

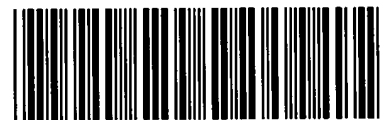
Financial Statements

CORMAC Contracting Limited

For the Year Ended 31 March 2017

Registered number: 07737521

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COMPANIES HOUSE

Company Information

Directors	Mr R M Ashman (resigned 21 December 2016) Mr A H Hooper (resigned 6 February 2017) Mr C Jarvis (resigned 21 December 2016) Mr J P Masters (resigned 21 December 2016) Mr S M Deacon (resigned 14 March 2017, appointed 9 May 2017) A J Barnett (appointed 6 February 2017) C H Dennis (appointed 21 November 2016) C F Russell (appointed 12 December 2016, resigned 20 March 2017) J G Keohane (appointed 2 December 2016) B Pyle (appointed 12 September 2016, resigned 14 September 2016) M King (appointed 9 May 2017)
Company secretary	R C Zmuda (appointed 13 February 2017)
Registered number	07737521
Registered office	Cormac Head Office Higher Trenant Road Wadebridge Cornwall PL27 6TW
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Hartwell House 55-61 Victoria Street Bristol BS1 6FT
Bankers	Nat West 2/4 St Nicholas Street Truro Cornwall TR1 2RN

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Directors' Report

For the Year Ended 31 March 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

Results and dividends

The loss for the year, after taxation, amounted to £280k (2016 - loss £827k).

Directors

The directors who served during the year were:

Mr R M Ashman (resigned 21 December 2016)
Mr A H Hooper (resigned 6 February 2017)
Mr C Jarvis (resigned 21 December 2016)
Mr J P Masters (resigned 21 December 2016)
Mr S M Deacon (resigned 14 March 2017, appointed 9 May 2017)
A J Barnett (appointed 6 February 2017)
C H Dennis (appointed 21 November 2016)
C F Russel (appointed 12 December 2016, resigned 20 March 2017)
J G Keohane (appointed 2 December 2016)
B Pyle (appointed 12 September 2016, resigned 14 September 2016)
M King (appointed 9 May 2017)

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's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CORMAC Contracting Limited

The financial statements have been prepared and delivered in accordance with the provisions applicable to small companies within part of the Companies act 2006.

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 the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the 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.

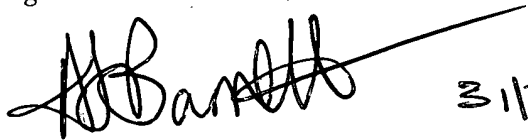
Auditor

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

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

31 JULY 2017

and



31/7/17

Mr A J Barnett
Director

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

We have audited the financial statements of CORMAC Contracting Limited for the year ended 31 March 2017, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is the applicable law and the 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'.

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 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 Audit 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 2017 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.



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

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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, or
- The directors were not entitled to prepare financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing a Directors Report.

Grant Thornton UK LLP

Christian Heeger BSc FCA (Senior statutory auditor)

for and on behalf of

Grant Thornton UK LLP

Chartered Accountants

Bristol

Date: 31 July 2017

Statement of Comprehensive Income

For the Year Ended 31 March 2017

	Note	2017 £000	2016 £000
Turnover	4	3,612	20,181
Cost of sales		(3,432)	(19,768)
Gross profit		180	413
Administrative expenses		(271)	(1,095)
Operating loss	5	(91)	(682)
Interest receivable and similar income	10	4	5
Interest payable and expenses	11	(167)	(150)
Loss before tax		(254)	(827)
Tax on loss or ordinary activities	12	(26)	-
Loss for the financial year		(280)	(827)
Other comprehensive income for the year			
Total comprehensive income for the year		(280)	(827)

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

The notes on pages 11 to 20 form part of these financial statements.

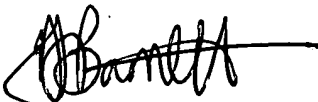
Statement of Financial Position

As at 31 March 2017

	Note	2017 £000	2016 £000
Fixed assets			
Tangible fixed assets	13	<u>110</u>	<u>119</u>
		110	119
Current assets			
Debtors: amounts falling due within one year	14	1,395	3,869
Cash at bank and in hand	15	<u>988</u>	<u>1,116</u>
		2,383	4,985
Creditors: amounts falling due within one year	16	<u>(3,256)</u>	<u>(5,619)</u>
Net current liabilities		(873)	(634)
Total assets less current liabilities		(763)	(515)
Provisions for liabilities			
Other provisions	18	<u>(30)</u>	<u>-</u>
		(30)	-
Net liabilities		<u>(793)</u>	<u>(515)</u>
Capital and reserves			
Profit and loss account	20	<u>(793)</u>	<u>(515)</u>
		<u>(793)</u>	<u>(515)</u>

The financial statements have been prepared and delivered in accordance with the provisions applicable to small companies within part of the Companies act 2006.

