

LONGCLIFFE QUARRIES LIMITED

Report and Financial Statements

Year ended 31 March 2013

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LONGCLIFFE QUARRIES LIMITED

REPORT AND FINANCIAL STATEMENTS 2013

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LONGCLIFFE QUARRIES LIMITED

REPORT AND FINANCIAL STATEMENTS 2013

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R J G Shields (Chairman)
A Littler
M Barkley
I Gorbould
J F G Shields
C Wainwright

COMPANY SECRETARY

I Gorbould

SOLICITORS

Herbert Smith
Exchange House
Primrose Street
London
EC2A 2HS

REGISTERED OFFICE

Longcliffe
Brassington
Matlock
Derbyshire
DE4 4BZ

BANKERS

HSBC Plc
Matlock
Derbyshire

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Nottingham, UK

LONGCLIFFE QUARRIES LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report for the year ended 31 March 2013

PRINCIPAL ACTIVITIES

The principal activity of the company has continued to be the extraction of minerals, producing high purity calcium carbonate products for a number of industrial applications

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The company had another profitable year, recording profits on ordinary activities before taxation of £669,269 (2012 £1,342,885)

The company's financial position reflects the difficult trading year, due to the economic climate and the exceptionally high energy costs. Despite this the company's financial and cash flow position remain strong and the directors are confident about the future trading prospects and its strategic direction.

The progress of the business has continued to be supported by significant investment in both capital expenditure and research and development.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £453,279 (2012 £975,389)

A dividend of £90,881 (2012 £90,921) has been paid during the year.

RESEARCH AND DEVELOPMENT

Research and development expenditure during the year has been concentrated on the development of new processes for value added limestone products.

DIRECTORS

The directors who served during the year and subsequently to the date of this report were as follows

R J G Shields	(Chairman)
P J Gillatt	(Resigned 15 September 2013)
A Littler	(Appointed 16 September 2013)
A V Dearden	(Resigned 30 September 2012)
P J Fothergill	(Resigned 28 February 2013)
M Barkley	
I Gorbould	
J P G Shields	
C Wainwright	(Appointed 28 February 2013)

LONGCLIFFE QUARRIES LIMITED

DIRECTORS' REPORT (Continued)

PRINCIPAL RISKS AND UNCERTAINTIES

Owing to the nature of our activities and the transport fleet we operate, the volatility of energy prices are a risk to our business. The company attempts to manage these risks by entering into supply contracts at the most opportune time, although fuel prices are subject to changes in worldwide markets.

The company has some exposure to interest rate fluctuations with bank borrowings being based on variable rates. However, the company enters into interest rate swaps in order to mitigate this risk to some degree. The directors consider that the company's banking facilities are adequate going forward. Short-term flexibility is achieved by overdraft facilities.

Credit risk arises on financial instruments such as trade receivables. Policies and procedures exist to ensure that the trade debtors have an appropriate credit history. Debtors are stated net of provision.

The company has no overseas transactions and therefore has no currency risk.

From the Balance Sheet date to the date of this report the directors have considered the trading position of the group, along with future cash flow forecasts, and see no reason why the group will not be able to operate within the existing bank facility. The bank overdraft facility was due for renewal in December 2013 but as a result of improved liquidity this will not be sought.

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

CHARITABLE AND POLITICAL DONATIONS

The company has made charitable donations of £43,900 (2012 £32,343). Political donations amounting to £1,000 (2012 £Nil) were made during the year.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

LONGCLIFFE QUARRIES LIMITED

DIRECTORS' REPORT (Continued)

AUDITOR

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

(1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and

(2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

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

Deloitte LLP have expressed their willingness to continue in office as auditor of the company. A resolution to re-appoint Deloitte LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting

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



I GORBOULD
Company Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONGCLIFFE QUARRIES LIMITED

We have audited the financial statements of Longcliffe Quarries Limited for the year ended 31 March 2013 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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.



