
LONGCLIFFE QUARRIES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019



LONGCLIFFE QUARRIES LIMITED

COMPANY INFORMATION

Directors	R J G Shields M Barkley I Gorbould J F G Shields C Wainwright V G Russell
Company secretary	I Gorbould
Registered number	00273400
Registered office	Longcliffe Brassington Matlock Derbyshire DE4 4HN
Independent auditors	Nexia Smith & Williamson Chartered Accountants & Statutory Auditor 4th Floor Cumberland House 15 - 17 Cumberland Place Southampton Hampshire SO15 2BG

LONGCLIFFE QUARRIES LIMITED

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LONGCLIFFE QUARRIES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

Introduction

The directors present their Strategic Report for the year ended 31 March 2019.

Principal activity

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

Business review

The Company had another profitable year, recording profits on ordinary activities before taxation of £2,042,884 (2018: £3,614,024).

Trading conditions remained positive during the year. Efficiency developments and cost management have supported cash flow and maintained the financial stability of the business.

The directors expect the future volumes to remain similar to those experienced in the current year and are confident about trading prospects.

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

Principal risks and uncertainties

Owing to the nature of the Company's activities and the transport fleet operated, the volatility of energy prices is a risk to the business. The Company manages this risk by entering into supply contracts at the most opportune time, although fuel prices are subject to changes in worldwide markets.

The Company has exposure to interest rate fluctuations with bank borrowings being based on variable rates. The directors consider that the risk of material impact as a result of a change in rates is small and can be accommodated through cash flows arising from forecast performance. The Company's banking facilities have been renewed and are considered 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 and make payments in accordance with terms. Debtors are stated net of provision.

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 consider that the Company will be able to operate within the existing bank facility.

The directors have renewed the existing facilities for the group which provide low cost funding and sufficient working capital to support the trading expectations going forward.

Financial key performance indicators

The directors use a number of key performance indicators to monitor performance of the business which include the following;

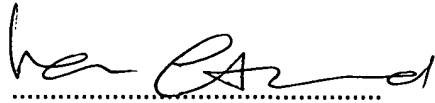
Gross margin: 34.9% (2018: 38.1%)

Turnover by employee: £199,000 (2018: £194,000)

LONGCLIFFE QUARRIES LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

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



I Gorbould
Director

Date: 25 July 2019

LONGCLIFFE QUARRIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report and the financial statements for the year ended 31 March 2019.

Results and dividends

The profit for the year, after taxation, amounted to £1,622,441 (2018 - £2,909,108).

Particulars of dividends are disclosed in note 11.

Directors

The directors who served during the year were:

R J G Shields
M Barkley
I Gorbould
J F G Shields
C Wainwright
V G Russell
A Littler (resigned 1 April 2019)

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 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.

Future developments

The Company is committed to a capital expenditure plan to both maintain and improve its service provision and product offering. This will enable it to take advantage of demand fluctuations across the varied market sectors it sells into.

LONGCLIFFE QUARRIES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

Research and development activities

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

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

Since the year end the Company has completed the purchase of an additional residential investment property to the value of £360,000.

Auditors

The auditors, Nexia Smith & Williamson, 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.



I Gorbould
Director

Date: 25 July 2019

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

Opinion

We have audited the financial statements of Longcliffe Quarries Limited (the 'Company') for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the notes to the Financial Statements, 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 FRS 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 2019 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 Auditor's 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 UK, including the FRC'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.

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

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the Financial Statements and our auditor's report thereon. The directors are responsible for the other information. 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.

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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have 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 Strategic Report and the Directors' Report.

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONGCLIFFE QUARRIES LIMITED
(CONTINUED)**

Auditor's 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 auditor's 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 auditor's report.

Use of our report

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.

Nexia Smith & Williamson

Julie Mutton (Senior Statutory Auditor)

for and on behalf of

Nexia Smith & Williamson

Chartered Accountants
Statutory Auditor

4th Floor Cumberland House
15 - 17 Cumberland Place
Southampton
Hampshire
SO15 2BG

Date:

