

# **Sibelco UK Limited**

**Annual report and financial statements**

**Registered number 578631**

**Year ended 31 December 2022**

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## Strategic report

The Directors present their strategic report for the year ended 31 December 2022.

### Strategy

The strategy of the Company is to create long term shareholder value through the extraction and processing of mineral resources.

In implementing our strategy our overriding commitment is to health and safety and the environment, ensuring at all times the safety of our employees and contractors and respecting our environment and working with the communities in which we operate.

Our vision is to be part of the best global material solutions company, market driven, operationally excellent and with a compelling culture.

### Review of the business

The principal activities of the Company continue to be the extraction and processing of clay and minerals, including ball and china clays (located in Devon) and silica sands (throughout the rest of the UK). The products are marketed and sold worldwide.

The demand for our products is directly linked to the strength of the global economy and in particular Europe's glass and ceramics markets. Key financial performance indicators include the monitoring of the management of profitability and capital employed.

Key non-financial performance indicators include the monitoring of employees' health and safety.

	2022	2021	Measure
<b>Financial</b>			
Net Revenue (£m's)	131.4	99.5	Revenue less transportation costs
EBITDA (£m's)	25.1	19.2	Operating profit before depreciation, amortisation, and impairment
EBITDA / Net Revenue (%)	19.1%	19.3%	EBITDA / Net Revenue
EBITDA / Employee (£000)	72.5	51.8	EBITDA / Average number of employees
Return on capital employed (%)	15.9%	8.7%	Operating profit / Average capital employed
<b>Non-financial</b>			
Combined incident frequency rate	0.94	3.61	Lost time and modified duties incidents x 1,000,000 / hours worked
Severity rate	0.034	0.051	Days lost x 1,000 / hours worked

EBITDA is used by the company for internal performance analysis. This represents operating profit before depreciation, amortisation, and impairment.

Average capital employed is the average of the capital employed (defined as total assets less current liabilities) at the beginning and end of the year.

Net revenue is used by the Company for internal performance analysis. This represents gross product revenues less transportation cost to customer.

Net revenue increased by 32% in the year, as the UK experienced combination of inflation, with increased volumes as UK clays replaced Ukrainian clays in the European sanitaryware market.

EBITDA has increased from £19.2m to £25.1m during the year due to revenue growth noted above, combined with the benefit of cost control measures. As a result the other profitability metrics have shown a material improvement against their 2021 comparatives.

## Strategic report (continued)

### Review of the business (continued)

#### Risk & Uncertainty

The Company fosters a risk aware corporate culture but recognises that risk and uncertainty are an inherent and unavoidable component in the business environment. As such, the Company management is committed to manage risks and uncertainties in a proactive and efficient manner.

The principal risks which would impact on the Company's ability to execute its strategy are;

- (i) The inability to offer customers new and innovative products: the Company continues to invest in the research and development of new and innovative products that bring significant benefits and added value to customers' operations.
- (ii) Recruitment and development of employees: the Company recognises that its success is dependent on the contributions made by its employees. It therefore continues its policy of developing, training and investing in people so they may reach their full potential within the business.
- (iii) Energy Costs: the Company is exposed to volatility in the global energy markets and has put in place a purchasing strategy to reduce this exposure and risk.
- (iv) Access to mineral resources: natural minerals are a finite resource, and our ability to replace existing reserves frequently faces significant challenges from a variety of interested parties. Only by working closely with all stakeholders concerned can we continue to bring economic deposits to development.
- (v) Liquidity risk: is the risk that the Company will not be able to meet its financial obligations as they fall due. The company operates its banking facilities within a Group Cash Pooling arrangement, mitigating the effects of liquidity risks.
- (vi) Foreign currency risk: The Company uses forward exchange contracts to hedge its exposure to foreign exchange risks arising from its operating activities.
- (vii) Credit risk: is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers. Given the large number of internationally dispersed customers the Company has limited concentration of credit risk with regard to its trade and other receivables.
- (viii) Market risk: is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments
- (ix) Market risk caused by unforeseen global event which would cause demand for the Company's products, such as armed conflict or sanctions imposed on sale of products to countries in which customers are located.

## **Strategic report (continued)**

### **Review of the business (continued)**

#### **Section 172(1) statement**

The Board of directors, having regard to their duties under s172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. The Company's senior leadership team considers the view of its stakeholders through regular reporting and uses this information to assess the impact of decisions on each stakeholder group. Details of the company's key stakeholders and how we engage with them are set out below.

#### **Engagement with employees**

Our employees are key to our company. We are committed to ensuring an inclusive and innovative work environment. In order for our employees to provide regular constructive feedback we invite them to participate in annual engagement surveys that drive change within the business. The senior management team share the overall results of the survey with employees use them to implement any actions for improvement.

On a bi-annual basis, senior management team have also committed to physically attend each of our locations and hold site representative forums where personnel are invited to a Q&A session with the management team and are able, without prejudice, discuss any and all topics relevant to the production site or the business as a whole.

Developing our employees is key to the business therefore we have our own "Sibelco Academy" which provides on the job training to give them the skills and knowledge they require to do their jobs as well as opening up possibilities to learn new skills in different areas. As a company we also subscribe to Edx which allows employees to have access to free certificated courses in many subjects. This program is facilitated by our Learning and Development function.

The company maintains a partially funded social committee who organise social events for employees as well as events which support local Charities and Community causes.

The Company is an equal opportunities employer and gives full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. The Company has a requirement that all employees must abide by its Code of Conduct highlighting that any type of discrimination will not be tolerated and reinforcing the availability of the Code of Conduct Hot Line to report breaches of any kind.

## **Strategic report (continued)**

### **Shareholders**

The Company's shareholders have a long term focus, placing a great deal of emphasis on investing in high quality mineral deposits that can secure the long term, sustainable future of the business. Engagement with shareholders is carried out through frequent meetings between the Directors of the Company and the global management team. Dividends to the ultimate parent have not been paid from Sibelco UK Ltd for several years, instead they have been paid from an intermediate holding company, Watts Blake Bearne & Co Ltd.

### **Suppliers**

Sibelco UK Ltd suppliers are valued as our external partners and are vital to the business.

We have developed procedures linked to supplier selection, development and assessment in the UK to ensure we work in a safe partnership with our suppliers. Each supplier has to take part in, and agree to, multiple site inductions, relevant to the activity taking place. Each supplier must also be part of our approved contractors database where relevant safety certifications and insurance documentation are checked and stored again demonstrating that the suppliers meet our high standards of safety, which is always our number one priority as a business.

Each supplier is allocated a direct procurement contact to ensure communication channels are open for any and all necessary discussions. Regular complaint reviews are also done internally to ensure suppliers action and respond to any open complaints to ensure corrective measures are implemented.

### **Customers**

During the prior year, the Sibelco group has been restructured to decentralise its management structure and bring it closer to its customers. Decision making pertaining to customer supplies is now taken at a local level, by UK-based sales managers. Each customer has their own dedicated sales who will regularly visit, or if not possible to visit they will call and interact with new and existing customers to understand market changes and trends. They are the primary commercial contact for all buying accounts and own the customer relationships. By being close to customers, we are better placed to respond to their operational and strategic objectives.

### ***Technical Consultants and Technical Engineers***

Depending on the market, or specificity of the products being sold, we employ a technical team who offer specialist advice direct to our diverse customer base. These employees regularly visit and interact with new and existing customers to implement best practice of technology and train new customers on applications. They are the primary technical and operational contact for the customer.

