

Alun Griffiths (Contractors) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020

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Alun Griffiths (Contractors) Limited

Contents

Strategic Report	1 to 7
Directors' Report	8 to 18
Statement of Directors' Responsibilities	19
Independent Auditor's Report	20 to 22
Profit and Loss Account	23
Statement of Comprehensive Income	24
Balance Sheet	25
Statement of Changes in Equity	26
Notes to the Financial Statements	27 to 48

Alun Griffiths (Contractors) Limited

Strategic Report for the Year Ended 31 December 2020

The Directors present their strategic report for Alun Griffiths (Contractors) Limited (the "Company") for the year ended 31 December 2020.

The Company is a wholly owned indirect subsidiary of Tarmac Holdings Limited. Tarmac Holdings Limited is part of the CRH Group. Tarmac Holdings Limited and its subsidiaries are referred to throughout as Tarmac, and CRH plc and its subsidiaries are referred to as the Group.

Fair review of the business

During the year, the Company generated turnover of £225.8 million (2019: £223.4 million restated) and an operating loss of £11.4 million (2019: operating loss £4.5 million restated). EBITDA (being earnings before interest, tax and depreciation) was a loss of £11.2 million (2019: loss of £4.3 million restated).

The Company's loss before tax was £11.6 million, a decrease in performance from last year's loss before tax of £4.9 million restated.

During the year, the Company performance has been heavily impacted through COVID-19 which saw unprecedented delays and disruption in the first half of 2020 caused by Government intervention aimed at curbing the spread of the virus. A nationwide lockdown was announced in the last week of March 2020 lasting through the majority of the second quarter, resulting in delays, restrictions, increased costs for employee protection and interruption of efficiency and continuity on many of our operating contracts. The Company combatted this by introducing strict spend controls over both operating and capital expenditure and introduced cost savings measures to reduce the fixed cost base. Some employees were placed on furlough although we ultimately chose not to recover the related cost through Central Government. As the initial lockdown eased, productivity returned in the second half albeit not at levels seen before the crisis with ONS data showing total construction output 12.5% lower in 2020 compared to the prior year. Despite all the operational challenges that were brought about during COVID-19, the welfare, safety and protection of our employees remained paramount to everything that we undertook.

The financial statements include the effects of a challenging Covid-impacted financial year in 2020, during which additional contract-related costs were incurred against which recovery has been less than expected. Prior year adjustments to the 2019 balance sheet totalling £12.1m have also been recognised as outlined in Note 23.

At 31 December 2020, the Company had net liabilities of £20.2 million (2019: net liabilities of £8.8 million restated) and net current liabilities of £22.4 million (2019: net current liabilities £12.3 million restated).

In order to realise its strategic aims, the Company has identified areas of particular focus and has put into place a number of Key Performance Indicators (KPIs) to measure and assess progress against them. The following indicators are calculated for the continuing operations of the Company and before exceptional items:

	Unit	2020	2019
Turnover (restated)	£m	225.8	223.4
Operating loss (restated)	£m	(11.4)	(4.5)
EBITDA (being earnings before interest, tax, and depreciation restated)	£m	(11.2)	(4.3)
LTIFR (Lost time injuries frequency rate defined as the number of accidents per 1,000,000 hours worked)*		0.88	0.75
Average number of employees		931	925

*This is measured across Tarmac.

Turnover, operating (loss)/profit and EBITDA are deemed to be KPIs as they provide insight as to the level of activity and levels of profitability for each financial year.

LTIFR is a KPI due to the level of focus the entity has on health and safety (see section later in Strategic Report).

Average number of employees is a KPI as it provides an indication as to the size of the business and allows any changes in employee base to be monitored.

Alun Griffiths (Contractors) Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

COVID-19 pandemic

Trading conditions across the Tarmac sub-group were impacted by the onset of the COVID-19 pandemic in the UK, particularly during national lockdowns which took place in Q2 and Q4. Trading was impacted by the pandemic and ONS data showed that total construction output had decreased by 12.5% compared to the prior year as a result. During these periods of lockdown where the Company was permitted to, we were able to keep our operations open and maintain supply to keep important parts of society functioning. Production was however temporarily suspended at certain sites during the first national lockdown to match the revised demand profile and flex the operating capacity as required. Central support functions of the business moved to a remote operational model and offices were temporarily closed. Sites then re-opened in line with demand as sales volumes recovered. The directors do not envisage there will be a significant loss of customers or recurring revenue in 2021.

The Company has continued to review the performance of the business during the pandemic and has taken all necessary actions to ensure the business' long-term success, including implementing relevant cost control measures and performing a full portfolio review. The Tarmac sub-group had originally sought financial support from the government by applying for the Coronavirus Job Retention Scheme, however all monies received from the government were subsequently repaid. In addition, the VAT deferral scheme was initially utilised, however by the end of the year all relevant payments had been made. The directors have assessed the impact of the current uncertainty around COVID-19 on all aspects of the business focussing specifically on operational performance and cashflows. The directors have reviewed the financial position of the Company, and considered the uncertainties arising from the economic environment and the possibilities of a consequential unfavourable impact of this upon trading. The directors have taken these factors into account when assessing the going concern of the Company and are comfortable that the Company has adequate resources to continue in operational existence for the foreseeable future. See the going concern section of the Directors Report and Note 2 of the financial statement for further considerations.