25/7/19

LONGCLIFFE QUARRIES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 £	2018 £
Turnover	4	33,835,158	30,901,962
Cost of sales		(22,033,621)	(19,135,632)
Gross profit		11,801,537	11,766,330
Administrative expenses		(10,100,870)	(8,309,365)
Other operating income	5	349,127	297,710
Fair value movements		368,272	248,332
Operating profit	6	2,418,066	4,003,007
Dividends received		-	72,220
Interest receivable and similar income		100,146	-
Interest payable and expenses	9	(475,328)	(461,203)
Profit before tax		2,042,884	3,614,024
Tax on profit	10	(420,443)	(704,916)
Profit for the financial year		1,622,441	2,909,108
Other comprehensive income for the year			
Actuarial gains on defined benefit pension scheme		1,502,000	678,000
Movement of deferred tax relating to pension deficit		(255,340)	(115,260)
Other comprehensive income for the year		1,246,660	562,740
Total comprehensive income for the year		2,869,101	3,471,848

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

The notes on pages 12 to 35 form part of these financial statements.

LONGCLIFFE QUARRIES LIMITED
REGISTERED NUMBER:00273400

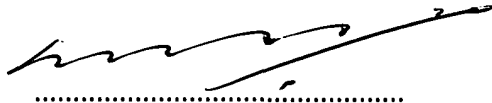
BALANCE SHEET
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	12	12,223,469	11,907,679
Investments	13	2,579,002	2,579,002
Investment property	14	10,376,800	7,654,683
		<u>25,179,271</u>	<u>22,141,364</u>
Current assets			
Stocks	15	324,433	234,880
Debtors: amounts falling due after more than one year	16	1,595,660	1,994,740
Debtors: amounts falling due within one year	16	9,802,117	9,320,868
Cash at bank and in hand	17	1,370,574	1,710,809
		<u>13,092,784</u>	<u>13,261,297</u>
Creditors: amounts falling due within one year	18	(9,533,488)	(8,708,667)
Net current assets		<u>3,559,296</u>	<u>4,552,630</u>
Total assets less current liabilities		<u>28,738,567</u>	<u>26,693,994</u>
Creditors: amounts falling due after more than one year	19	(6,979,647)	(5,289,655)
Provisions for liabilities			
Deferred tax	22	(886,956)	(831,108)
		<u>(886,956)</u>	<u>(831,108)</u>
Pension liability	23	(9,385,000)	(11,228,000)
Net assets		<u>11,486,964</u>	<u>9,345,231</u>
Capital and reserves			
Called up share capital	25	145,474	145,474
Share premium account	26	234,375	234,375
Capital redemption reserve	26	16,493	16,493
Profit and loss account	26	11,090,622	8,948,889
		<u>11,486,964</u>	<u>9,345,231</u>

LONGCLIFFE QUARRIES LIMITED
REGISTERED NUMBER:00273400

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2019

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



.....
R J G Shields
Director

Date: 25 July 2019

The notes on pages 12 to 35 form part of these financial statements.

LONGCLIFFE QUARRIES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2017	145,474	234,375	16,493	6,204,409	6,600,751
Comprehensive income for the year					
Profit for the year	-	-	-	2,909,108	2,909,108
Actuarial gains on pension scheme net of deferred tax	-	-	-	562,740	562,740
Total comprehensive income for the year	-	-	-	3,471,848	3,471,848
Dividends: Equity capital	-	-	-	(727,368)	(727,368)
At 1 April 2018	145,474	234,375	16,493	8,948,889	9,345,231
Comprehensive income for the year					
Profit for the year	-	-	-	1,622,441	1,622,441
Actuarial gains on pension scheme	-	-	-	1,246,660	1,246,660
Total comprehensive income for the year	-	-	-	2,869,101	2,869,101
Dividends: Equity capital	-	-	-	(727,368)	(727,368)
At 31 March 2019	145,474	234,375	16,493	11,090,622	11,486,964

LONGCLIFFE QUARRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. General Information

Longcliffe Quarries Limited is a private company, limited by shares, domiciled and incorporated in England and Wales. The registered office address is Longcliffe, Brassington, Matlock, Derbyshire, DE4 4HN. The Company registered number is 00273400.

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 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Longcliffe Group Limited as at 31 March 2019 and these financial statements may be obtained from Companies House.

2.3 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.

After making further 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.

2.4 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

LONGCLIFFE QUARRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.5 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 and other sales taxes. The following criteria must also be met before revenue is recognised:

Revenue is recognised at the point of delivery of goods.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, 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.

The estimated useful lives range as follows:

Freehold property	- 20 to 50 years straight line
Land	- Not depreciated
Plant and machinery	- 3 to 15 years straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit or loss account.

2.7 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the profit or loss account.