## Strategic report (continued)

### Section 172(1) statement (continued)

#### *Customer Service Representatives (CS)*

Based at our regional clusters these teams place all orders for products, request pricing and raise complaints. CSRs are divided based on export or domestic and then Business Line. CS have a very important role in the business providing a link to Customer Experience and also Sales Managers.

#### *Community Liaison*

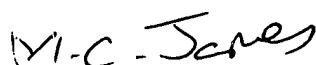
Due to the nature of our business and the perception that our operational facilities would negatively impact surrounding communities we ensure that we support many community projects by way of either direct involvement, or sponsorship/donation to local causes. Each production facility also holds regular open days with the community to allow local residents to visit and see first hand the high standards to which we operate and to allow open engagement with senior site management.

#### **Environment**

Again, due to the nature of our business and the impact our operations have on the surrounding environment, it is vitally important to us that we do everything possible to maintain and preserve the surrounding environment. Even prior to the first extraction of any material our sustainability function must have in place a detailed plan of how we will return the area back to a fully restored and environmentally sound state. Note 19 of the accounts shows the restoration provision commitment made by the company.

As a company we also engage multiple environmental consultants who advise on each stage of our operations to ensure that we do not interfere with any endangered wildlife habitats.

By order of the board



**M C James**  
*Director*

*Date: 17 November 2023*

**Registered office**  
Brookside Hall  
Congleton Road  
Sandbach  
Cheshire  
CW11 4TF

## Directors' report

The Directors present their report for the year ended 31 December 2022.

For the year ended 31 December 2022, the Company is required to prepare its financial statements in accordance with UK GAAP including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

### Directors of the Company

The following is a list of all persons who were directors of the Company at any time between 1 January 2022 and the date of this report:

MC James

JW van Put (resigned 29 April 2022)

S Tatton (resigned 31 March 2023)

AB Daniels (appointed 29 April 2022)

F Deslypere (appointed 29 April 2022)

### Dividends

No dividend was paid during the year (2021: nil).

### Research and Development

We base our Research and Development on having a deep understanding of our mineral products, their upgrading opportunities, the actual and future needs of customers and of the markets Sibelco operates in. It means offering the right products and technologies that customers require and bringing them to market fast and effectively.

### Future Developments

2022 continued a strong recovery seen in 2021 as the global economy transitioned away from the restrictions of the pandemic. The impact of war in Ukraine in 2022 and 2023 year to date has further aided the improvement in revenues, with increased demand for UK clays due to the inability of the group to export clay from its deposits in Eastern Ukraine. The outlook for 2024 is mixed, with major western countries' GDP growth rates in the region of 1-2%, the impact on both domestic and export sales is expected to see growth moderate. A major focus for the Company in 2023 and 2024 is to invest in high quality mineral deposits to safeguard future revenue streams. The Company's strategic plan is still well founded and we will continue to improve production efficiencies and invest in areas of growth.

### Financial instruments

The risks related to financial instruments are provided in the strategic report on page 2.



## Directors' report (continued)

### Going Concern

The UK group of companies consist of the holding company, Watts Blake Bearne & Company Limited, two wholly owned active trading companies, Sibelco UK Limited and Sibelco Green Solutions Limited, and five wholly owned non-trading companies ('the UK group of companies'). The UK group of companies participate in a cash pooling facility operated by the ultimate parent undertaking, SCR-Sibelco NV, in order to manage their day to day working capital requirements. As well as the cash pool facilities, which are under the control of the ultimate parent undertaking, Watts Blake Bearne & Company Limited have access to £27m of additional funding through an intra-group deposit agreement ('deposit agreement') with Silfin NV, the treasury arm of SCR -Sibelco NV. Under the deposit agreement the funds are available immediately, on demand, up to 15 June 2025, and are considered by the Directors to be equivalent to cash when drawn upon, although to date no amounts have been required to be drawn down. These funds are available to be used by the Directors of Watts Blake Bearne & Company Limited for the purposes of the operations of the holding company and/or to provide funding for the other UK companies as and when required.

Given the intrinsic funding link between the UK group of companies, through the cash pool and deposit agreement arrangements, the Directors of Watts Blake Bearne & Company Limited have provided a letter of financial support to the wholly owned UK subsidiaries indicating that they have the ability to, and will, provide such funds as necessary to enable them to meet their liabilities as and when they fall due, in the event that sufficient cash isn't otherwise available, to 31 December 2024. Accordingly, the period to 31 December 2024 is considered the going concern assessment period for Watts Blake Bearne & Company Limited and all its wholly owned subsidiaries, with the cash flow forecasts, for going concern purposes, considering them all together as a group.

The cash requirements of the UK group of companies arise primarily from the working capital requirements of Sibelco UK Limited and Sibelco Green Solutions Limited. The directors of these companies have prepared cashflow forecasts for the period to 31 December 2024 which show that under the base case estimate of future performance the companies will generate £24m of cash in the preceding 12 months and reflects the trading environment in which the companies are currently operating in, generating profits and cash with strong balance sheet positions. This is not materially impacted by the cash requirements of Watts Blake Bearne & Company Limited itself or the non trading subsidiaries, albeit their funding requirements are considered as part of the UK group of companies assessment. The Directors have also prepared a severe downside scenario, being a 30% fall in revenue, under which the companies will have a cash shortfall of £5m, without any utilisation of the deposit agreement funds. During the period of disruption caused by the Covid pandemic revenue fell by 14%, therefore 30% is considered a remote scenario in this context, given the performance of the companies since the year end and through into 2023. Accordingly, the forecasts demonstrate that the £27m of funds made available to Watts Blake Bearne & Company Limited through the deposit agreement, and correspondingly to each of the subsidiaries through the support letter, are therefore sufficient for the companies to meet the liabilities of all the UK group of companies as and when they fall due for the going concern assessment period to 31 December 2024.

On the basis of their assessment, which included trading since the year end, the base case and downside forecast scenarios of future performance, the availability of funds through the cash pool and £27m deposit agreement arrangements via WBB, as well as the ability of Silfin NV to provide such a facility as and when required to be drawn down, for the going concern assessment period to 31 December 2024, the directors believe that the UK group of companies and the entity itself will be able to meet their liabilities as and when they fall due for that period. Accordingly, these financial statements have been prepared on a going concern basis.

## **Directors' report (continued)**

### **Streamlined Energy and Carbon Reporting (SECR)**

This is the third year of reporting under SECR (2022) and is collated in line with the base year period.

Sibelco UK Limited is a private limited company, incorporated in the UK (209571166) Registered address, Brookside Hall, Congleton Road, Sandbach, Cheshire, CW11 4TF

### **Reporting Period**

1st January 2022 – 31st December 2022, corresponding with the company's financial period.

### **Reasons for Change in Emissions**

An increase in gross emissions due to increased customer demand after impact of pandemic. A 9.9% reduction in intensity, aided by improved operational efficiency.

### **Quantification and Reporting Methodology**

HM Government Environmental Reporting Guidelines including streamline energy and carbon reporting guidance (March 2019) has been used for the collation of data sources including Climate Change Agreements and reporting of emissions UK Government GHG Conversion Factors for Company Reporting has been used for the reporting of emissions, using the 2022 version. Fugitive emissions from refrigerants adopts the screening method in annex C of the guidance

### **Organisational boundary**

The financial boundary of the business has been used to determine the reporting boundary

### **Operational scope**

Measurements include mandatory Scope 1 and Scope 2 emissions. Estimates have been entered for data accounting for is less than 0.1% of Scope 1 and 2 emissions. Scope 3 emissions are excluded as not mandatory

### **Base year**

The base year is 2020. This was the first year for which a full dataset had been collated for streamline emissions energy and carbon reporting and follows the organisational boundaries

### **Target Setting & Responsibilities**

The emissions reduction target is to reduce gross scope 1 and scope 2 emissions in tonnes of CO<sub>2</sub>e per sales (total) volume by 5% per year. The performance against target will be reviewed annually basis during the reporting year.

