

LONGCLIFFE QUARRIES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

COMPANY INFORMATION

Directors	M Barkley I Gorbould V G Russell J F G Shields R J G Shields C Wainwright I McDonald (appointed 1 May 2021)
Company secretary	I Gorbould
Registered number	00273400
Registered office	Longcliffe Brassington Matlock Derbyshire DE4 4HN
Independent auditors	Shorts Chartered Accountants & Statutory Auditor 63 Napier Street Sheffield South Yorkshire S11 8HA

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditors' Report	5 - 8
Statement of Comprehensive Income	9
Balance Sheet	10 - 11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 - 32

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

Introduction

The directors present their Strategic Report for the year ended 31 March 2021.

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 before tax of £3,244,375 (2020 - £1,722,712).

The economy and many business sectors have been impacted by the continued presence of the Covid-19 global pandemic and especially so at the beginning of the financial year. As a result of the diversified commercial relationships enjoyed by the Company, the robust and proactive actions of the management and the total support of the employees the Company has not been overly detrimentally impacted by the virus during the year.

The directors expect Covid-19 to continue to influence global trading in the short term but do not expect this to curtail the profitable performance of the Company. A challenging and growth-based budget has been approved and it is expected that the financial year to 2022 will further improve the Company's financial position.

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 debtors. 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: 33.6% (2020: 34.3%)

Turnover by employee: £194,000 (2020: £193,000)

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

This report was approved by the board on 30 July 2021 and signed on its behalf.

I Gorbould
Director

The directors present their report and the financial statements for the year ended 31 March 2021.

Directors

The directors who served during the year were:

M Barkley
I Gorbould
V G Russell
J F G Shields
R J G Shields
C Wainwright
I McDonald (appointed 1 May 2021)

Results and dividends

The profit for the year, after taxation, amounted to £2,586,172 (2020 - £1,470,906).

Particulars of dividends are disclosed in note 12.

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

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

There have been no significant events affecting the Company since the year end.

Auditors

As a result of a tender process the incumbent auditors, Nexia Smith & Williamson, resigned from office on 4February2021 and were replaced by Shorts.

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

This report was approved by the board on 30 July 2021 and signed on its behalf.

I Gorbould

Director

Opinion

We have audited the financial statements of Longcliffe Quarries Limited (the 'Company') for the year ended 31March2021, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31March2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement 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.

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement team collectively had the appropriate competence, capabilities and skills to identify and recognise non-compliance with applicable laws and regulations; and
- through discussions with the directors and other management and from our commercial knowledge, we identified the laws and regulations applicable to the Company.

We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- reviewed the general ledger entries during the year to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- considering relationships with HMRC and other relevant regulators; and
- reviewing legal and professional costs to identify any indicators of litigation.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FinancialReporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' 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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Irvine (Senior Statutory Auditor)

for and on behalf of

Shorts

Chartered Accountants

Statutory Auditor

63 Napier Street

Sheffield

South Yorkshire

S11 8HA

30 July 2021

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 £	2020 £
Turnover	4	36,192,523	35,482,924
Cost of sales		(24,025,122)	(23,295,802)
Gross profit		12,167,401	12,187,122
Administrative expenses		(11,289,163)	(10,832,191)
Other operating income	5	1,316,611	478,668
Fair value movements		1,505,552	381,963
Operating profit	6	3,700,401	2,215,562
Interest receivable and similar income		70,469	-
Interest payable and similar expenses	10	(526,495)	(492,850)
Profit before tax		3,244,375	1,722,712
Tax on profit	11	(658,203)	(251,806)
Profit for the financial year		2,586,172	1,470,906
Other comprehensive income for the year			
Actuarial gains/(losses) on defined benefit pension scheme		1,296,000	(1,320,000)
Movement of deferred tax relating to defined benefit pension scheme		(246,240)	438,800
Other comprehensive income for the year		1,049,760	(881,200)
Total comprehensive income for the year		3,635,932	589,706

The notes on pages 13 to 32 form part of these financial statements.

BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	19,311,980	18,144,161
Investments	14	1,251,002	2,329,002
Investment property	15	12,743,900	11,238,348
		<u>33,306,882</u>	<u>31,711,511</u>
Current assets			
Stocks	16	446,227	418,260
Debtors: amounts falling due after more than one year	17	1,568,830	1,923,720
Debtors: amounts falling due within one year	17	10,058,168	9,529,936
Cash at bank and in hand		2,943,378	1,718,470
		<u>15,016,603</u>	<u>13,590,386</u>
Creditors: amounts falling due within one year	18	(11,761,498)	(12,380,950)
Net current assets		<u>3,255,105</u>	<u>1,209,436</u>
Total assets less current liabilities		<u>36,561,987</u>	<u>32,920,947</u>
Creditors: amounts falling due after more than one year	19	(11,889,529)	(10,243,708)
Provisions for liabilities			
Deferred tax	22	(1,379,382)	(1,024,095)
		<u>(1,379,382)</u>	<u>(1,024,095)</u>
Net assets excluding pension liability		<u>23,293,076</u>	<u>21,653,144</u>
Pension liability	25	(8,257,000)	(10,122,000)
Net assets		<u><u>15,036,076</u></u>	<u><u>11,531,144</u></u>

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Capital and reserves			
Called up share capital		145,474	145,474
Share premium account	23	234,375	234,375
Capital redemption reserve	23	16,493	16,493
Profit and loss account	23	14,639,734	11,134,802
		<u>15,036,076</u>	<u>11,531,144</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 July 2021.

R J G Shields

Director

The notes on pages 13 to 32 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 April 2019	145,474	234,375	16,493	11,090,622	11,486,964
Comprehensive income for the year					
Profit for the year	-	-	-	1,470,906	1,470,906
Actuarial losses on defined benefit pension scheme net of deferred tax	-	-	-	(881,200)	(881,200)
Total comprehensive income for the year	-	-	-	589,706	589,706
Dividends: Equity capital	-	-	-	(545,526)	(545,526)
At 1 April 2020	145,474	234,375	16,493	11,134,802	11,531,144
Comprehensive income for the year					
Profit for the year	-	-	-	2,586,172	2,586,172
Actuarial gains on defined benefit pension scheme net of deferred tax	-	-	-	1,049,760	1,049,760
Total comprehensive income for the year	-	-	-	3,635,932	3,635,932
Dividends: Equity capital	-	-	-	(131,000)	(131,000)
At 31 March 2021	145,474	234,375	16,493	14,639,734	15,036,076

The notes on pages 13 to 32 form part of these financial statements.

1. General information

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

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- 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 2021 and these financial statements may be obtained from Companies House.

2.3 Going concern

The directors have made an assessment in preparing these financial statements as to whether the Company is a going concern. The outbreak of Covid-19 in the early part of the financial year impacted demand and led to reduced turnover and profitability in the first quarter. As business improved understanding of the pandemic some industries and markets were able to adapt and recover. As a result of this the Company was able to return to normal volume levels and recover the turnover lost in the first quarter.

The directors acknowledge that the wider macro-economic issues resulting from Covid-19 still remain for the time being. However, the performance of the business through the last financial year and afterwards gives the directors confidence that such issues will not materially detrimentally affect the financial performance of the Company.

The directors have prepared budgets and forecasts, based upon all information available, which demonstrate sufficient cash resources will be available to the Company to ensure it can meet its financial obligations as they fall due for the foreseeable future, this being the period covering at least twelve months from the date of approval of these financial statements. For these reasons they continue to adopt the going concern basis of accounting in preparing the financial statements.

2.4 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 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 Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.5 Revenue recognition

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover 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 turnover is recognised:

Revenue is recognised at the point of delivery of goods.

2.6 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 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 profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.8 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 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

2.8 Pensions (continued)

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 'Remeasurement of net defined benefit liability'.

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'.

2.9 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.10 Finance costs

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

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

2.12 Tangible fixed assets

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

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

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

Depreciation is provided on the following basis:

Freehold property	- 20 - 50 years
Plant and machinery	- 3 - 15 years

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

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

2.13 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 profit or loss.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.15 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. Work in progress and finished goods include labour and attributable overheads.

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 profit or loss.

2.16 Debtors

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

2.17 Creditors

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

2.18 Financial instruments

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

2.18 Financial instruments (continued)

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

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

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

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

2.19 Provisions for liabilities

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

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the 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.

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

2.20 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.

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

In preparing the financial statements, management are 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 the financial statements are as follows:

The pension liability has been valued by an actuary in accordance with FRS 102. Key estimates 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.

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 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.