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

 31/7/17

Mr A J Barnett
 Director

The notes on pages 11 to 20 form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 31 March 2017

	Profit and loss account	Total equity
	£000	£000
At 1 April 2016	(515)	(515)
Comprehensive income for the year		
Loss for the year	(280)	(280)
Other movement	2	2
At 31 March 2017	<u>(793)</u>	<u>(793)</u>

Statement of Changes in Equity

For the Year Ended 31 March 2016

	Profit and loss account	Total equity
	£000	£000
At 1 April 2015	312	312
Comprehensive income for the year		
Loss for the year	(827)	(827)
At 31 March 2016	<u>(515)</u>	<u>(515)</u>

The notes on pages 11 to 20 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 March 2017

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.

The principle activities of the company are highways maintenance and facilities management.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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.

2.3 Turnover

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 transactions recognised by reference to the stage of completion of work at the balance sheet date. The outcome of the transactions is deemed to be able to be estimated reliably when all the following conditions are satisfied:

- the amount of the revenue can be reliably measured;
- 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;

Notes to the Financial Statements

For the Year Ended 31 March 2017

- 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 replace part is derecognised. Repairs and maintenance are charged to the 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
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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 in the Statement of comprehensive income.

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.

Notes to the Financial Statements

For the Year Ended 31 March 2017

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 arrangement 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.

2.9 Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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 2017

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 recognised by the Company using judgement based on past experience and the Company's record of requiring remedial action.

4. Analysis of Turnover

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

	2017 £000	2016 £000
Rendering of services	<u>3,612</u>	<u>20,181</u>

All turnover arose within the United Kingdom.

Notes to the Financial Statements

For the Year Ended 31 March 2017

5. Operating loss

The operating loss is stated after charging:

	2017 £000	2016 £000
Depreciation of tangible fixed assets	<u>9</u>	<u>10</u>

6. Auditor's remuneration

	2017 £000	2016 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>11</u>	<u>12</u>

All other services	<u>3</u>	<u>3</u>
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7. Employees

Staff costs, including directors' remuneration, were as follows:

	2017 £000	2016 £000
Wages and salaries	<u>47</u>	<u>83</u>

8. 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:

	2017 £000	2016 £000
Directors emoluments	<u>47</u>	<u>201</u>

Notes to the Financial Statements

For the Year Ended 31 March 2017

9. Interest receivable

	2017 £000	2016 £000
Other interest receivable	<u>4</u>	<u>5</u>

10. Interest payable and similar charges

	2017 £000	2016 £000
Loans from group undertakings	<u>167</u>	<u>150</u>

11. Taxation on ordinary activities

	2017 £000	2016 £000
Corporation tax		
UK corporation tax	<u>26</u>	<u>-</u>
	<u>26</u>	<u>-</u>
Deferred taxation	<u>-</u>	<u>-</u>
Total current tax	<u><u>26</u></u>	<u><u>-</u></u>

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 20% (2016 - 20%).
The differences are explained below:

	2017 £000	2016 £000
Loss on ordinary activities before tax	<u>(254)</u>	<u>(827)</u>

Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	(51)	(165)
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Effects of:

Non-taxable income	77	165
Total tax charge for the year	<u><u>26</u></u>	<u><u>-</u></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 2017

12. Tangible fixed assets

	Plant & machinery £000
Cost or valuation	
At 1 April 2016	138
At 31 March 2017	138
Depreciation	
At 1 April 2016	19
Charge for the period on owned assets	9
At 31 March 2017	28
Net book value	
At 31 March 2017	110
At 31 March 2016	119

13. Debtors

	2017 £000	2016 £000
Trade debtors	336	1,106
Amounts owed by group undertakings	478	2,664
Other debtors	551	0
Other taxation and social security	30	99
	<u>1,395</u>	<u>3,869</u>

14. Cash and cash equivalents

	2017 £000	2016 £000
Cash at bank and in hand	<u>988</u>	<u>1,116</u>

Notes to the Financial Statements

For the Year Ended 31 March 2017

15. Creditors: Amounts falling due within one year

	2017 £000	2016 £000
Bank loans	1,750	2,500
Trade creditors	641	1247
Amounts owed to group undertakings	433	1,853
Other taxation and social security	246	18
Other creditors	9	1
Accruals and deferred income	177	0
	<u>3,256</u>	<u>5,619</u>

16. Financial instruments

	2017 £000	2016 £000
Financial assets		
Cash and cash equivalents	988	1,116
Financial assets that are debt instruments measured at amortised cost	1,365	3,770
	<u>2,353</u>	<u>4,886</u>

Financial liabilities

Financial liabilities measured at amortised cost	(2,833)	(5,601)
	<u>(3,010)</u>	<u>(5,601)</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings and other creditors.

Notes to the Financial Statements

For the Year Ended 31 March 2017

17. Provisions

	Remedial Works £000
Charged to other comprehensive income	30
At 31 March 2017	30

18. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
1- Ordinary share of £1	<u>1</u>	<u>1</u>

19. Reserves

Profit & loss account

Includes all current and prior periods retained profit and losses.

20 Related party transactions

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

	2017 £000	2016 £000
Contracting	(103)	13,710
	<u>(103)</u>	<u>13,710</u>

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

	2017 £000	2016 £000
Contracting	<u>75</u>	<u>2,123</u>

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

	2017 £000	2016 £000
	<u>1,641</u>	<u>6,550</u>

Notes to the Financial Statements

For the Year Ended 31 March 2017

21. Controlling party

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