The Company will provide adequate resource to manage the performance and targets set to reduce our emissions

Sibelco UK Ltd meets the requirements for External Corporate Certification of Registration to ISO9001:2015, ISO14001:2015, ISO45001:2018 and ISO50001:2018 for the UK Operations

### **Intensity Measurement**

The metric chosen for reporting is gross scope 1 and scope 2 emissions in tonnes of CO<sub>2</sub>e per sales (total) volume, as this is closely matched to our business operation. The intensity measurement will be reported each year with comparison made against previous year to highlight performance

## Directors' report (continued)

### Streamlined Energy and Carbon Reporting (SECR) (continued)

#### Carbon Offsetting

Throughout the 2022 financial period, electricity from renewable sources has been purchased from Scottish Power, Total Gas & Power and a private wire wind turbine. Only supplies fully supported by REGO Certificates have been offset within the report.

Description (SIBELCO UK Limited)	2022	2021	2020 (Base Year)
<b>SCOPE 1 CO<sub>2</sub>e (tonnes)</b>			
Fuel	34,237	31,743	27,948
Owned transport	68	80	90
Fugitive emissions	3	3	3
<b>Total</b>	<b>31,520</b>	<b>31,826</b>	<b>28,041</b>
Fuel (MWh) heat generated onsite from owned sources	88,396	90,470	70,843
<b>SCOPE 2 CO<sub>2</sub>e (tonnes)</b>			
Electricity	7,303	9,098	8,839
<b>Total</b>	<b>7,303</b>	<b>9,098</b>	<b>8,839</b>
Electricity (MWh) purchased for use in owned sources	37,764	42,848	37,914
Electricity (MWh) self-generated onsite	14,413	7,774	7,559
<b>Intensity Metric (Gross emissions)</b>			
Scope 1 and Scope 2 emissions / Sales (total) volume	0.01149	0.01230	0.01275
Scope 1 and Scope 2 emissions / Sales (total) volume Target	0.01151	0.01212	
<b>Green Tariff</b>			
Offset CO <sub>2</sub> e (tonnes) Golconda Energy Limited (private PPA)	519	189	-
Offset CO <sub>2</sub> e as a percentage	1.34%	0.46%	
<b>Intensity Metric (Net emissions)</b>			
Scope 1 and Scope 2 emissions / Sales (total) volume	0.01149	0.01224	0.01275
Intensity Metric comparison to base year	-9.94%	-3.99%	-
<b>Gross emissions (tonnes CO<sub>2</sub>e)</b>			
Scope 1 and Scope 2	38,823	40,924	36,880

#### Energy Efficiency

In line with Sibelco Vision 2025, the production sites continuously improve their energy efficiency as an integral part of the Operational Excellence program. All our sites use the Sibelco Energy Handbook as a guide for efficiently managing energy and the ISO50001 standard where they are certified. Both documents are based on the Plan-Do-Check-Act approach and provide the local site teams with the resource to be in compliance with our Energy Policy

Operating in line with the Kaolin and Ball Clay Association, Silica and Moulding Sand Association, British & Irish Calcium Carbonate Federation Climate Change Agreements will continue.

## **Directors' report (continued)**

### **Health and Safety**

The safety of our employees, contractors, visitors and the public is our first and most important priority. Our goal is a workplace which is, as far as reasonably practicable, safe and without risks to health – ZERO HARM - where each and every employee is always concerned for their own safety and the safety of others. This is in line with the Sibelco Going for Zero programme. In support of our ambition of ZERO Harm, Sibelco UK has undertaken a Safety Day on all sites with a focus on Emergency Preparedness. The Safety Days are an annual event with different relevant themes being focussed on each year. Future plans include further development of our Behavioural Safety Program as part of the commitment towards continuous improvement.

The company has maintained its SHEQ management systems and associated accreditation to recognised national and international standards, namely; OSHAS18001, ISO14001 and ISO9001. In addition, the company has achieved the ISO50001 accreditation following the successful implementation of an Energy Management system throughout the UK business.

### **Disabled employees**

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

### **Employee involvement**

During the year, the policy of providing employees with information about the group has been continued through the newsletters, announcements, road shows, employee representative meeting. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the Company's bonus schemes.

### **Restoration and Community**

We continuously engage with local communities and key stakeholders to achieve mutually beneficial outcomes from our operations around the UK. As well as minimising any disruption caused by our activities, we actively support numerous community projects every year.

In addition to ensuring our quarries are fully compliant with (and in many cases go beyond) legislative environmental requirements, we work with numerous local environmental groups to create brand new wildlife habitats that make a positive contribution to biodiversity – many of which have won awards at both local and national level.

## **Directors' report (continued)**

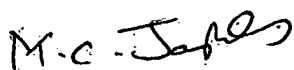
### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

### **Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board



**M C James**

*Director*

*Date:* 17 November 2023

### **Registered office**

Brookside Hall  
Congleton Road  
Sandbach  
Cheshire  
CW11 4TF

## Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced disclosure framework".

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 in accordance with section 10 of FRS 101 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the company 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

## **Independent auditor's report to the members of Sibelco UK Limited**

### **Opinion**

We have audited the financial statements of Sibelco UK Limited for the year ended 31 December 2022 which comprise the Income statement, Statement of comprehensive income, Statement of changes in equity, Statement of financial position and related notes 1 to 26 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 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 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**

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 to December 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's 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 this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

## **Independent auditor's report to the members of Sibelco UK Limited (*continued*)**

### **Opinions 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 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 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 12, 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.

### **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.



**Independent auditor's report to the members of Sibelco UK Limited (*continued*)**  
***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006, and the relevant direct and indirect tax compliance regulations in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations and health and safety.
- We understood how Sibelco UK Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of the minutes of Board meetings.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering areas of significant judgement and estimation, performance targets, economic or external pressures and the impact these factors have on a likelihood of material misstatement. We also considered the risk of management override and identified the timing of revenue recognition around year end as a fraud risk. We performed testing of an increased number of transactions around the year end to supporting documentation to ensure they were recorded in the appropriate period, as well as incorporating data analytics in our audit approach.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved a review of the minutes of board meetings, direct enquiry of management and those charged with governance, and journal entry testing with a focus on journals meeting our defined risk criteria based on our understanding of the business. In addition, we completed procedures to conclude on the compliance of the disclosures in the financial statements with the requirements of the relevant accounting standards and UK legislation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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.

DocuSigned by:  
Ernst & Young LLP  
BA1E83DA643B4AC...

Anne Schmitt (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor

Manchester

17 November 2023

**Income statement**  
*for the year ended 31 December 2022*

	<i>Note</i>	<b>2022</b>	2021
		<b>£000</b>	£000
<b>Revenue</b>		<b>168,610</b>	129,141
Cost of sales		<b>(98,999)</b>	(74,724)
<b>Gross profit</b>		<b>69,611</b>	54,417
Transportation costs		<b>(37,186)</b>	(29,641)
Administrative expenses		<b>(16,393)</b>	(14,335)
Other operating income	2	961	859
Other operating expenses	3	<b>(813)</b>	(1,355)
<b>Operating profit</b>	4	<b>16,180</b>	9,945
Finance income	7	<b>1,822</b>	769
Finance expense	8	<b>(1,786)</b>	(1,429)
<b>Net financing income / (expense)</b>		<b>36</b>	(660)
<b>Profit before taxation</b>		<b>16,216</b>	9,285
Taxation	9	<b>(2,404)</b>	(1,770)
<b>Profit for the year</b>		<b>13,812</b>	7,515

The above results all relate to continuing operations.