Mark Doleman FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Nottingham, United Kingdom

20 December 2013

LONGCLIFFE QUARRIES LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2013

	Note	2013 £	2012 £
Turnover	2	21,347,426	21,441,154
Cost of sales		(14,781,888)	(14,741,787)
GROSS PROFIT		<u>6,565,538</u>	<u>6,699,367</u>
Administrative expenses (including exceptional items of £650,000 (2012 Nil))	3	(5,422,662)	(4,955,021)
OPERATING PROFIT	4	<u>1,142,876</u>	<u>1,744,346</u>
Net Interest payable and similar charges	6	(473,607)	(401,461)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>669,269</u>	<u>1,342,885</u>
Tax on profit on ordinary activities	7	(215,990)	(367,496)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	18,19	<u><u>453,279</u></u>	<u><u>975,389</u></u>

All activities are derived from continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 March 2013

	2013 £	2012 £
Profit attributable to the members for the financial year	453,279	975,389
Actuarial loss on defined benefit pension scheme (note 21)	(1,460,000)	(1,760,000)
Movement on deferred tax relating to pension scheme (note 21)	336,000	422,000
Total recognised gains and losses since the last annual report	<u><u>(670,721)</u></u>	<u><u>(362,611)</u></u>

LONGCLIFFE QUARRIES LIMITED

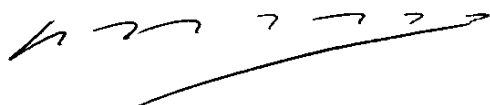
BALANCE SHEET

31 March 2013

	Note	2013 £	2012 £
FIXED ASSETS			
Tangible fixed assets	9	11,211,680	11,604,426
Investments	10	2,826,673	2,824,173
		<u>14,038,353</u>	<u>14,428,599</u>
CURRENT ASSETS			
Stocks	11	266,272	333,766
Debtors	12	8,407,875	7,411,990
Cash at bank and in hand		154,207	207,789
		<u>8,828,354</u>	<u>7,953,545</u>
CREDITORS: amounts falling due within one year	13	(8,333,683)	(5,883,282)
NET CURRENT ASSETS		<u>494,671</u>	<u>2,070,263</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		14,533,024	16,498,862
CREDITORS: amounts falling due after more than one year	14	(1,027,233)	(2,837,219)
PROVISIONS FOR LIABILITIES	16	(667,787)	(811,037)
NET ASSETS EXCLUDING PENSION DEFICIT		12,838,004	12,850,606
Pension deficit	21	(4,037,000)	(3,288,000)
NET ASSETS INCLUDING PENSION DEFICIT		<u>8,801,004</u>	<u>9,562,606</u>
CAPITAL AND RESERVES			
Called up share capital	17	145,474	145,474
Share premium account	18	234,375	234,375
Capital redemption reserve	18	16,493	16,493
Profit and loss account	18	8,404,662	9,166,264
SHAREHOLDERS' FUNDS	19	<u>8,801,004</u>	<u>9,562,606</u>

These financial statements of Longcliffe Quarries Limited (registered number 273400) were approved by the board of directors and authorised for issue on 18 December 2013

They were signed on its behalf by



R J G SHIELDS

Director

LONGCLIFFE QUARRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The principal accounting policies adopted are described below and have been applied consistently in both the current year and prior year.

The company's financial statements present information about it as an individual undertaking and not about its group. The company has taken advantage of the exemption granted by s400 of the Companies Act 2006 from the requirement to prepare group financial statements.

Accounting convention

The financial statements are prepared under the historical cost convention and on a going concern basis after due consideration of the principal risks and uncertainties as disclosed in the report to the directors, and in accordance with the Companies Act 2006.

Going Concern

From the Balance Sheet date to the date of this report, the directors have considered the trading position of the company, along with future cash flow forecasts, and see no reason why the company will not be able to operate within the existing bank facility. The bank facility is due for renewal in December 2013 and through ongoing discussions with the bank the directors are confident this facility will be renewed.

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

Tangible Fixed Assets

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

Freehold land is not depreciated except the land which is currently being quarried. The cost of fixed assets is depreciated by equal annual instalments over the expected useful lives of the assets as follows:

Freehold Land	Land is not depreciated
Freehold properties	20-50 years
Plant and machinery	3-15 years

Assets under the course of construction are not depreciated until they are brought into use.

