

CORMAC CONTRACTING LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020



CORMAC CONTRACTING LIMITED

COMPANY INFORMATION

DIRECTORS

M L Eves (appointed as alternate to C J Robinson on 24 March 2020)
A J Hoare (appointed as alternate to P J Mawston on 24 March 2020)
H A James (appointed as alternate to D J Bostock on 24 March 2020)
M J King (as alternate to C L Pears)
C L Pears
B Pyle (resigned 31 July 2019)
C J Robinson
D J Bostock
E K Holt (resigned 25 October 2019)
D A Joss (appointed 1 April 2019)
P J Mawston

COMPANY SECRETARIES

R C Zmuda
D E G Kinnair (appointed 5 August 2019)

REGISTERED NUMBER

07737521

REGISTERED OFFICE

Cormac Head Office
Higher Trenant Road
Wadebridge
Cornwall
PL27 6TW

INDEPENDENT AUDITORS

Bishop Fleming LLP
Chartered Accountants & Statutory Auditors
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth
PL4 0BN

BANKERS

NatWest
2/4 St Nicholas Street
Truro
Cornwall
TR1 2RN

CORMAC CONTRACTING LIMITED

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CORMAC CONTRACTING LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

The directors present their report and the financial statements for the year ended 31 March 2020.

PRINCIPAL ACTIVITY

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

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £2,737 (2019: loss £145,744).

No dividend is recommended.

DIRECTORS

The directors who served during the year were:

M L Eves (appointed as alternate to C J Robinson on 24 March 2020)
A J Hoare (appointed as alternate to P J Mawston on 24 March 2020)
H A James (appointed as alternate to D J Bostock on 24 March 2020)
M J King (as alternate to C L Pears)
C L Pears
B Pyle (resigned 31 July 2019)
C J Robinson
D J Bostock
E K Holt (resigned 25 October 2019)
D A Joss (appointed 1 April 2019)
P J Mawston

FUTURE DEVELOPMENTS

The business pipeline into 2020/21 for the company is extremely positive and we go into the next 4 years with a clear plan that provides the

DISCLOSURE OF INFORMATION TO AUDITORS

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 auditors are 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 auditors are aware of that information.

POST BALANCE SHEET EVENTS

The end of the year saw the start of the Covid-19 outbreak, followed by the associated national lockdown. This has had a small adverse effect on the 2019/20 results, and will have a significant impact on the 2020/21 results. Core highways and facilities services temporarily halting non-essential works during April and part of May 2020 which has impacted the revenue and cashflow in quarter 1 of 2020/21. The business has responded positively during this period by maximising the Job Retention Scheme and transitioned to new working practices and the majority of normal trading has resumed by the end of May.

CORMAC CONTRACTING LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

AUDITORS

The auditors, Bishop Fleming LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

P J Mawston
Director

Date: 10 August 2020

Cormac Head Office
Higher Trenant Road
Wadebridge
Cornwall
PL27 6TW

CORMAC CONTRACTING LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020**

The directors are responsible for preparing 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 judgements 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 to 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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CORMAC CONTRACTING LIMITED

OPINION

We have audited the financial statements of Cormac Contracting Limited (the 'company') for the year ended 31 March 2020, which comprise the Statement of income and retained earnings, the Statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

CORMAC CONTRACTING LIMITED

INDEPENDENT AUDITORS' 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 the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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.

We have nothing to report in respect of the following matters in relation to which 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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

CORMAC CONTRACTING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CORMAC CONTRACTING LIMITED (CONTINUED)

USE OF OUR REPORT

This report is made solely to the company's members 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 Auditors' 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 for our audit work, for this report, or for the opinions we have formed.

Robert Davey FCA (Senior statutory auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

Salt Quay House

4 North East Quay

Sutton Harbour

Plymouth

PL4 0BN

10 August 2020

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CORMAC CONTRACTING LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2020**

	Note	2020 £	2019 £
Turnover	4	5,369,177	3,673,187
Cost of sales		(4,770,159)	(3,485,894)
GROSS PROFIT		599,018	187,293
Administrative expenses		(499,017)	(186,957)
OPERATING PROFIT	5	100,001	336
Interest receivable and similar income	8	3,069	2,670
Interest payable and expenses	9	(99,750)	(148,750)
PROFIT/(LOSS) BEFORE TAX		3,320	(145,744)
Tax on profit/(loss)	10	(583)	-
PROFIT/(LOSS) AFTER TAX		2,737	(145,744)
Retained earnings at the beginning of the year		(939,153)	(793,409)
Profit/(loss) for the year		2,737	(145,744)
RETAINED EARNINGS AT THE END OF THE YEAR		(936,416)	(939,153)

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of income and retained earnings.
The notes on pages 9 to 19 form part of these financial statements.