The notes on pages 19 to 44 form part of these financial statements.

**Statement of comprehensive income**  
*for the year ended 31 December 2022*

	<i>Note</i>	<b>2022</b>	<b>2021</b>
		<b>£000</b>	<b>£000</b>
Profit for the year		<b>13,812</b>	7,515
Remeasurement of the net defined benefit pension liability	18	<b>(13,886)</b>	18,654
Deferred tax movements on defined benefit pension liability taken to other comprehensive income	20	<b>2,638</b>	(3,544)
<b>Total comprehensive income for the year</b>	<b>22</b>	<b>2,564</b>	<b>22,625</b>
<b>Total comprehensive income is attributable to:</b>			
Equity shareholders	22	<b>2,564</b>	<b>22,625</b>

**Statement of changes in equity**  
*for the year ended 31 December 2022*

	<b>Share capital</b>	<b>Share premium account</b>	<b>Capital Reserve</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 January 2021	220	24,050	147	3,983	28,400
Profit for the year	-	-	-	7,515	7,515
Remeasurement of defined benefit liability	-	-	-	18,654	18,654
Deferred tax movements on defined benefit liability	-	-	-	(3,544)	(3,544)
At 1 January 2022	220	24,050	147	26,608	51,025
Profit for the year	-	-	-	13,812	13,812
Remeasurement of defined benefit liability	-	-	-	(13,886)	(13,886)
Deferred tax movements on defined benefit liability	-	-	-	2,638	2,638
At 31 December 2022	<b>220</b>	<b>24,050</b>	<b>147</b>	<b>29,172</b>	<b>53,589</b>

The notes on pages 19 to 44 form part of these financial statements.

**Statement of financial position**  
**at 31 December 2022**

	Note	2022 £000	Restated* 2021 £000
<b>Non-current assets</b>			
Intangible assets	10	46	90
Property, plant and equipment	11	65,691	69,303
Investments	12	6,059	6,059
Trade and other receivables	14	5,600	5,600
Employee benefits	18	8,685	11,278
		<u>86,081</u>	<u>92,330</u>
<b>Current assets</b>			
Inventories	13	15,301	11,361
Trade and other receivables	14	39,673	35,935
Tax receivable		918	859
Cash and cash equivalents	15	156	6,730
		<u>56,048</u>	<u>54,885</u>
<b>Total assets</b>		<u>142,129</u>	<u>147,215</u>
<b>Current liabilities</b>			
Trade and other payables	16	(33,972)	(28,024)
Financial liabilities	17	(4,825)	(28,329)
		<u>(38,797)</u>	<u>(56,353)</u>
<b>Non-current liabilities</b>			
Trade and other payables	16	-	(3,683)
Financial liabilities	17	(37,414)	(21,045)
Deferred tax	20	(1,062)	(1,239)
Provisions	19	(11,267)	(13,870)
		<u>(49,743)</u>	<u>(39,837)</u>
<b>Total liabilities</b>		<u>(88,540)</u>	<u>(96,190)</u>
<b>Net assets</b>		<u>53,589</u>	<u>51,025</u>
<b>Equity</b>			
Called up share capital	21	220	220
Capital reserve	22	147	147
Share premium account	22	24,050	24,050
Profit and loss account	22	29,172	26,608
<b>Total equity</b>		<u>53,589</u>	<u>51,025</u>

\* Comparatives have been restated as explained in Note 14 to the financial statements.

The notes on pages 19 to 44 form part of these financial statements.

These financial statements were approved by the board of directors on 17 November 2023 and signed on its behalf by:



**M C James**  
Director

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Sibelco UK Limited (the “Company”) is a company incorporated and domiciled in the UK.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company’s financial statements.

#### ***Basis of preparation***

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (‘FRS 101’).

The Company’s financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000) except otherwise stated

The Company transitioned from UK adopted International Accounting Standards to FRS 101 for all periods presented. There were no material amendments on the adoption of FRS 101. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2022.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures

- Cash Flow Statement and related notes;
- Certain disclosures regarding revenue;
- Comparative period reconciliations for share capital, property, plant and equipment and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy; and
- Disclosures in respect of the compensation of Key Management Personnel

As the consolidated financial statements of SCR Sibelco NV (Belgian parent company) include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS101 in its next financial statements.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Going concern*

The UK group of companies consist of the holding company, Watts Blake Bearne & Company Limited, two wholly owned active trading companies, Sibelco UK Limited and Sibelco Green Solutions Limited, and five wholly owned non-trading companies ('the UK group of companies'). The UK group of companies participate in a cash pooling facility operated by the ultimate parent undertaking, SCR-Sibelco NV, in order to manage their day to day working capital requirements. As well as the cash pool facilities, which are under the control of the ultimate parent undertaking, Watts Blake Bearne & Company Limited have access to £27m of additional funding through an intra-group deposit agreement ('deposit agreement') with Silfin NV, the treasury arm of SCR -Sibelco NV. Under the deposit agreement the funds are available immediately, on demand, up to 15 June 2025, and are considered by the Directors to be equivalent to cash when drawn upon, although to date no amounts have been required to be drawn down. These funds are available to be used by the Directors of Watts Blake Bearne & Company Limited for the purposes of the operations of the holding company and/or to provide funding for the other UK companies as and when required.

Given the intrinsic funding link between the UK group of companies, through the cash pool and deposit agreement arrangements, the Directors of Watts Blake Bearne & Company Limited have provided a letter of financial support to the wholly owned UK subsidiaries indicating that they have the ability to, and will, provide such funds as necessary to enable them to meet their liabilities as and when they fall due, in the event that sufficient cash isn't otherwise available, to 31 December 2024. Accordingly, the period to 31 December 2024 is considered the going concern assessment period for Watts Blake Bearne & Company Limited and all its wholly owned subsidiaries, with the cash flow forecasts, for going concern purposes, considering them all together as a group.

The cash requirements of the UK group of companies arise primarily from the working capital requirements of Sibelco UK Limited and Sibelco Green Solutions Limited. The directors of these companies have prepared cashflow forecasts for the period to 31 December 2024 which show that under the base case estimate of future performance the companies will generate £24m of cash in the preceding 12 months and reflects the trading environment in which the companies are currently operating in, generating profits and cash with strong balance sheet positions. This is not materially impacted by the cash requirements of Watts Blake Bearne & Company Limited itself or the non trading subsidiaries, albeit their funding requirements are considered as part of the UK group of companies assessment. The Directors have also prepared a severe downside scenario, being a 30% fall in revenue, under which the companies will have a cash shortfall of £5m, without any utilisation of the deposit agreement funds. During the period of disruption caused by the Covid pandemic revenue fell by 14%, therefore 30% is considered a remote scenario in this context, given the performance of the companies since the year end and through into 2023. Accordingly, the forecasts demonstrate that the £27m of funds made available to Watts Blake Bearne & Company Limited through the deposit agreement, and correspondingly to each of the subsidiaries through the support letter, are therefore sufficient for the companies to meet the liabilities of all the UK group of companies as and when they fall due for the going concern assessment period to 31 December 2024.