Investments

Investments are stated at cost less provision for any impairment in value.

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. In the case of finished goods, cost comprises direct materials and an appropriate proportion of quarry fixed and variable overheads based on normal level of activity.

Taxation

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

LONGCLIFFE QUARRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2013

1. ACCOUNTING POLICIES (Continued)

Taxation (continued)

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Leases and hire purchase commitments

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

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Pension costs

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

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

Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on the plant for research and development purposes is capitalised when its future value to the business can be regarded as assured.

Exemption from the obligation to prepare a cash flow statement and group accounts

The company has taken advantage of an exemption from the obligation to prepare group accounts and a cash flow statement, on the grounds that the company is a wholly owned subsidiary of Longcliffe Group Limited and the financial results, position and cash flows are consolidated in the group financial statements of that company.

Derivative financial instruments

The company uses forward contracts to reduce exposure to foreign exchange risk. The company does not hold or issue derivative financial instruments for speculative purposes.

LONGCLIFFE QUARRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2013

2. TURNOVER

Turnover comprises the invoice value of goods and services exclusive of VAT and is derived wholly within the United Kingdom from the continuing principal activity of the company. Income is recognised at the point of delivery of goods.

3. EXCEPTIONAL ITEMS

	2013 £	2012 £
Write off of inter company balances	650,000	-

At the year end £650,000 of inter- company balances owing from Vital Earth GB Limited were deemed irrecoverable and written off.

4. OPERATING PROFIT

Operating profit is after charging/(crediting)

	2013 £	2012 £
Research and development		
- current year expenditure	502,913	456,619
Auditor's remuneration		
- fees payable to the Company's auditor for the audit of the Company's financial statements	23,466	17,400
- non-audit fees payable for tax services	27,770	27,770
- fees payable to the Company's auditor and their associates in respect of associated pension schemes	3,050	2,950
Depreciation of tangible fixed assets		
- owned	904,383	1,001,860
- held under finance leases and hire purchase contracts	894,502	788,187
Hire of plant and equipment	175,118	398,582
Operating lease rentals		
- Land and buildings	161,631	161,631
(Profit)/loss on disposal of fixed assets	(115,400)	31,459

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2013 £	2012 £
Directors' remuneration		
Fees	15,000	15,000
Emoluments	847,769	1,034,987
Pension contributions	144,754	249,963
	<u>1,007,523</u>	<u>1,299,950</u>
Remuneration of highest paid director		
Emoluments	<u>137,323</u>	<u>199,291</u>

LONGCLIFFE QUARRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2013

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

Within the above remuneration, payments totalling £121,000 (2012: £221,000) were made to the Longcliffe Quarries (Self-Administered) Pension Plan. Two of the directors, including the highest paid director, are two of the beneficiaries of this plan. Since March 2008 no further payments have been made to the defined benefit scheme in respect of R J G Shields.

	2013 Number	2012 Number
The number of directors who are members of:		
Defined contribution scheme	3	4
Defined benefit scheme	-	-
	<u>3</u>	<u>4</u>

The number of directors who were members of the defined contribution scheme in the prior year includes one director who resigned during the prior year.

	2013 Number	2012 Number
Average number of persons employed		
Management and administration	53	44
Production, distribution and sales	101	105
	<u>154</u>	<u>149</u>
	£	£
Staff costs during the year		
Wages and salaries	4,916,348	5,011,948
Social security costs	523,580	531,260
Other pension costs	401,756	504,342
	<u>5,841,684</u>	<u>6,047,550</u>

6. INTEREST PAYABLE

	2013 £	2012 £
Loans and bank overdraft	240,047	249,157
Finance and hire purchase leases	50,159	60,304
Net charge on pension scheme	132,000	92,000
Other interest	51,401	-
	<u>473,607</u>	<u>401,461</u>