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

	2021 £	2020 £
Other operating income	535,840	323,510
Net rents receivable	364,302	155,158
Government support receivable	313,469	-
Profit on disposal of fixed asset investments	103,000	-
	<u>1,316,611</u>	<u>478,668</u>

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation charged	1,562,741	1,360,711
Depreciation of assets held under hire purchase	573,740	540,918
(Profit)/loss on disposal of fixed assets	(96,457)	46,942
Exchange differences	6,560	-
Other operating lease rentals	339,009	339,701
Defined contribution pension cost	<u>637,451</u>	<u>532,677</u>

7. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>34,000</u>	<u>39,600</u>

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

8. Employees

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

	2021 £	2020 £
Wages and salaries	8,722,221	7,719,194
Social security costs	918,400	830,010
Cost of defined contribution scheme	643,731	532,677
	<u>10,284,352</u>	<u>9,081,881</u>

Other pension costs are charged in respect of the defined benefit pension scheme with £807,000 (2020:£807,000) being recognised within the Statement of Comprehensive Income.

Finance charges in respect of the defined benefit pension scheme are shown within Note 10, with actuarial movements, net of deferred tax, being shown within other comprehensive income.

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

	2021 No.	2020 No.
Production, distribution and sales	108	107
Management and administrative	79	77
	<u>187</u>	<u>184</u>

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	1,340,843	1,323,997
Company contributions to defined contribution pension schemes	29,650	35,927
	<u>1,370,493</u>	<u>1,359,924</u>

During the year retirement benefits were accruing to 4 directors (2020 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £421,310 (2020 - £685,824).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2020 - £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 (2020 - £NIL).

10. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	197,100	186,457
Other loan interest payable	23,361	13,543
Finance leases and hire purchase contracts	68,034	68,850
Other interest payable	238,000	224,000
	<u>526,495</u>	<u>492,850</u>

11. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	236,282	64,826
Adjustments in respect of previous periods	(42,016)	(60,899)
Total current tax	<u>194,266</u>	<u>3,927</u>
Deferred tax		
Origination and reversal of timing differences	549,012	314,100
Effect of tax rate change on opening balance	-	(81,245)
Adjustments in respect of previous year	(85,075)	15,024
Total deferred tax	<u>463,937</u>	<u>247,879</u>
Taxation on profit	<u>658,203</u>	<u>251,806</u>

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit before tax	<u>3,244,375</u>	<u>1,722,712</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	616,431	327,315
Effects of:		
Expenses not deductible for tax purposes	45,839	63,617
Adjustments to tax charge in respect of prior periods	(127,091)	(45,875)
Non-taxable income	(58,140)	-
Impairments - non-taxable	199,500	-
Rate change adjustment - deferred tax	-	(81,245)
Other differences leading to an increase in the tax charge	-	3,105
Group relief	(18,336)	(15,111)
Total tax charge for the year	<u>658,203</u>	<u>251,806</u>

12. Dividends

	2021 £	2020 £
Ordinary dividends	<u>131,000</u>	<u>545,526</u>

13. Tangible fixed assets

	Freehold property £	Plant and machinery £	Assets under construction £	Total £
Cost				
At 1 April 2020	7,695,527	39,004,820	3,155,762	49,856,109
Additions	-	3,305,083	47,538	3,352,621
Disposals	-	(1,289,235)	-	(1,289,235)
Transfers between classes	-	3,203,300	(3,203,300)	-
At 31 March 2021	7,695,527	44,223,968	-	51,919,495
Depreciation				
At 1 April 2020	826,265	30,885,683	-	31,711,948
Charge for the year on owned assets	70,230	2,066,251	-	2,136,481
Disposals	-	(1,240,914)	-	(1,240,914)
At 31 March 2021	896,495	31,711,020	-	32,607,515
Net book value				
At 31 March 2021	6,799,032	12,512,948	-	19,311,980
At 31 March 2020	6,869,262	8,119,137	3,155,762	18,144,161

Freehold property includes land other than that which is currently being quarried amounting to £2,821,943 (2020: £2,821,943).

The net book value of assets held under finance leases or hire purchase contracts, included above within plant and machinery, was £8,786,073 (2020: £3,831,669).