2.8 Valuation of investments

Investments in subsidiaries and associates are measured at cost less accumulated impairment.

LONGCLIFFE QUARRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each Balance Sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the profit or loss.

2.10 Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Company's cash management.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

LONGCLIFFE QUARRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in the profit or loss within 'other operating income'.

2.12 Finance costs

Finance costs are charged to the 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.

2.13 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.

2.14 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the lease term.

2.15 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

LONGCLIFFE QUARRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.16 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 the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet 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 Balance Sheet.

Remediation provision

The Company is obliged to return the principal asset of the business to a condition specified by local planning law and permissions. No provision is recognised because in the opinion of the directors this work is constantly undertaken throughout the year.

LONGCLIFFE QUARRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.17 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the Balance Sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to Other Comprehensive Income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Actuarial gains on defined benefit pension scheme'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

LONGCLIFFE QUARRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit or loss account, 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 balance sheet 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 Balance Sheet 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 is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

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

In preparing the Financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The key estimates used in the preparation of these financial statements are:

The pension scheme liability has been valued by an actuary in accordance with FRS 102. Key estimations applied in the valuation of the pension scheme include inflation, discount rate and mortality rates. Management consider the estimations applied by the actuary to be reasonable.

In consultation with the Group's actuaries, the Group has estimated its potential liability in respect of Guaranteed Minimum Pension conversion and equalisation (GMP). The directors consider a past service cost in the current year of £184,000 to be an appropriate level of provision taking into account all information currently available.

A de-commissioning provision has not been included in the financial statements. This is because the directors consider that the net present value of any future costs associated with decommissioning are expected to be immaterial.

Investment property is recognised at a fair value, subject to property valuations which are in themselves an estimate by an external expert.

Similarly, the depreciation rates adopted for all classes of property, plant and equipment are an estimate based on management's best estimate of the use and longevity of the asset,

LONGCLIFFE QUARRIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

4. Turnover

The whole of the turnover is attributable to the single business activity.

All turnover arose within the United Kingdom.

5. Other operating income

	2019 £	2018 £
Other income	200,418	167,671
Rental income	148,709	130,039
	<u>349,127</u>	<u>297,710</u>

6. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of owned tangible fixed assets	1,331,425	1,125,112
Depreciation of tangible fixed assets held under hire purchase	587,256	764,075
Profit on disposal of fixed assets	138,064	49,456
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	40,000	32,000
Exchange differences	1,863	9,499
Other operating lease rentals	362,903	352,428
Defined contribution pension cost	<u>470,541</u>	<u>468,333</u>

LONGCLIFFE QUARRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

7. Employees

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

	2019 £	2018 £
Wages and salaries	7,333,758	7,082,510
Social security costs	735,703	681,532
Cost of defined contribution scheme	470,541	468,333
	<u>8,540,002</u>	<u>8,232,375</u>

Other pension costs are charged in respect of the defined benefit pension scheme with £807,000 (2018: £807,000) being recognised within the Statement of Comprehensive Income.

Finance charges in respect of the defined benefit pension scheme are shown within Note 9, with actuarial movements being shown within other comprehensive income.

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Production, distribution and sales	100	98
Management and administrative	70	61
	<u>170</u>	<u>159</u>

LONGCLIFFE QUARRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	1,543,624	1,606,305
Company contributions to defined contribution pension schemes	35,258	31,094
	<u>1,578,882</u>	<u>1,637,399</u>

During the year retirement benefits were accruing to 6 directors (2018 - 6) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £728,104 (2018 - £719,747).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2018 - £Nil).

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £Nil (2018 - £Nil).

Included in the above is £Nil (2018 - £51,250) in respect of directors' fees.

9. Interest payable and expenses

	2019 £	2018 £
Bank interest payable	111,101	77,989
Other loan interest payable	12,155	8,137
Finance leases and hire purchase contracts	70,072	75,077
Net finance charge on defined benefit pension scheme	282,000	300,000
	<u>475,328</u>	<u>461,203</u>

LONGCLIFFE QUARRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

10. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	235,914	643,350
Adjustments in respect of previous periods	(15,059)	6,694
Total current tax	220,855	650,044
Deferred tax		
Origination and reversal of timing differences	123,641	95,187
Revaluation surplus movement	62,606	-
Adjustments in respect of previous year	13,341	(40,315)
Total deferred tax	199,588	54,872
Taxation on profit on ordinary activities	420,443	704,916