LONGCLIFFE QUARRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2013

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2013 £	2012 £
a) Analysis of charge for the year		
Current tax		
UK corporation tax at 24% (2012 26%) based on the profit for the year	167,497	238,720
Adjustments in respect of previous year	(61,282)	54,945
Total current tax (note 7b)	106,215	293,665
Group relief		
Charge for the year	85,026	79,077
Deferred tax		
Origination and reversal of timing differences	10,187	(5,638)
Adjustments in respect of previous year	(9,475)	(21,488)
Effect of change in tax rate	24,037	21,880
	24,749	(5,246)
Total current year tax	215,990	367,496

b) Factors affecting the tax charge for the year

The UK Government announced a reduction in the standard rate of UK corporation tax from 26% to 24% effective 1 April 2012 and to 23% effective 1 April 2013. These rate reductions became substantively enacted in March 2012 and July 2013, respectively. Accordingly, the company's profits for this financial year are taxed at an effective rate of 24%.

The UK Government also proposed changes to further reduce the standard rate of the UK corporation tax by 2% per annum to 21% by 1 April 2014. As these rates were not substantively enacted at the balance sheet date, the rate reduction is not yet reflected in these financial statements in accordance with FRS 19, as it is a non-adjusting event occurring after the reporting period. The effect of these tax rate reductions on the deferred tax balance will be accounted for in the period in which the tax rate reductions are substantively enacted.

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to profit before tax is as follows:

	2013 £	2012 £
Profit on ordinary activities before tax	669,269	1,342,885
Tax on ordinary activities at the standard rate	160,625	349,150
Effects of:		
Expenses not deductible for tax purposes	80,983	66,382
Differences between depreciation and capital allowances	124,391	155,044
Other timing differences	(134,577)	(149,225)
Research and Development tax credit	(134,899)	(103,554)
Adjustment in respect of prior year	(61,282)	54,945
Impact of impairment review	156,000	-
Group relief	(85,026)	(79,077)
Total tax for the year (note 7a)	106,215	293,665

LONGCLIFFE QUARRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2013

8 DIVIDENDS

The following dividends were declared and paid in the period

	2013 £	2012 £
Ordinary final of 62 5p per share (2012 62 5p per share)	<u>90,881</u>	<u>90,921</u>

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and machinery £	Total £
Cost			
At 1 April 2012	4,990,314	33,179,797	38,170,111
Additions	6,716	1,399,623	1,406,339
Disposals	-	(685,163)	(685,163)
At 31 March 2013	<u>4,997,030</u>	<u>33,894,257</u>	<u>38,891,287</u>
Accumulated depreciation			
At 1 April 2012	789,149	25,776,536	26,565,685
Charge for the year	45,645	1,753,240	1,798,885
Disposals	-	(684,963)	(684,963)
At 31 March 2013	<u>834,794</u>	<u>26,844,813</u>	<u>27,679,607</u>
Net book value			
At 31 March 2013	<u>4,162,236</u>	<u>7,049,444</u>	<u>11,211,680</u>
At 31 March 2012	<u>4,201,165</u>	<u>7,403,261</u>	<u>11,604,426</u>

Freehold land and buildings includes land other than that which is currently being quarried amounting to £1,171,409 (2012 £1,171,409)

Plant and machinery includes items held under finance leases and hire purchase contracts at a net book value of £4,177,672 (2012 £4,034,513) The depreciation attributable to these items during the year was £894,502 (2012 £788,187)

LONGCLIFFE QUARRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2013

10. INVESTMENTS

	Subsidiary undertaking shares £	Joint venture £	Other investments £	Total £
Cost:				
At 1 April 2012	2,854,200	3	204,497	3,058,700
Additions	2,500	-	-	2,500
At 31 March 2013	2,856,700	3	204,497	3,061,200
Provisions:				
At 1 April 2012	58,030	-	176,497	234,527
At 31 March 2013	58,030	-	176,497	234,527
Net book amounts:				
At 31 March 2013	2,798,670	3	28,000	2,826,673
At 31 March 2012	2,796,170	3	28,000	2,824,173