14. Fixed asset investments

	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost			
At 1 April 2020	2,551,002	28,000	2,579,002
Disposals	-	(28,000)	(28,000)
At 31 March 2021	2,551,002	-	2,551,002
Impairment			
At 1 April 2020	250,000	-	250,000
Charge for the period	1,050,000	-	1,050,000
At 31 March 2021	1,300,000	-	1,300,000
Net book value			
At 31 March 2021	1,251,002	-	1,251,002
At 31 March 2020	2,301,002	28,000	2,329,002

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Avochie Granite Co. Limited	Dormant	Ordinary	100 %
Longcliffe Lime Company Limited	Dormant	Ordinary	100 %
Longcliffe Limited	Dormant	Ordinary	100 %
Longcliffe Industrial Minerals Limited	Dormant	Ordinary	100 %
Ryder Point Wind Limited	Wind farming	Ordinary	100 %
Vital Earth GB Limited	Recycling and composting	Ordinary	100 %

The shares in TIW Group Limited, where the Company had a 30% shareholding, were sold during the year.

15. Investment property

	Freehold investment property £
Valuation	
At 1 April 2020	11,238,348
Surplus on revaluation	1,505,552
At 31 March 2021	12,743,900

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

If the investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2021 £	2020 £
Historic cost	<u>8,358,248</u>	<u>8,358,248</u>

16. Stocks

	2021 £	2020 £
Finished goods and goods for resale	<u>446,227</u>	<u>418,260</u>

17. Debtors

	2021 £	2020 £
Due after more than one year		
Deferred tax asset	<u>1,568,830</u>	<u>1,923,720</u>
	2021 £	2020 £
Due within one year		
Trade debtors	8,311,185	7,868,724
Amounts owed by group undertakings	11,794	11,794
Amounts owed by joint ventures and associated undertakings	-	175,000
Other debtors	38,702	61,534
Prepayments and accrued income	1,615,580	1,248,394
Tax recoverable	80,907	164,490
	<u>10,058,168</u>	<u>9,529,936</u>

18. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank loans	919,423	2,898,540
Trade creditors	6,121,174	5,391,328
Amounts owed to group undertakings	6,212	686,000
Other taxation and social security	1,831,066	1,157,665
Obligations under finance lease and hire purchase contracts	1,161,424	815,341
Other creditors	62,187	122,836
Accruals and deferred income	1,660,012	1,309,240
	<u>11,761,498</u>	<u>12,380,950</u>

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

	2021 £	2020 £
Bank loans	8,294,662	9,011,731
Net obligations under finance leases and hire purchase contracts	3,594,867	1,231,977
	<u>11,889,529</u>	<u>10,243,708</u>

20. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year		
Bank loans	919,423	2,898,540
Amounts falling due 1-2 years		
Bank loans	939,230	813,613
Amounts falling due 2-5 years		
Bank loans	2,773,403	8,198,118
Amounts falling due after more than 5 years		
Bank loans	4,582,027	-
	<u>9,214,083</u>	<u>11,910,271</u>

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2021 £	2020 £
Within one year	1,161,424	815,341
Between 1-5 years	3,194,367	523,968
Over 5 years	400,500	708,009
	<u>4,756,291</u>	<u>2,047,318</u>

22. Deferred taxation

	2021 £	2020 £
At beginning of year	899,625	708,704
Charged to profit or loss	(463,937)	(247,879)
Charged to other comprehensive income	(246,240)	438,800
At end of year	189,448	899,625

The deferred tax balance is made up as follows:

	2021 £	2020 £
Revaluation surplus	(849,192)	(490,564)
Excess of taxation allowances over depreciation of fixed assets	(536,848)	(533,531)
Pension deficit	1,568,830	1,923,720
Other timing differences	6,658	-
	189,448	899,625
Comprising:		
Asset - due after one year	1,568,830	1,923,720
Liability	(1,379,382)	(1,024,095)
	189,448	899,625

23. Reserves

Share premium account

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at an amount in excess of nominal value.

Capital redemption reserve

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

Profit and loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

24. Capital commitments

At 31 March 2021, the Company had capital commitments contracted for but not provided in these financial statements of £628,369 (2020: £1,656,378).

25. Pension commitments

The Company operates two defined contribution pension schemes.

The assets of the scheme 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 £637,451 (2020 - £532,677). Contributions totalling £62,180 (2020 - £63,251) were

25. Pension commitments (continued)

outstanding at the year end.

The Company operates a 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 accruals. The Company made contributions of £807,000 during the year (2020: £807,000).

The valuation is based on the most recent comprehensive actuarial valuation dated 31 March 2019 which has been updated by Barnett Waddingham to assess the assets and liabilities of the scheme at 31 March 2021.