On the basis of their assessment, which included trading since the year end, the base case and downside forecast scenarios of future performance, the availability of funds through the cash pool and £27m deposit agreement arrangements via WBB, as well as the ability of Silfin NV to provide such a facility as and when required to be drawn down, for the going concern assessment period to 31 December 2024, the directors believe that the UK group of companies and the entity itself will be able to meet their liabilities as and when they fall due for that period. Accordingly, these financial statements have been prepared on a going concern basis.

## Notes (continued)

### 1 Accounting policies (continued)

#### Consolidated financial statements

The Company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare group financial statements. The financial statements present information about the Company and not about its group.

#### Intangible assets and goodwill

In respect of acquisitions that have occurred since 1 January 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

In respect of acquisitions prior to 1 January 2004, goodwill is included on the basis of its deemed cost, which represents the amount recorded under UK GAAP which was broadly comparable save that only separable intangibles were recognised and goodwill was amortised. On transition, certain items recognised as other intangibles under IFRS (but not all such items) have been separately accounted for with appropriate adjustments against goodwill, and amortisation of goodwill has ceased, as required by IFRS 1.

Other intangible assets that are acquired by the company are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software	-	3-5 years
Customer-related intangible assets	-	5 years

#### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 January 2004, the date of transition to Adopted IFRSs, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the company assumes substantially all the risks and rewards of ownership of the asset are classified as finance leases. Where land and buildings are held under finance leases the treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. All other lease payments, 'operating leases', are described on page 22.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The depreciation of the site restoration asset component is over a 12 year period. The estimated useful lives are as follows:

Buildings – freehold and long leasehold	-	30 years
Buildings – short leasehold	-	Length of lease
Plant and equipment	-	3, 5, 7 or 12 years
Motor cars	-	5 years

Freehold land is not depreciated except in the case of certain mineral deposits. Assets under construction are not depreciated before being brought into operation.

Mineral deposits (included within land and buildings) are initially recognised at cost and are then depreciated on a per tonne basis in relation to the geologists' estimates of total tonnage in the deposit. These estimates of remaining tonnage are reassessed each year and the prospective depreciation charge per tonne is adjusted accordingly.

Assets under construction consist of the directly attributable costs of property, plant and equipment being brought into operation for the purpose of extraction and processing of clay and minerals

## Notes (continued)

### 1 Accounting policies (continued)

#### Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

#### Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease term is determined as the non-cancellable period of a lease together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The Company considers all relevant facts and circumstances in the assessment whether an option is reasonably certain to be exercised such as significant leasehold improvements undertaken (or expected to be undertaken) over the term of the contract and costs relating to the termination of the lease, such as negotiation costs, relocation costs, costs of identifying another underlying asset suitable for the Company's needs.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is usually not readily determinable. The Company determines the incremental borrowing rate based on an applicable reference rate and a specific margin. The reference rate is based on the specific lessee's country reflecting the currency and country risk and taking into account the lease term of the contract. The margin reflects the incremental spread applicable to the Company based on market data and available funding contracts. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in Financial Liabilities – see Note 17: Financial liabilities



## Notes (continued)

### 1 Accounting policies (continued)

#### Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of both machinery and office equipment that are considered to be low value which is defined as £10,000 for the whole Company. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

#### Inventories

Inventories are stated at the lower of cost and estimated net realisable value. Cost includes appropriate overheads and is determined on the 'first in first out' or average cost basis. Net realisable value is the sales price (excluding VAT) less the cost of final transport to the customer.

#### Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

#### Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Restructuring provisions are recognised only when the Company has a constructive obligation, which is when there is a detailed formal plan that identifies the business or part of the business concerned, the location and the detailed estimate of the associated costs, and the timeline.

The Company records a provision for restoration costs of a site for the extraction of materials. These costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the relevant asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the restoration liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit or loss as a finance cost. The estimated future costs of restoration are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset. The impact of climate-related matters on the remediation of environmental damage is considered with determining the liability which has been disclosed in Note 19.

Note 19 contains information about the assumptions and estimates relating to restoration provisions.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Employee benefits*

##### *Defined contribution plans*

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

##### *Defined contribution plans*

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

##### *Defined benefit plans*

The Company operates a defined benefit pension plan for Sibelco UK Limited and its intermediate parent company, Watts Blake Bearne & Co Ltd. The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) is deducted. The liability discount rate is the yield at the reporting date on AA credit rated bonds that have maturity dates approximating to the terms of the Company's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

All actuarial gains and losses, along with any corresponding deferred taxation are recognised directly in equity and are presented in the Statement of comprehensive income.

Where the calculation results in a benefit to the Company, the asset recognised is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

#### *Revenue from Contracts with customers*

The Company is in the business of providing industrial minerals to serve its customers in the glass, ceramics, energy, metal & casting, construction & engineering, chemical, electronics and other industries.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

##### *Sale of goods*

Revenue from sale of equipment is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment. The normal credit term is 30 to 90 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of equipment, the Company considers the effects of variable consideration and the existence of significant financing components (if any).

By-products are ignored until they are sold, at which time revenues are recognised in profit or loss and classified as other income.

##### *(i) Variable consideration*

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts provide customers with volume rebates. The volume rebates give rise to variable consideration.

## **Notes** *(continued)*

### **1 Accounting policies** *(continued)*

#### **(ii) Significant financing component**

Generally, the Company receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

In case the Company receives long-term advances from customers the transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between the Company and its customers at contract inception, to take into consideration the significant financing component.

#### **Contract balances**

##### **(i) Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

##### **(ii) Trade receivables**

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

##### **(iii) Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

#### **Rendering of services**

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at the reporting date.

#### **Commissions**

Amounts collected on behalf of, and passed on to, the seller in an agency relationship are not revenue of the agent. In such relationship, the revenue of the agent is the amount of commission which is deducted from the selling price plus any other charges made by the agent to the seller and other parties.

In case of a principal in an agency relationship, the revenue is the gross amount charged to the ultimate customer. Any commissions paid to (or deducted by) agents is accounted for as an expense.

#### **Royalties**

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement unless it is more appropriate to recognise them on some other systematic and rational basis.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Foreign currency*

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

#### *Expenses*

##### *Operating lease payments*

Payments from operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

##### *Net financing costs*

Net financing costs comprise interest payable, finance charges on finance leases, interest receivable on funds invested and dividend income that are recognised in the income statement. Finance charges from finance leases are allocated to each period during the lease term so as to produce a constant rate of interest on the remaining balance of the liability.

Interest income and interest payable is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the right to receive payments is established.

##### *Other operating income*

Profits arising on the sale of property, plant and equipment are recognised within other operating income. The sale is recognised upon legal completion. Where there are associated costs including, but not limited to, agent fees, VAT, land remediation necessarily incurred to secure a sale, they are netted against the sales proceeds.

#### *Non-derivative financial instruments*

Non-derivative financial instruments comprise investments, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

##### *Investments*

Investments in subsidiaries are carried at cost less impairment

##### *Trade and other receivables*

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

##### *Cash and cash equivalents*

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in creditors: amounts falling due within one year.

##### *Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

##### *Trade and other payables*

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Derivative financial instruments*

The Company uses derivative financial instruments to hedge its exposure to foreign exchange risks arising from its operating activities. Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, they are stated at their fair value, with any resultant gain or loss being recognised in the income statement, along with any gains or losses recognised in the hedged item.

#### *Impairment excluding inventories and deferred tax assets*

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

#### *Calculation of recoverable amount*

The recoverable amount of assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

#### *Accounting judgements*

Management consider there are no critical accounting judgements made in the preparation of the financial statements. The key sources of estimation and uncertainty are:

#### *Mineral properties*

The directors have reviewed the carrying value of mineral properties reported within land and buildings and believe it is appropriate in the context of current trading levels and strategic direction of the Group.