The additions in the year relates to the purchase of shares from a former director in respect of Vital Earth Group Limited

The company is exempt from the requirements to prepare group accounts, due to it being a subsidiary of Longcliffe Group Limited, a company which prepares consolidated financial statements

Details of the investments in which the company holds more than 20% of the nominal value of any class of share capital are as follows

Name of company	Country of registration (or incorporation and operation)	Holding	Proportion of voting rights and share held	Nature of Business
Subsidiary undertakings				
Transcycle Limited	England and Wales	Ordinary shares	100%	Waste recycling
Central Technology UK Limited	England and Wales	Ordinary shares	100%	Minerals
Avochie Granite Co Limited	England and Wales	Ordinary shares	100%	Dormant
Longcliffe Lime Company Limited	England and Wales	Ordinary shares	100%	Dormant
Longcliffe Limited	England and Wales	Ordinary shares	100%	Dormant
Longcliffe Industrial Minerals Limited	England and Wales	Ordinary shares	100%	Dormant
Derby Paper Salvage (subsidiary of Transcycle Limited)	England and Wales	Ordinary shares	100%	Dormant
Vital Earth Group Limited	England and Wales	Ordinary shares	100%	Intermediate holding company
Vital Earth Vitalizer Limited *	England and Wales	Ordinary shares	100%	Dormant
Joint ventures				
Hopton Wood Stone Farms Limited	England and Wales	Ordinary shares	50%	Dormant
Associates				
TIW Group Limited	England and Wales	Ordinary shares	30.42%	IT Consulting

* Vital Earth Vitalizer Limited is 100% owned by Vital Earth Group Limited

LONGCLIFFE QUARRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2013

10. INVESTMENTS (Continued)

By virtue of the company's interest in Vital Earth Group Limited, the following interests are held:

Vital Earth GB Limited	England and Wales	Ordinary shares	100%	Recycling/ Composting
Vital Earth (Sutton) Limited	England and Wales	Ordinary shares	100%	Recycling/ Composting
Vital Earth Limited	England and Wales	Ordinary shares	100%	Recycling/ Composting

11. STOCKS

	2013 £	2012 £
Finished goods	83,175	77,190
Consumable goods	183,097	256,576
	<u>266,272</u>	<u>333,766</u>

There is no material difference between the balance sheet value of stocks and their replacement cost

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £	2012 £
Trade debtors	3,887,902	4,142,408
Amounts owed by group undertakings	2,400,062	2,421,147
Prepayments and accrued income	1,057,368	828,436
Other debtors	1,062,543	19,999
	<u>8,407,875</u>	<u>7,411,990</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £	2012 £
Bank loans and overdraft	2,124,339	164,729
Obligations under finance lease and hire purchase contracts	510,746	1,005,263
Other loans	31,186	137,628
Trade creditors	2,963,505	2,535,424
Amounts owed to group undertakings	113,503	108,733
Other taxation and social security	1,829,889	1,086,852
Other creditors	101,182	96,321
Accruals and deferred income	316,741	468,749
Corporation tax	342,592	279,583
	<u>8,333,683</u>	<u>5,883,282</u>

LONGCLIFFE QUARRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2013

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

	2013 £	2012 £
Bank loan	-	2,045,816
Obligations under finance lease and hire purchase contracts (see note 15)	1,024,758	757,157
Other loans	2,475	34,246
	<u>1,027,233</u>	<u>2,837,219</u>

15. BORROWINGS

	2013 £	2012 £
Analysis of repayments on bank borrowings		
In one year or less or on demand	2,124,339	164,729
In more than one year but not more than two	-	164,963
In more than two years but not more than five	-	494,893
In more than five years	-	1,385,960
	<u>2,124,339</u>	<u>2,210,545</u>
Analysis of repayments of obligations under finance leases and hire purchase contracts		
In one year or less or on demand	510,746	1,005,263
In more than one year but not more than two	380,495	412,905
In more than two years but not more than five	644,263	344,252
	<u>1,535,504</u>	<u>1,762,420</u>
Analysis of repayments of other loans		
In one year or less or on demand	31,186	137,628
In more than one year but not more than two	2,475	34,246
	<u>33,661</u>	<u>171,874</u>
Total borrowings including finance leases		
In one year or less or on demand	2,666,271	1,307,620
In more than one year but not more than two	382,970	612,114
In more than two years but not more than five	644,263	839,145
In more than five years	-	1,385,960
	<u>3,693,504</u>	<u>4,144,839</u>

