to the Financial Statements

For the Year Ended 31 March 2016

16. Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
1 Ordinary share of £1	1	1

17. Reserves

	2016 £000	2015 £000
Balance Brought Forward	312	140
Profit for the Financial Year	(827)	202
Dividends: Equity Capital	-	(30)
	(515)	312

18. Related party transactions

Cormac Contracting Limited recorded sales during the financial year with its 100% shareholder Cornwall Council across the following categories:

	2016 £000	2015 £000
Contracting	13,710	16,186
	13,710	16,186

Cormac Contracting Limited recorded sales during the financial year with its sister company Cormac Solutions Limited

	2016 £000	2015 £000
Contracting	2,123	189

Cormac Contracting Limited procured services from its sister company Cormac Solutions Limited

	2016 £000	2015 £000
	6,550	6,410

Notes to the Financial Statements

For the Year Ended 31 March 2016

19. Post balance sheet events

The UK's recent decision to leave the EU could potentially impact upon the Company particularly in regards to current and future European funding streams available to support key objectives; either through income sources made directly available to the Company, or indirectly through Cornwall Council. The company has no activity currently funded from EU streams, but some work referred by Cornwall Council is EU funded. The impact will be that planned service enhancements may not progress.

20. Controlling party

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

21. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.