#### *Pensions*

The directors have employed the services of an actuary in assessing pension assets and liabilities. Note 18 contains information about principal actuarial assumptions used in the determination of the assets and liabilities for the defined benefit obligations.

#### *Restoration provisions*

Note 19 contains information about the assumptions and estimates relating to restoration provisions.

## Notes (continued)

### 2 Other operating income

	2022	2021
	£000	£000
Other operating income		
Profit on disposal of land	-	164
Profit on disposal of property, plant and equipment	-	194
Income from by-products	516	201
Release of ESCROW	-	300
Rental income	234	-
Other	211	-
	<u>961</u>	<u>859</u>

In 2021 the release of ESCROW relates to contingent consideration in respect of a previous acquisition where certain performance obligations were not met.

### 3 Other operating expenses

	2022	2021
	£000	£000
Redundancy and reorganisation	63	1,029
Loss on disposal of property, plant and equipment	29	-
Property consultancy and other costs	721	326
	<u>813</u>	<u>1,355</u>

### 4 Operating profit

	2022	2021
	£000	£000
The operating profit is stated after charging / (crediting):		
Depreciation of property plant and equipment - owned	6,105	6,317
Depreciation of property plant and equipment – right of use	2,795	2,866
Cost of inventories recognised as expense	25,112	17,451
Amortisation of intangible fixed assets	44	48
Auditor remuneration: Audit of these financial statements	77	87
Hire of plant and equipment	5,599	2,926
Exchange differences	(147)	272
Property rental income	(314)	(187)
	<u></u>	<u></u>

## Notes (continued)

### 5 Remuneration of directors

The remuneration of the Executive Directors is determined annually by the Remuneration Committee. The Remuneration Committee has discretion to make awards to Directors when merited by performance or to reconcile to local market conditions or other special circumstances.

The emoluments of the directors were as follows:

	2022 £000	2021 £000
Directors' emoluments	695	511
Payments to defined contribution pension schemes	10	4
	<u>705</u>	<u>515</u>

The amounts set out above include remuneration in respect of the highest paid Director as follows:

	2022 £000	2021 £000
Directors' emoluments	<u>506</u>	<u>418</u>

The remuneration of some of the Sibelco UK Limited directors, who are also directors of SCR Sibelco NV, is borne in that company's financial statements, and not recharged, as their direct services to the Company are considered to be incidental in the context of the Group.

### 6 Staff numbers and costs

	2022 £000	2021 £000
Wages and salaries	15,220	14,266
Social security costs	1,595	1,382
Pension costs: Contributions to defined contribution plans (see note 18)	1,396	1,446
Expenses related to defined benefit plans	359	380
	<u>18,570</u>	<u>17,474</u>

The average number of persons, including Directors, employed by the Company during the year was:

	Number	Number
Operations	233	279
Selling, general and administration	113	91
	<u>346</u>	<u>370</u>

## Notes (continued)

### 7 Finance income

	2022 £000	2021 £000
Interest income from fellow group undertakings	214	22
Change of discount on provisions (note 19)	1,149	222
Net interest on defined benefit pension plan obligation (note 18)	312	-
Other financial income	147	525
	<u>1,822</u>	<u>769</u>

### 8 Finance expense

	2022 £000	2021 £000
Interest expense to fellow group undertakings	1,160	536
Interest expense on RoU assets	149	165
Other financial expenses to fellow group undertakings	-	10
Other financial expenses	119	237
Unwinding of discount on provisions (note 19)	358	333
Net interest on defined benefit pension plan obligation (note 18)	-	148
	<u>1,786</u>	<u>1,429</u>



## Notes (continued)

### 9 Taxation

	2022 £000	2021 £000
<b>Recognised in the income statement</b>		
Current tax charge/(credit) on profit for the year at 19.00% (2021: 19.00%)	757	(263)
Adjustments in respect of prior years	(814)	-
	<hr/>	<hr/>
Current tax credit	(57)	(263)
Deferred tax expense/(credit):		
Origination and reversal of temporary differences	2,461	2,767
Adjustments in respect of previous years	-	(734)
	<hr/>	<hr/>
Deferred tax expense (see note 20)	2,461	2,033
	<hr/>	<hr/>
Total tax in income statement	2,404	1,770
	<hr/>	<hr/>
	2022 £000	2021 £000
<b>Reconciliation of effective tax rate</b>		
Profit before taxation	16,216	9,285
	<hr/>	<hr/>
Tax using UK corporation tax rate of 19.00% (2021: 19.00%)	3,081	1,783
Non-deductible expenses	150	44
Adjustments to tax charge in respect of previous years	(1,194)	19
Change in deferred taxation rate	423	-
Other reconciling items	(56)	(76)
	<hr/>	<hr/>
Total tax in income statement	2,404	1,770
	<hr/>	<hr/>

**Notes (continued)**

**10 Intangible assets**

	Software £000	Contract-related intangibles £000	Total £000
<i>Cost</i>			
At 31 December 2021	645	283	928
Additions	-	-	-
<b>At 31 December 2022</b>	<b>645</b>	<b>283</b>	<b>928</b>
<i>Amortisation</i>			
At 31 December 2021	555	283	838
Charge in the year	44	-	44
<b>At 31 December 2022</b>	<b>599</b>	<b>283</b>	<b>882</b>
<i>Net book value</i>			
At 31 December 2021	90	-	90
<b>At 31 December 2022</b>	<b>46</b>	<b>-</b>	<b>46</b>

The amortisation charge in the current and prior year is recognised in administrative expenses in the income statement.

**Notes (continued)**

**11 Property, plant and equipment**

	Land and buildings	Plant and vehicles	Under construction	Land & Buildings R of U assets	Plant & Vehicles R of U assets	Total
	£000	£000	£000	£000	£000	£000
<b>Cost</b>						
At 1 January 2022	72,141	126,217	4,247	2,435	10,419	215,459
Additions	-	-	3,884	-	1,432	5,316
Transfers	558	1,496	(2,054)	-	-	-
Disposals	(281)	(408)	-	-	-	(689)
<b>At 31 December 2022</b>	<b>72,418</b>	<b>127,305</b>	<b>6,077</b>	<b>2,435</b>	<b>11,851</b>	<b>220,086</b>
<b>Depreciation</b>						
At 1 January 2022	42,626	96,746	-	396	6,388	146,156
Provided for the year	1,946	4,159	-	162	2,633	8,900
Disposals	(280)	(381)	-	-	-	(661)
<b>At 31 December 2022</b>	<b>44,292</b>	<b>100,524</b>	<b>-</b>	<b>558</b>	<b>9,021</b>	<b>154,395</b>
<b>Net book value</b>						
At 31 December 2021	29,515	29,471	4,247	2,039	4,031	69,303
<b>At 31 December 2022</b>	<b>28,126</b>	<b>26,781</b>	<b>6,077</b>	<b>1,877</b>	<b>2,830</b>	<b>65,691</b>

The plant and vehicles net book value of £26,781k includes £0 held under finance leases (2021: £nil). The land and buildings net book value of £28,126k includes £8k (2021: £8k) of net book value relating to mineral properties.