The bank overdraft is secured by a fixed charge on the company's debts and a floating charge on the undertaking and assets of the company

The Company has two bank loans. Both of the loans are repayable in monthly instalments with one loan to be repaid by 2024 and the other by 2026. The loans bear interest at 1.375% and 2.64% over Bank of England base rate and are secured by a fixed and floating charge on the Company's freehold properties.

Obligations under finance leases and hire purchase contracts are secured by related leased assets and bear finance charges at normal commercial rates.

Other loans relates to a loan from The Longcliffe Quarries (Self-Administered) Pension Plan and a loan from the Carbon Trust Fund both loans are unsecured.

LONGCLIFFE QUARRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2013

16. PROVISIONS FOR LIABILITIES

	2013 £	2012 £
Deferred taxation		
Balance at 1 April	811,038	1,050,283
Credit for the year	(152,726)	(239,245)
Prior year adjustment	9,475	-
Balance at 31 March	<u>667,787</u>	<u>811,038</u>

The amounts of deferred taxation provided and unprovided in the accounts are

	Provided		Not provided	
	2013 £	2012 £	2013 £	2012 £
Capital allowances in excess of depreciation	658,698	785,843	-	-
Short term timing differences	9,089	25,195	-	-
Capital losses	-	-	-	(12,410)
	<u>667,787</u>	<u>811,038</u>	<u>-</u>	<u>(12,410)</u>

The unprovided deferred tax asset in respect of capital losses will be recoverable against future capital gains. It has not been provided as there are no planned capital gains in the foreseeable future.

17. CALLED UP SHARE CAPITAL

	2013 £	2012 £
Called up, allotted and fully paid		
145,474 ordinary shares of £1 each	<u>145,474</u>	<u>145,474</u>

18. RESERVES

	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 April 2012	145,474	234,375	16,493	9,166,264	9,562,606
Profit for the year	-	-	-	453,279	453,279
Net actuarial loss relating to pension scheme	-	-	-	(1,124,000)	(1,124,000)
Dividends paid	-	-	-	(90,881)	(90,881)
At 31 March 2013	<u>145,474</u>	<u>234,375</u>	<u>16,493</u>	<u>8,404,662</u>	<u>8,801,004</u>

LONGCLIFFE QUARRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2013

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013 £	2012 £
Profit for the financial year	453,279	975,389
Net actuarial loss relating to pension scheme	(1,124,000)	(1,338,000)
Dividends paid	(90,881)	(90,921)
Net decrease in shareholders' funds	(761,602)	(453,532)
Opening shareholders' funds	9,562,606	10,016,138
Closing shareholders' funds	8,801,004	9,562,606

20. CAPITAL COMMITMENTS

	2013 £	2012 £
Contracted but not provided for	-	-

21. PENSION COMMITMENTS

The company operates a defined benefit pension scheme for all qualifying employees which is funded by the payment of contributions to separately administered funds. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit credit method. The most recent valuation was conducted as at 1 April 2010, assuming that the real rate of investment return would be 7% per annum and that the real rate of salary increases would average 3.8% per annum. The most recent actuarial valuation carried out by Scottish Widows showed that market value of schemes assets amounted to £9,749,000 and the actuarial value of those assets represented 62% of the benefits that had accrued to members, after allowing for future increases in earnings. In addition, the most recent actuarial valuation showed a deficit of £5,870,000 at the valuation date of 1 April 2010.

The company is committed to providing the necessary funding to ensure the deficit is eliminated.

The Scheme is closed both to new entrants and to future benefit accrual. The company made contributions of £675,000 during the year (2012: £675,000). This contribution rate is expected to continue to the date of the next triennial valuation.