CORMAC CONTRACTING LIMITED
REGISTERED NUMBER:07737521

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	11	82,590	91,767
CURRENT ASSETS			
Debtors: amounts falling due within one year	12	1,626,452	1,224,335
Cash at bank and in hand	13	1,124,106	1,065,005
		<u>2,750,558</u>	<u>2,289,340</u>
Creditors: amounts falling due within one year	14	(1,945,813)	(3,221,176)
NET CURRENT ASSETS/(LIABILITIES)		<u>804,745</u>	(931,836)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>887,335</u>	(840,069)
Creditors: amounts falling due after more than one year		(1,750,000)	-
PROVISIONS FOR LIABILITIES			
Other provisions	17	(73,750)	(99,083)
NET LIABILITIES		<u>(936,415)</u>	<u>(939,152)</u>
CAPITAL AND RESERVES			
Called up share capital	18	1	1
Profit and loss account	19	(936,416)	(939,153)
		<u>(936,415)</u>	<u>(939,152)</u>

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

P J Mawston
 Director

Date: 10 August 2020

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

CORMAC CONTRACTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

1. GENERAL INFORMATION

The company (registered number 07737521) is a private company, limited by shares and registered in England and Wales. The registered office address is Cormac Head Office, Higher Trenant Road, Wadebridge, Cornwall, PL27 6TW.

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

The following principal accounting policies have been applied:

2.2 FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Corserv Limited as at 31 March 2020 and these financial statements may be obtained from Companies House.

2.3 GOING CONCERN

Despite making a profit in the year, the company has net liabilities amounting to £936,415. The end of the year saw the start of the Covid-19 outbreak, followed by the associated national lockdown. This has had a small adverse effect on the 2019/20 results, and will have a significant impact on the 2020/21 results. Cornwall Council has confirmed its intention to continue to support the Company financially for a period of not less than 12 months from the date on which the financial statements for the year ended 31 March 2020 are approved by the Directors. The directors have considered the letter of support received from Cornwall Council and the expected future profitability and positive cash flows of the company.

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

CORMAC CONTRACTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. ACCOUNTING POLICIES (continued)

2.4 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax, other sales taxes and sales within the company. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and the costs incurred and the costs to complete the contract can be measure reliably.

2.5 LONG-TERM CONTRACTS

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses.

Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

2.6 INTEREST INCOME

Interest income is recognised in the Statement of comprehensive income in the year in which it is received.

2.7 FINANCE COSTS

Finance costs are charged to profit or loss 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.

2.8 BORROWING COSTS

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

CORMAC CONTRACTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. ACCOUNTING POLICIES (continued)

2.9 TAXATION

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.10 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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 and machinery	-	7% 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 profit or loss.

2.11 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.

CORMAC CONTRACTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. ACCOUNTING POLICIES (continued)

2.12 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.

2.13 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.

2.14 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.15 FINANCIAL INSTRUMENTS

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of income and retained earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at

CORMAC CONTRACTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. ACCOUNTING POLICIES (continued)

2.15 FINANCIAL INSTRUMENTS (CONTINUED)

the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements requires management to make judgements and estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- Provisions for remedial works are recognised by the company using judgement based on past experience and the company's record of requiring remedial action.

- Valuation of incomplete contracts at the year-end: contracts are valued (both in terms of cost and revenue) by the in house team based on their experience in the industry and their knowledge of the contract in question.

- No deferred tax asset has been included in the financial statements. In making the decision whether to recognise this deferred tax asset management have assessed the availability of taxable profits in future periods which could be utilised. On the basis that sufficient taxable profits are not anticipated in the short term, it has been decided not to recognise the deferred tax asset.

4. TURNOVER

The whole of the turnover is attributable to highways maintenance and facilities management.

All turnover arose within the United Kingdom.

5. OPERATING PROFIT

The operating profit is stated after charging:

	2020	2019
	£	£
Depreciation of tangible fixed assets	<u>9,176</u>	<u>9,176</u>

CORMAC CONTRACTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

6. AUDITORS' REMUNERATION

	2020	2019
	£	£
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	<u>8,945</u>	<u>7,850</u>

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

7. DIRECTORS' REMUNERATION

The executive directors are remunerated by Corserv Limited or Cormac Solutions Limited (CSL) and a proportionate element of their costs are invoiced to other group companies as part of an overall management charge. This is the element that relates to Cormac Contracting Limited.

	2020	2019
	£	£
Directors' emoluments	62,696	56,933
Company contributions to pension schemes	13,716	11,430
	<u>76,412</u>	<u>68,363</u>

During the year retirement benefits were accruing to 2 directors (2019: 2) in respect of defined contribution pension schemes.

During the year retirement benefits were accruing to 3 directors (2019: 3) in respect of defined benefit pension schemes.

The directors' pension benefits are funded through Corserv Limited or Cormac Solutions Limited and recharged to Cormac Contracting Limited.

Cormac Contracting Limited has no employees. The average monthly number of directors during the year was 8 (2019: 7).