## Notes (continued)

### 12 Investments

<i>Cost and net book value</i>	<b>Shares in group undertakings £000</b>
<b>At 31 December 2021 and 31 December 2022</b>	<b>6,059</b>

The Company has the following investments in subsidiaries and associates:

<b>Company</b>	<b>Country of incorporation or registration</b>
Ellastone Investments Limited	England
Viaton Industries Limited	England
Fordath Limited	England
Sibelco Green Solutions UK Limited (formerly Ilamian Limited)	England
Prestige Sports Surfaces Limited	England

The subsidiary undertakings all have share capital consisting solely of ordinary shares and are directly held, with the exception of Viaton Industries Limited, which is owned by Ellastone Investments Limited.

Each company is wholly owned (except Prestige Sports Surfaces Limited which is 50% owned) and operates in its country of incorporation or registration. Ellastone Investments Ltd and Viaton Industries Ltd are both non-trading companies. Fordath Ltd and Prestige Sports Surfaces Ltd have been dormant in both the current and prior years. The Company's share of Prestige Sports Surfaces Ltd net assets is £50 (2021: £50). The Company is exempt from the requirement to account for the associate using the equity method, as provided for under IAS 28 paragraph 13 (c). Prestige Sports Surfaces Limited was dissolved on 20 April 2023.

### 13 Inventories

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Raw materials and consumables	<b>7,045</b>	3,218
Work in progress	<b>1,641</b>	2,324
Finished goods	<b>6,615</b>	5,819
	<b>15,301</b>	11,361

During the year £632k was debited to the income statement for writing down inventories to their net realisable value (2021: £318k). This is recognised in cost of sales.

## Notes (continued)

### 14 Trade and other receivables

Amounts falling due within one year:

	2022 £000	2021 £000
Trade receivables	28,197	16,204
Amounts owed by parent company	2,097	1,248
Amounts owed by fellow subsidiary	7,736	16,576
Other receivables	103	835
Prepayments and accrued income	1,540	1,072
	<u>39,673</u>	<u>35,935</u>

Amounts falling due after more than one year:

Amounts owed by subsidiary companies	5,600	5,600
	<u>5,600</u>	<u>5,600</u>

Included within amounts owed by fellow subsidiary companies is a receivable balance of £6,544k (2021: £14,708k) due from the group cash pool facility.

Amounts falling due after more than one year have been restated from current to non-current assets within the statement of financial position to reflect the nature and expected recovery of these balances.

### 15 Cash and cash equivalents

	2022 £000	2021 £000
External cash and cash equivalents	156	6,730
	<u>156</u>	<u>6,730</u>

### 16 Trade and other payables

Amounts falling due within one year:

	2022 £000	2021 £000
Trade payables	11,751	15,154
Amounts owed to parent company	4,583	3,532
Amounts owed to fellow subsidiary companies	5,746	1,485
Social security and other taxes	607	538
Other payables	5,761	764
Accrued operating expenses	5,524	6,551
	<u>33,972</u>	<u>28,024</u>

Amounts falling due after more than one year:

	2022 £000	2021 £000
Amounts owed to fellow group companies	-	145
Amounts owed to subsidiary undertakings	-	3,538
	<u>-</u>	<u>3,683</u>

## Notes (continued)

### 17 Financial liabilities

Amounts falling due within one year:	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Lease liabilities (note 24)	<b>1,370</b>	<b>2,750</b>
Unsecured loan due to fellow group undertakings	<b>3,455</b>	<b>25,579</b>
	<b>4,825</b>	<b>28,329</b>
Amounts falling due after more than one year:	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Lease liabilities (note 24)	<b>3,714</b>	<b>3,495</b>
Unsecured loan due to fellow group undertakings	<b>33,700</b>	<b>17,550</b>
	<b>37,414</b>	<b>21,045</b>

Maturity of financial liabilities	Unsecured loans		Lease liabilities	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
In one year or less	<b>3,455</b>	<b>25,579</b>	<b>1,370</b>	<b>2,750</b>
In more than one year but less than two years	<b>14,200</b>	<b>3,349</b>	<b>931</b>	<b>714</b>
In more than two years but less than five years	<b>19,500</b>	<b>14,201</b>	<b>1,569</b>	<b>1,366</b>
In more than five years	<b>-</b>	<b>-</b>	<b>1,214</b>	<b>1,415</b>
	<b>37,155</b>	<b>43,129</b>	<b>5,084</b>	<b>6,245</b>

## Notes (continued)

### 18 Employee benefits

#### Pension plans

Final salary pension benefits are provided by the scheme to all members, the assets of which are held separately from the Company under the control of Trustees. The assets are invested in a wide range of stock exchange and government securities. Following a consultation with all active members of the scheme, a decision was made to close the final salary pension scheme to future accrual of defined benefits. From 1 January 2014 the scheme closed to future defined benefit accrual and all active members were offered entry to a new defined contribution section of the scheme.

#### Defined benefit plans

The Company information disclosed below is in respect of the whole of the pension plan which the Company fully recognises within its financial statements.

	2022 £000	2021 £000
Present value of funded defined benefit obligations	162,868	245,161
Fair value of plan assets	(171,553)	(256,439)
	<hr/>	<hr/>
Present value of net funded obligations	(8,685)	(11,278)
	<hr/>	<hr/>
Recognised asset for defined benefit obligations, net	(8,685)	(11,278)
	<hr/>	<hr/>
Movements in present value of defined benefit obligation		
	2022 £000	2021 £000
At 1 January	245,161	264,690
Interest cost	4,583	3,123
Actuarial gains	(76,338)	(14,777)
Benefits paid	(10,538)	(7,875)
	<hr/>	<hr/>
At 31 December	162,868	245,161
	<hr/>	<hr/>

## Notes (continued)

### 18 Employee benefits (continued)

#### Movements in fair value of plan assets

	2022 £000	2021 £000
At 1 January	256,439	246,653
Interest income on plan assets	4,895	2,976
Actuarial (losses) / gains	(90,224)	3,877
Contributions by employer – net of administrative costs	10,981	10,808
Benefits paid	(10,538)	(7,875)
	<hr/>	<hr/>
At 31 December	171,553	256,439
	<hr/>	<hr/>

#### Expense recognised in the income statement

	2022 £000	2021 £000
Net interest on defined benefit pension plan obligation recognised in Sibelco UK Ltd	(312)	148
Administrative cost of defined benefit pension plan	359	380
	<hr/>	<hr/>
Total	47	528
	<hr/>	<hr/>

#### Amounts recognised in statement of comprehensive income

	2022 £000	2021 £000
Return on plan assets (excluding amounts included in net interest)	(90,224)	3,877
Liability gains/(losses) due to changes in demographic assumptions	-	(1,644)
Liability gains/(losses) due to changes in financial assumptions	84,192	15,070
Liability experience gains/(losses) arising during the period	(7,854)	1,351
	<hr/>	<hr/>
Total (losses) / gains recognised in statement of comprehensive income	(13,886)	18,654
	<hr/>	<hr/>



## Notes (continued)

### 18 Employee benefits (continued)

The fair value of the plan assets were as follows:

	2022 £000	2021 £000
Equities	443	24,127
Cash	1,913	967
Other	169,197	231,345
	<u>171,553</u>	<u>256,439</u>

The expected return on plan assets is determined by reference to relevant indices. The overall expected return is calculated by weighting the individual rates in accordance with the anticipated balance in the investment portfolio.

Principal actuarial assumptions (expressed as weighted averages):

	2022 %	2021 %
Discount rate	4.8	1.9
Future pension increases (pre-2007)	3.4	3.5
Future pension increases (post-2007)	2.7	2.8

Assumptions regarding future mortality are set based on advice in accordance with published statistics. The current mortality table used is 105% of S3NA tables, CM12019 projections with a long term rate of improvement of 1.5% pa.