The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation at 1 April 2010 and updated by Scottish Widows to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 31 March 2013. Scheme assets are stated at their market value at 31 March 2013.

The financial assumptions used to calculate scheme liabilities under FRS 17 are:

	Valuation at	
	2013	2012
Discount rate	4.6%	5.1%
Expected rate of salary increases	n/a	n/a
Future pension increases	n/a	n/a
Inflation	2.2%	2.2%

The pension increase in deferment assumption accounts for the fact that pension in deferment (in excess of GMP) are now assumed to increase in line with CPI, rather than RPI.

LONGCLIFFE QUARRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2013

21. PENSION COMMITMENTS (Continued)

Mortality assumptions:

Investigations have been carried out within the past three years into the mortality experience of the Company's defined benefit scheme. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are

	Valuation at	
	2013 years	2012 years
Retiring today		
Males	20.4	20.3
Females	23.1	23.0
Retiring in 20 years		
Males	22.7	22.5
Females	25.3	25.2

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase/decrease by 0.25%	Decrease/increase by 5 %
Rate of inflation	Increase/decrease by 0.25%	Increase/decrease by 2.5 %
Rate of mortality	Increase by 0.25%	Increase by 3.0%

Amounts recognised in the profit and loss account in respect of these defined benefit schemes are as follows

	2013 £'000	2013 £'000
Current service cost	-	-
Interest cost	812	816
Expected return on scheme assets	(680)	(724)
	132	92

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since the adoption of FRS 17 is losses of £4,393,000, (2012 losses of £2,933,000)

LONGCLIFFE QUARRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2013

21. PENSION COMMITMENTS (Continued)

The amount included in the balance sheet arising from the Company's obligations in respect of its defined benefit retirement benefit schemes is as follows

	2013 £'000	2012 £'000
Present value of defined benefit obligations	(17,980)	(15,912)
Fair value of scheme assets	12,737	11,586
Deficit in scheme	(5,243)	(4,326)
Related deferred tax asset	1,206	1,038
Liability recognised in the balance sheet	(4,037)	(3,288)

Movements in the present value of defined benefit obligations were as follows

	2013 £'000	2012 £'000
At 1 April	15,912	13,597
Interest cost	812	816
Actuarial losses	1,765	1,932
Benefits paid	(509)	(433)
At 31 March	17,980	15,912

Movements in the fair value of scheme assets were as follows

	2013 £'000	2012 £'000
At 1 April	11,586	10,448
Expected return on scheme assets	680	724
Actuarial gains	305	172
Contributions from the company	675	675
Benefits paid	(509)	(433)
At 31 March	12,737	11,586

The analysis of the scheme assets and the expected rate of return at the balance sheet date was as follows

	Expected return		Fair value of assets	
	2013 %	2012 %	2013 £'000	2012 £'000
Equity instruments	6.0	6.3	8,719	7,788
Debt instruments	4.1	4.6	2,473	2,702
Property	6.0	6.3	1,408	941
Cash	0.5	0.5	137	155
			12,737	11,586

LONGCLIFFE QUARRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2013

21. PENSION COMMITMENTS (Continued)

The five-year history of experience adjustments is as follows

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Present value of defined benefit obligations	(17,980)	(15,912)	(13,597)	(14,322)	(10,105)
Fair value of scheme assets	12,737	11,586	10,448	9,768	7,617
Deficit in the scheme	(5,243)	(4,326)	(3,149)	(4,554)	(2,488)
Experience adjustments on scheme liabilities					
Amount of (loss)/gain	(94)	(33)	217	215	264
Percentage of scheme liabilities (%)	(1%)	0%	2%	2%	3%
Experience adjustments on scheme assets					
Amount of gain/(loss)	305	172	(50)	2,288	(3,080)
Percentage of scheme liabilities (%)	2%	1%	0%	16%	(30%)

The most recent triennial valuation of the Company's pension scheme for funding purposes has been performed in 2010. Under the funding schedule agreed with the scheme trustees, the Company aims to eliminate the current deficit over the next 10 years. The company will monitor funding levels annually and the funding schedule will be reviewed between the Company and the trustees every three years, based on actuarial valuations. The next triennial valuation is due as at 31 March 2013. The Company considers that the contribution rates agreed with the trustees are sufficient to eliminate the current deficit over the agreed period.