8. INTEREST RECEIVABLE

	2020	2019
	£	£
Other interest receivable	<u>3,069</u>	<u>2,670</u>

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Other loan interest payable	<u>99,750</u>	<u>148,750</u>

CORMAC CONTRACTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

10. TAXATION

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £	2019 £
Profit/(loss) on ordinary activities before tax	<u>3,320</u>	<u>(145,744)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	631	(27,691)
EFFECTS OF:		
Group relief	-	25,948
Adjust opening and closing deferred tax to average rate	(9,444)	183
Deferred tax not recognised	9,396	1,560
TOTAL TAX CHARGE FOR THE YEAR	<u><u>583</u></u>	<u><u>-</u></u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

CORMAC CONTRACTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

11. TANGIBLE FIXED ASSETS

	Plant and machinery
	£
COST	
At 1 April 2019	137,650
At 31 March 2020	<u>137,650</u>
DEPRECIATION	
At 1 April 2019	45,883
Charge for the year on owned assets	9,177
At 31 March 2020	<u>55,060</u>
NET BOOK VALUE	
At 31 March 2020	<u><u>82,590</u></u>
At 31 March 2019	<u><u>91,767</u></u>

12. DEBTORS

	2020	2019
	£	£
Trade debtors	331,517	397,231
Amounts owed by group undertakings	66,040	265,424
Other debtors	1,228,895	561,680
	<u><u>1,626,452</u></u>	<u><u>1,224,335</u></u>

13. CASH AND CASH EQUIVALENTS

CORMAC CONTRACTING LIMITED Financial Accounts 2020-03-31

	2020 £	2019 £
Cash at bank and in hand	<u>1,124,106</u>	<u>1,065,005</u>

CORMAC CONTRACTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Other loans	-	1,750,000
Trade creditors	253,485	64,125
Amounts owed to group undertakings	1,231,646	880,747
Corporation tax	583	-
Other taxation and social security	-	34,188
Other creditors	25,199	6,733
Accruals and deferred income	434,900	485,383
	<u>1,945,813</u>	<u>3,221,176</u>

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

	2020	2019
	£	£
Other loans	<u>1,750,000</u>	<u>-</u>

16. LOANS

Analysis of the maturity of loans is given below:

	2020	2019
	£	£
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Other loans	-	1,750,000
AMOUNTS FALLING DUE 2-5 YEARS		
Other loans	1,750,000	-
	<u>1,750,000</u>	<u>1,750,000</u>

In the prior year the company had a funding arrangement with Cornwall Council. Interest was fixed at 5.8% and the amount was repayable on demand. At the year end, the amount outstanding under this arrangement was £nil (2019: £1,750,000). During the current year this funding arrangement transferred from Cornwall Council to Corserv Limited. The terms of the funding agreement with Corserv Limited include interest charges fixed at 5.7%. The amount is repayable by 31 March 2023. At the year end the amount outstanding under this arrangement was £1,750,000.

CORMAC CONTRACTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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17. PROVISIONS

Remedial Works
£

At 1 April 2019	99,083
Charged to profit or loss	(25,333)
AT 31 MARCH 2020	<u>73,750</u>

The provision for remedial works being the company's judgement based on past experience and the company's record of contracts requiring remedial action.

18. SHARE CAPITAL

	2020	2019
	£	£
ALLOTTED, CALLED UP AND FULLY PAID		
1 (2019: 1) ordinary share of £1.00	<u>1</u>	<u>1</u>

19. RESERVES

Profit and loss account

Profit and loss account comprises all current and prior period accumulated profits and losses.

CORMAC CONTRACTING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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20. RELATED PARTY TRANSACTIONS

	2020 £	2019 £
Sales		
Cornwall Council	-	10,847
Cormac Solutions Limited	210,513	151,824
Cornwall Housing Limited	-	28,951
	210,513	191,622
Purchases		
Cornwall Council	124,743	55,219
Cormac Solutions Limited	1,943,194	2,323,073
Cornwall Housing Limited	7,086	6,658
Corserv Limited	140,000	-
	2,215,023	2,384,950
Debtors		
Cornwall Council	66,040	128,471
Cormac Solutions Limited	-	136,953
	66,040	265,424
Creditors		
Cornwall Council	9,413	1,806,806
Cormac Solutions Limited	1,005,450	821,952
Cornwall Housing Limited	5,910	1,989
Corserv Limited	1,960,873	-
	2,981,646	4,437,553

Key Management Personnel are limited to directors, transactions are as disclosed in Note 7.

The company has a funding arrangement with Corserv Limited (2019: Cornwall Council). Interest is fixed at 5.7% (2019: 5.8%) with the charge for the year being £99,750 (2019: £148,750). At the year end, the amount outstanding under this arrangement was £1,750,000 (2019: £1,750,000); this forms part of the Corserv Limited (2019: Cornwall Council) creditor balance above.

21. CONTROLLING PARTY

On 15 July 2019, Corserv Limited became the 100% shareholder of the company. Cornwall Council remains the ultimate controlling party.