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescales covered, may not necessarily be borne out in practice. The expected return on plan assets is based on market expectation at the beginning of the year for returns over the life of the benefit obligation.

The history of the plans for the current and prior years is as follows:

	2022 £000	2021 £000	2020 £000	2019 £000	2018 £000
Present value of defined benefit obligation	162,868	245,161	264,690	234,081	214,503
Fair value of plan assets	(171,553)	(256,439)	(246,654)	(216,032)	(195,774)
	<u>(8,685)</u>	<u>(11,278)</u>	<u>18,036</u>	<u>18,049</u>	<u>18,729</u>

The Company expects to contribute approximately £8.4m to its defined benefit plan in the next financial year.

### Defined contribution plans

New and existing employees are offered entry to a stakeholder pension scheme. The total expense relating to this plan in the current year was £1,277k. (2021: £1,446k).

## Notes (continued)

### 19 Provisions

	Restoration provisions £000	Restructuring £000	Total
Balance at 1 January 2022	13,086	784	13,870
(Release)/additional provision	(1,421)	12	(1,409)
Utilisation of provision	(55)	(348)	(403)
Unwinding of discount (note 8)	358	-	358
Change of discount rate (note 7)	(1,149)	-	(1,149)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2022	<b>10,819</b>	<b>448</b>	<b>11,267</b>
	<hr/>	<hr/>	<hr/>

The amounts recognised as provisions for restoration are the best estimate of expenditure that would be required to settle the present obligation of decommissioning sites of business activity and bringing them to the prevailing local environmental standards. In order to achieve this, the discounted estimate of the final liability is apportioned to accounting periods by reference to the level of mineral reserves and annual production rates, specific to the individual site. The Company expects to utilise the provision between 2022 and 2066.

During the year a revision of the best estimate has given rise to a reduction in the provision of £1,421k which has been charged to the income statement in 2022 (2021 increase in provision of £686k).

Where alternative use of the site has been identified, following the exhaustion of mineral reserves, and no decommissioning or restoration costs are expected to be incurred, no provision is made.

Provision for restructuring includes the anticipated cost for those employees who are to be made redundant. The payments were made during 2022 and 2023.

## Notes (continued)

### 20 Deferred tax

Deferred tax assets and (liabilities) are attributable to the following:

	2022 £000	2021 £000
Property, plant and equipment	(6,053)	(4,951)
Employee benefits	(2,206)	(2,143)
Other deferred tax assets	1,935	1,857
Deferred Tax Asset recognised on B/Fwd losses	5,262	3,998
Net deferred tax liabilities	<u>(1,062)</u>	<u>(1,239)</u>

Other deferred tax assets principally relate to the provisions detailed in note 19.

Deferred tax assets and liabilities within the same tax jurisdiction have been offset as permitted by IAS 12. Deferred taxation is calculated in full on temporary differences under the liability method using a tax rate of 25% (2021: 19%).

Movement in deferred tax during the year:

	1 January 2022 £000	Recognised in income £000	Recognised in equity £000	31 December 2022 £000
Property, plant and equipment	(4,951)	(1,102)	-	(6,053)
Employee benefits	(2,143)	(2,701)	2,638	(2,206)
Other deferred tax assets	1,857	78	-	1,935
Deferred Tax Asset recognised on B/Fwd losses	3,998	1,264	-	5,262
Net deferred tax asset	<u>(1,239)</u>	<u>(2,461)</u>	<u>2,638</u>	<u>(1,062)</u>

### 21 Share capital

	2022 Number	2021 Number	2022 £000	2021 £000
Ordinary shares of £1 each:				
Authorised, allotted, called up and fully paid – classified in equity	<u>220,404</u>	<u>220,404</u>	<u>220</u>	<u>220</u>

## Notes (continued)

### 22 Reserves

	Share premium account £000	Capital Reserve £000	Profit and loss account £000
At 1 January 2022	24,050	147	26,608
Total comprehensive income for the year	-	-	2,564
	<u>24,050</u>	<u>147</u>	<u>29,172</u>
<b>At 31 December 2022</b>	<b><u>24,050</u></b>	<b><u>147</u></b>	<b><u>29,172</u></b>

The capital reserve relates to an adjustment made in prior years for the maintenance of capital on the redemption of own shares.

### 23 Commitments

	2022 £000	2021 £000
Contracts placed for future capital expenditure	58	29
	<u>58</u>	<u>29</u>

### 24 Leases

The Group leases railway equipment, operating equipment and buildings under a number of lease agreements.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases which are of low value, and leases of office equipment with low value.

The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Right-of-use assets net book values:

	Land and buildings £000	Processing equipment £000	Total £000
At 1 January 2022	2,039	4,031	6,070
Additions	-	1,432	1,432
Depreciation expense	(162)	(2,633)	(2,795)
	<u>1,877</u>	<u>2,830</u>	<u>4,707</u>
<b>At 31 December 2022</b>	<b><u>1,877</u></b>	<b><u>2,830</u></b>	<b><u>4,707</u></b>

## Notes (continued)

### 24 Leases (continued)

#### Lease obligations:

	2022 £000	2021 £000
As at 1 January	6,245	8,247
Additions	1,432	630
Accretion of interest	149	165
Payments	(2,742)	(2,797)
At 31 December	<u>5,084</u>	<u>6,245</u>
Non – current	3,714	3,495
Current	<u>1,370</u>	<u>2,750</u>
	<u>5,084</u>	<u>6,245</u>

#### Lease Expenses:

	2022 £000	2021 £000
Depreciation expense of right-of-use assets PPE (Note 11)	2,795	2,866
Interest expenses on right-of-use assets	149	165
Expense relating to short-term leases (included in cost of sales)	5,445	2,832
Expenses relating to short term lease (included in administration expenses)	87	5
Expenses relating to leases of low-value assets	67	89
	<u>8,543</u>	<u>5,957</u>

In 2022, the Company recognised £8.5 million as an expense in profit or loss in respect of leases (2021: £6.0m). The expenses principally related to short-term leases within cost of sales. It mainly relates to leases for mining and extraction equipment which do not meet the requirements of IFRS 16, specifically due to the right to control the asset remaining with the lessor.

## Notes (continued)

### 25 Related party transactions

The following transactions were carried out with fellow group and subsidiary undertakings:

	2022	2021
	£000	£000
Sale of goods	37,151	28,401
Purchase of goods	19,207	12,229
Administration costs recharged to the Company	5,175	5,166
Administration costs recharged by the Company	479	355
Interest payable	1,102	535
Interest receivable	195	22
	<u>          </u>	<u>          </u>

The year-end balances with related parties are as follows:

	2022	2021
	£000	£000
Investments in subsidiary undertakings	6,059	6,059
Receivables from fellow group and subsidiary undertakings	9,833	17,824
Unsecured loan due to fellow group undertakings	(37,155)	(43,128)
Unsecured loan due from fellow group undertakings	5,600	5,600
Payables to fellow group and subsidiary undertakings	(10,322)	(8,701)
	<u>          </u>	<u>          </u>

### 26 Ultimate parent company and parent company of the larger group

The Company's immediate parent company and controlling party is Sibelco Minerals and Chemicals (Holdings) Limited, registered in England and Wales. Copies of the Sibelco Minerals and Chemicals (Holdings) Limited financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The smallest and largest group in which the results of the company are consolidated is that of the ultimate parent undertaking and controlling related party, SCR Sibelco NV. This company is incorporated in Belgium, with its consolidated financial statements available from Balanscentrale, at Nationale Bank van België, Balanscentrale, de Berlaimontlaan 14, 1000 Brussels.