Reconciliation of present value of plan liabilities:

	2021 £	2020 £
At the beginning of the year	24,578,000	25,451,000
Interest cost	557,000	624,000
Actuarial losses/(gains)	3,531,000	(423,000)
Benefits paid	(686,000)	(969,000)
Past service cost	15,000	-
Experience gains	-	(105,000)
At the end of the year	27,995,000	24,578,000

25. Pension commitments (continued)

Reconciliation of present value of plan assets:

	2021 £	2020 £
At the beginning of the year	14,456,000	16,066,000
Interest income	334,000	400,000
Actuarial gains/(losses)	4,827,000	(1,848,000)
Contributions	807,000	807,000
Benefits paid	(686,000)	(969,000)
At the end of the year	19,738,000	14,456,000

Composition of plan assets:

	2021 £	2020 £
Equities (including property)	7,544,000	7,994,000
Bonds	8,373,000	6,319,000
Insured pensions	145,000	143,000
Cash	3,676,000	-
Total plan assets	19,738,000	14,456,000

	2021 £	2020 £
Fair value of plan assets	19,738,000	14,456,000
Present value of plan liabilities	(27,995,000)	(24,578,000)
Net pension scheme liability	(8,257,000)	(10,122,000)

The amounts recognised in profit or loss are as follows:

	2021 £	2020 £
Interest on obligation	557,000	624,000
Interest on assets	(334,000)	(400,000)
Past service costs	15,000	-
Total	238,000	224,000

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income was £1,296,000 (2020 - £(1,320,000)).

The Company expects to contribute £1,100,000 to its defined benefit pension scheme in 2022.

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

2021 %	2020 %
-----------	-----------

25. Pension commitments (continued)

Discount rate	2.0	2.3
Future salary increases	3.2	2.6
Inflation assumption	2.5	1.8
Mortality rates		
- for a male aged 65 now	21.2 years	21.2 years
- at 65 for a male aged 45 now	22.6 years	22.5 years
- for a female aged 65 now	23.6 years	23.5 years
- at 65 for a female member aged 45 now	25.1 years	25.0 years

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

	2021 £	2020 £	2019 £	2018 £	2017 £
Defined benefit obligation	(27,995,000)	(24,578,000)	(25,451,000)	(26,960,000)	(27,947,000)
Scheme assets	19,738,000	14,456,000	16,066,000	15,372,000	15,534,000
Deficit	<u>(8,257,000)</u>	<u>(10,122,000)</u>	<u>(9,385,000)</u>	<u>(11,588,000)</u>	<u>(12,413,000)</u>

26. Commitments under operating leases

At 31 March 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	665,186	519,103
Later than 1 year and not later than 5 years	2,243,880	1,912,310
Later than 5 years	6,650,026	6,959,284
	<u>9,559,092</u>	<u>9,390,697</u>

Commitments under operating leases include a lease for land and buildings of £300,475 per annum (2020: £300,475 per annum) expiring in 2048.

27. Related party transactions

The Company has taken advantage of the exemption in FRS 102 Section 33.1A to not disclose transactions with the wholly owned group entities.

Costs of £312,154 (2020: £318,589) 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, £25,881 (2020: £61,208) is still outstanding at the year end.

Other debtors include an amount of £24,372 (2020: £47,034) relating to costs incurred by the Company on behalf of R J G Shields. These costs were reimbursed after the year end.

Costs of £30,250 (2020: £30,250) were incurred during the year relating to office accommodation in Avochie Quarry leased from J F G Shields. Of this amount £6,906 (2020: £10,083) is still outstanding at the year end.

During the current and prior financial years, a director lived in one of the investment properties rent free.

Pension Plan Transactions

During the year, payments totalling £229,800 (2020: £153,041) 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) and D A G G Shields (son of R J G Shields) are beneficiaries.

Rental charges of £300,475 (2020: £300,475) from Longcliffe Quarries Limited and £57,000 (2020: £57,000) from Vital Earth GB Limited were paid in the year to The Longcliffe Quarries (Self-Administered) Pension Plan in relation to the rental of land. In addition, £17,598 (2020: £17,100) was due at year end in relation to this plan from Vital Earth GB Limited.

28. Controlling party

The immediate and ultimate parent undertaking is Longcliffe Group Limited, a company registered in England and Wales.

The largest and smallest group of undertakings for which group accounts for the year ended 31 March 2021 have been drawn up is that headed by Longcliffe Group Limited. Copies of the group accounts are available at Companies House.

The ultimate controlling party is R J G Shields and members of his immediate family, by virtue of their shareholding in the ultimate parent undertaking.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.