LONGCLIFFE QUARRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (*2018 - lower than*) the standard rate of corporation tax in the UK of 19% (*2018 - 19%*). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>2,042,884</u>	<u>3,614,024</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (<i>2018 - 19%</i>)	388,148	686,665
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	88,013	82,686
Adjustment to tax charge in respect of prior periods	(1,718)	(33,621)
Rate change adjustment - deferred tax	(23,521)	(11,198)
Group income	-	(13,752)
Other differences leading to an increase (decrease) in the tax charge	(2,801)	-
Group relief	(27,678)	(5,864)
Total tax charge for the year	<u><u>420,443</u></u>	<u><u>704,916</u></u>

Factors that may affect future tax charges

On 8 July 2015 the Government announced its intention to propose to Parliament a reduction in the corporation tax rate to 19% for the tax years 2017 to 2020 and 18% for the tax year 2020.

During September 2016 the Government enacted a further reduction in the tax rate to 17% for the tax years from 2020.

11. Dividends

	2019 £	2018 £
Ordinary dividends at £5 per share (<i>2018: £5 per share</i>)	<u>727,368</u>	<u>727,368</u>
	<u><u>727,368</u></u>	<u><u>727,368</u></u>

LONGCLIFFE QUARRIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

12. Tangible fixed assets

	Freehold property £	Plant and machinery £	Total £
Cost or valuation			
At 1 April 2018	4,695,527	36,759,883	41,455,410
Additions	-	2,254,711	2,254,711
Disposals	-	(1,397,863)	(1,397,863)
At 31 March 2019	<u>4,695,527</u>	<u>37,616,731</u>	<u>42,312,258</u>
Depreciation			
At 1 April 2018	789,855	28,757,876	29,547,731
Charge for the year	19,764	1,311,661	1,331,425
Charge for the year on financed assets	-	587,256	587,256
Disposals	-	(1,377,623)	(1,377,623)
At 31 March 2019	<u>809,619</u>	<u>29,279,170</u>	<u>30,088,789</u>
Net book value			
At 31 March 2019	<u>3,885,908</u>	<u>8,337,561</u>	<u>12,223,469</u>
At 31 March 2018	<u>3,905,672</u>	<u>8,002,007</u>	<u>11,907,679</u>

Freehold property includes land other than that which is currently being quarried amounting to £987,258 (2018: £987,258).

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £	2018 £
Plant and machinery	3,702,232	3,745,191
	<u>3,702,232</u>	<u>3,745,191</u>

At 31 March 2019 the Company had capital commitments contracted for but not provided in these financial statements of £360,000 (2018: £732,000).

LONGCLIFFE QUARRIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

13. Fixed asset investments

	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost or valuation			
At 1 April 2018	2,551,002	28,000	2,579,002
At 31 March 2019	2,551,002	28,000	2,579,002

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Direct/Indirect	Principal activity	Class of shares	Holding
Avochie Granite Co. Limited	Direct	Dormant	Ordinary	100%
Longcliffe Lime Company Limited	Direct	Dormant	Ordinary	100%
Longcliffe Limited	Direct	Dormant	Ordinary	100%
Longcliffe Industrial Minerals Limited	Direct	Dormant	Ordinary	100%
Ryder Point Wind Limited	Direct	Wind farming	Ordinary	100%
Vital Earth Group Limited	Direct	Intermediate holding company	Ordinary	100%
Vital Earth GB Limited	Indirect	Recycling and composting	Ordinary	100%
TIW Group Limited	Participating interests	IT consulting	Ordinary	30%

The investment in Ryder Point Wind Limited is used as security under a shares charge which would materialise on default of loan repayments by Ryder Point Wind Limited. The registered address of the subsidiaries named above is Longcliffe, Brassington, Matlock, Derbyshire, DE4 4BZ.

LONGCLIFFE QUARRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

14. Investment property

	Freehold investment property £
Valuation	
At 1 April 2018	7,654,683
Additions at cost	2,353,845
Surplus on revaluation	368,272
At 31 March 2019	10,376,800

The Directors have revalued the investment properties on an open market value for an existing use basis with guidance provided by qualified surveyors.

15. Stocks

	2019 £	2018 £
Finished goods and goods for resale	324,433	234,880
	324,433	234,880

Stock recognised in cost of sales during the year as an expense was £3,462,967 (2018 - £2,900,887) .