The directors are of the opinion that the actuarial valuation provides a more accurate reflection of the pension scheme deficit than the valuation performed for FRS 17 purposes. The valuation for FRS 17 purposes uses a more stringent set of assumptions that the directors do not consider to be representative of the actual position.

The company also operates two defined contribution pension schemes, the assets being held separate from the company in independently administered funds. The employer contributions are charged direct to the profit and loss account and amounted to £224,756 (2012: £216,842).

22. FINANCIAL COMMITMENTS

The company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2013 £	2012 £	2013 £	2012 £
Leases which expire				
Within 2 to 5 years	111,631	111,631	-	-

LONGCLIFFE QUARRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) **Year ended 31 March 2013**

23. RELATED PARTY TRANSACTIONS

Trading transactions

The company is a wholly owned subsidiary of Longcliffe Group Limited. Longcliffe Group Limited has prepared consolidated financial statements for the year ended 31 March 2013 and therefore, the company has relied on the exemptions contained within Financial Reporting Standard 8 in respect of the disclosure of related party transactions.

Costs of £219,218 (2012 £207,119) relating to the development of a quarry occupied by Longcliffe Quarries Limited have been incurred by R J G Shields (trading as Avochie Estate (Sporting) Limited) and recharged to the company. Of this amount, £17,549 (2012 £171,454) is still outstanding at the year end. This recharge includes amounts relating to customer entertainment events which were also attended by employees of Longcliffe Quarries Limited.

Costs of £30,250 (2012 £16,438) were incurred during the year relating to Avochie Quarry leased from JFG Shields. Of this amount, £7,562 (2012 £7,562) is still outstanding at the year end.

Pension plan transactions

During the year, payments totalling £177,000 (2012 £287,500) were made to The Longcliffe Quarries (Self-Administered) Pension Plan. This is a private pension plan, of which R J G Shields (director), J F G Shields (appointed as a director during the year), A M L Shields (wife of R J G Shields), E E G Shields, E S G Shields and E A G Shields (daughters of R J G Shields) are the beneficiaries.

Also during the year Longcliffe Quarries Limited made payments on behalf of The Longcliffe Quarries (Self-Administered) Pension Plan relating to the development of Curzon Lodge. Of these payments £1,013,015 was still outstanding at 31 March 2013.

Rental charges of £61,000 (2012 £61,000) were paid in the year to The Longcliffe Quarries (Self-Administered) Pension Plan in relation to the rental of land.

The Longcliffe Quarries Limited (Self-Administered) Pension Plan has made two loans to Longcliffe Quarries Limited. The aggregate liability at the year end was £33,661 (2012 £165,714).

Aggregate interest of £3,408 (2012 £8,062) was paid to the plan during the year.

The loans are repayable in equal monthly instalments. The interest charged on the loans is 3% per annum over the base rate, payable annually. The loans are unsecured and are disclosed under 'other loans' within creditors (see notes 13 and 14).

24. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The immediate and ultimate parent undertaking of the company is Longcliffe Group Limited, a company registered in England and Wales. Copies of the accounts of this company can be obtained from Longcliffe Quarries Limited, Brassington, Matlock, Derbyshire, DE4 4BZ.

The largest and smallest group in which Longcliffe Quarries Limited is consolidated is headed by Longcliffe Group Limited.

Longcliffe Group Limited is controlled by R J G Shields and members of his immediate family.

25. FINANCIAL INSTRUMENTS

The company enters into interest contracts in order to manage its interest risk. As at year-end there were outstanding contracts of £3,874,000 (2012 £3,991,000) which are due to expire in 2016 at rates between 2.5% and 5.5%. The fair value of the outstanding contracts at 31 March 2013 is a liability of £239,066 (2012 liability of £231,432).