LONGCLIFFE QUARRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

16. Debtors

	2019 £	2018 £
Due after more than one year		
Deferred tax asset	1,595,660	1,994,740
	<u>1,595,660</u>	<u>1,994,740</u>
	2019 £	2018 £
Due within one year		
Trade debtors	7,420,368	6,490,213
Amounts owed by group undertakings	791,802	1,263,302
Amounts owed by joint ventures and associated undertakings	175,000	175,000
Other debtors	23,522	146,314
Prepayments and accrued income	1,373,359	1,246,039
Tax recoverable	18,066	-
	<u>9,802,117</u>	<u>9,320,868</u>

17. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	1,370,574	1,710,809
	<u>1,370,574</u>	<u>1,710,809</u>

LONGCLIFFE QUARRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

18. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank loans	609,535	366,429
Trade creditors	4,670,281	4,247,635
Amounts owed to group undertakings	6,212	6,212
Corporation tax	-	389,085
Other taxation and social security	1,697,786	1,636,099
Obligations under finance lease and hire purchase contracts	1,045,379	940,820
Other creditors	110,112	107,393
Accruals and deferred income	1,394,183	1,014,994
	<u>9,533,488</u>	<u>8,708,667</u>

19. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Bank loans	5,835,144	3,824,864
Net obligations under finance leases and hire purchase contracts	1,144,503	1,464,791
	<u>6,979,647</u>	<u>5,289,655</u>

Secured Loans

The Company has four bank loans, all of which are secured by a fixed and floating charge on the company's freehold properties and bear interest at rates between 1.6% - 1.75%.

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

LONGCLIFFE QUARRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

20. Loans

Analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due within one year		
Bank loans	609,535	366,429
Amounts falling due 1-2 years		
Bank loans	624,186	374,641
Amounts falling due 2-5 years		
Bank loans	1,961,897	1,174,132
Amounts falling due after more than 5 years		
Bank loans	3,249,061	2,276,091
Total	6,444,679	4,191,293

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2019 £	2018 £
Within one year	1,045,379	940,820
Between 1-5 years	653,292	812,680
Over 5 years	491,211	652,111
	2,189,882	2,405,611

LONGCLIFFE QUARRIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

22. Deferred taxation

	2019 £	2018 £
At beginning of year	1,163,632	1,333,764
Charged to profit or loss	(199,588)	(54,872)
Taxation relating to other comprehensive income	(255,340)	(115,260)
At end of year	708,704	1,163,632

The deferred tax balance is made up as follows:

	2019 £	2018 £
Revaluation surplus	(438,926)	(376,319)
Excess of taxation allowances over depreciation of fixed assets	(443,485)	(362,920)
Pension surplus	1,595,115	1,908,760
Other timing differences	(4,000)	(5,889)
	708,704	1,163,632
Comprising:		
Asset - due after one year	1,595,660	1,994,740
Liability	(886,956)	(831,108)
	708,704	1,163,632

LONGCLIFFE QUARRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

23. Pension commitments

Defined Contribution Pension Scheme

The Company operates two defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the Company to the fund and amounted to £470,541 (2018: £468,333). Contributions totalling £47,861 (2018: £44,268) were outstanding at the year end.

The Company operates a Defined Benefit Pension Scheme.

Defined Benefit Pension Scheme

The defined benefit pension scheme is for all qualifying employees which is funded by the payment of contributions to separately administered funds.

The scheme is closed both to new entrants and to future benefit accrual. The Company made contributions of £807,000 during the year (2018: £807,000).

The valuation is based on the most recent comprehensive actuarial valuation at 1 April 2018 which has been updated by Barnett Waddingham to assess the assets and liabilities of the scheme at 31 March 2019.

Reconciliation of present value of plan liabilities:

	2019 £	2018 £
Reconciliation of present value of plan liabilities		
At the beginning of the year	26,960,000	27,947,000
Interest cost	690,000	688,000
Actuarial losses/(gains)	(1,513,000)	(846,000)
Benefits paid	(870,000)	(829,000)
Past service cost	184,000	-
At the end of the year	25,451,000	26,960,000

Reconciliation of present value of plan assets:

	2019 £	2018 £
At the beginning of the year	15,732,000	15,534,000
Interest income	408,000	388,000
Actuarial gains/(losses)	(11,000)	(168,000)
Contributions	807,000	807,000
Benefits paid	(870,000)	(829,000)
At the end of the year	16,066,000	15,732,000

LONGCLIFFE QUARRIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

23. Pension commitments (continued)

Composition of plan assets:

	2019 £	2018 £
Equities (including property)	6,574,000	13,428,000
Bonds	6,988,000	1,910,000
Insured pensions	249,000	262,000
Cash	2,255,000	132,000
Total plan assets	16,066,000	15,732,000
	2019 £	2018 £
Fair value of plan assets	16,066,000	15,732,000
Present value of plan liabilities	(25,451,000)	(26,960,000)
Net pension scheme liability	(9,385,000)	(11,228,000)

The amounts recognised in profit or loss are as follows:

	2019 £	2018 £
Interest on obligation	690,000	688,000
Interest on assets	(408,000)	(388,000)
Past service cost	184,000	-
Total	466,000	300,000

The amount of actuarial gains and losses recognised in the Statement of Comprehensive Income was £1,502,000 (gain) (2018 - £678,000 (gain)).

The Company expects to contribute £807,000 to its Defined Benefit Pension Scheme in 2020.

LONGCLIFFE QUARRIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

23. Pension commitments (continued)

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2019 %	2018 %
Discount rate	2.5	2.6
Future salary increases	3.3	3.1
Inflation assumption	2.4	2.2
- for a male aged 65 now	20.7 years	21.5 years
- at 65 for a male aged 45 now	22.1 years	23.3 years
- for a female aged 65 now	22.7 years	23.6 years
- at 65 for a female member aged 45 now	24.2 years	25.5 years

Amounts for the current and previous four periods are as follows:

	2019 £	2018 £	2017 £	2016 £	2015 £
Defined benefit obligation	(25,451,000)	(26,960,000)	(27,947,000)	(22,869,000)	(23,658,000)
Scheme assets	16,066,000	15,372,000	15,534,000	14,506,000	14,690,000
Surplus	(9,385,000)	(11,588,000)	(12,413,000)	(8,363,000)	(8,968,000)

24. Commitments under operating leases

At 31 March 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	343,194	319,086
Later than 1 year and not later than 5 years	1,303,653	1,224,584
Later than 5 years	7,271,802	6,945,267
	8,918,649	8,488,937

Commitments under operating leases include a lease for land and buildings of £300,475 per annum (2018: £275,000 per annum) expiring in 2049.

LONGCLIFFE QUARRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

25. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
145,474 Ordinary shares of £1.00 each	145,474	145,474

26. Reserves

Share premium account

Share premium represents the excess of the amount received on the issue of share capital in excess of its nominal value.

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the Company.

Profit and loss account

Profit and loss account reserve relates to accumulated profits less distributions to shareholders.

LONGCLIFFE QUARRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

27. Related party transactions

In line with the requirements of FRS 102 the Company is not required to disclose transactions with group companies on the grounds that these companies are wholly owned within the Group.

Costs of £324,023 (2018: £323,591) 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, £53,125 (2018: £5,362) is still outstanding at the year end.

Other debtors include an amount of £1,449 (2018: £5,362) relating to costs incurred by the Company on behalf of R J G Shields. These costs were reimbursed after the year end.

Other debtors also includes a loan of £133,177 (2018: £192,134) made to family members of R J G Shields.

Included within debtors is a loan of £175,000 (2018: £175,000) due from TIW Limited, a joint venture.

Costs of £30,250 (2018: £30,250) were incurred during the year relating to Avochie Quarry leased from JFG Shields. Of this amount, £7,562 (2018: £7,562) is still outstanding at the year end.

Pension plan transactions

During the year, payments totalling £165,000 (2018: £188,016) were made to The Longcliffe Quarries (Self-Administered) Pension Plan. This is a private pension plan, of which R J G Shields, J F G Shields (both directors), A M L Shields (wife of R J G Shields), E E G Shields and E A G Shields (daughters of R J G Shields) are the beneficiaries.

Rental charges of £300,475 (2018: £275,000) were paid in the year to The Longcliffe Quarries (Self-Administered) Pension Plan in relation to the rental of land.

FRS102 section 33 exemption has been taken so transactions between wholly owned subsidiaries of Longcliffe Group Limited do not need to be disclosed.

28. Post balance sheet events

Since the year end the Company has completed the purchase of an additional residential investment property to the value of £360,000.

29. Controlling party

The immediate parent company is Longcliffe Group Limited, a company registered in England and Wales. Copies of the Group accounts of Longcliffe Group Limited can be obtained from Longcliffe Group 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 RJG Shields and members of his immediate family.