Dealing with the impact of the pandemic highlighted the dedication and resilience of our employees who worked diligently as they were able throughout the pandemic to observe rules and guidance to keep themselves and each other safe while going about their work.

Withdrawal of the United Kingdom from the European Union

The United Kingdom left the European Union on 31 January 2020. The effect of the withdrawal of the United Kingdom from the European Union has increased the volatility of the economies of the United Kingdom and the rest of Europe. It is expected that this uncertainty will have a limited impact on the Company and its related activities.

Alun Griffiths (Contractors) Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are considered to be:

Brexit - operations may face operational, regulatory and market challenges resulting from the UK's withdrawal from the European Union, potentially impacting supply chain norms, construction labour availability and the general economic performance of the UK. Failure to manage the continued uncertainties posed by Brexit could result in adverse financial performance. The Directors currently believe that the uncertainty will have a limited impact on the Company and its related activities. However they continue to monitor the economic situation in the UK situation and receive reports on the ongoing impacts associated with Brexit, given the withdrawal from the EU only took place in early 2020 and there remains some uncertainty around the longer term impact of Brexit;

COVID-19 pandemic - Public health emergencies, epidemics or pandemics, such as the emergence and spread of the COVID-19 pandemic, have the potential to significantly impact operations through a fall in demand for the Company's products, a reduction in staff availability and business interruption. The emergence and spread of the COVID-19 pandemic has had a material impact across the construction markets in which the Company operates. The continued uncertainty around the global pandemic could have an adverse effect on the operating results, cash flows, financial condition and/or prospects of the Company. Crisis management structures and protocols are in place to enable swift decision-making at times of crisis. Business continuity management structures and plans have been enacted with new working protocols implemented to safeguard our people and business;

Climate change and policy - The impact of climate change may over time affect the operations of the Company and the markets in which it operates. This could include physical risks, such as acute and chronic changes in weather and/or transitional risks such as technological development, policy and regulation change and market and economic responses. Should the Company not reduce its greenhouse gases (GHGs) emissions by its identified targets, it may be subject to increased costs, adverse financial performance and reputational damage. However to date no such items of financial significance have occurred and there is deemed to be limited risk in the short term. The longer term impact continues to be monitored and the Company continues to focus on developing sustainable construction solutions and meet regularly with government to ensure adherence to the relevant regulations and policy changes;

External market outlook - aside from the uncertainty around the economic impact of the Coronavirus pandemic and the UK's withdrawal from the European Union, the nature of operations being based outdoors and certain optimal weather conditions being required for a number of key operational activities, means that adverse weather conditions across all seasons can have a significant short term impact on the both the Company's performance and the wider market. The Company continues to monitor the market and government policy to mitigate external risks where possible;

Competitive environment - increased competition could impact the Company's volumes and margins. The Company benefits from being part of a vertically integrated business and is therefore able to leverage on other Tarmac companies in order to differentiate itself from its competitors. The Company's principal objective is to develop sustainable building solutions for its customers;

Health & safety - The Company operates in an industry where health and safety risks are inherently prominent. Further, the Company is subject to stringent regulations from a health and safety perspective. A serious health and safety incident could have a significant impact on the Company's operational and financial performance, as well as its reputation. This is managed through ensuring that a robust health and safety framework is implemented throughout the Company's operations requiring all employees to complete formal health and safety training on a regular basis. The Company monitors the performance of its health and safety framework, and takes immediate and decisive action if non adherence is identified. The development of a strong safety culture is driven by management and employees at every level and is a core part of doing business with integrity; and

Finance risk management - see Finance risk management objectives and policies section in the Directors Report.

Alun Griffiths (Contractors) Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Health and safety

The health and safety of employees and contractors is fundamental to the Tarmac business and Tarmac continued to embed its philosophy of Work Safe Home Safe during 2020 and its commitment to ensure nobody is adversely affected by Tarmac activities as a result.

2020 presented many challenges none more so than the impact of the global pandemic brought about by COVID-19. Tarmac actively engaged all areas of its business and people in implementing and embedding controls to mitigate the risk and protecting the wellbeing of all stakeholders.

The Tarmac health and safety strategy, reviewed annually, continues to be built on 4 key principles of Leadership & Culture, Assurance & Governance, Communication & Engagement and Management Systems. These are aimed at developing processes that embed the 4 principles into the way Tarmac does business and support the risk based approach to operational management that defines suitable controls to risks in the business.

In 2020 there were 0 fatalities (2019: 0) and 25 Lost Time Injuries (2019: 25) and the consequent Lost Time Injury Frequency Rate was 0.88 (2019: 0.75) (defined as the number of accidents per 1,000,000 hours worked).

Strengthening employee engagement and involvement continues to be a primary focus area for Tarmac. Encouraging employees and contractors to report incidents and near hits is an essential indicator of engagement. Tarmac continues to see the benefits of active senior leadership interaction across its sites with engagement activities targeted throughout the year towards business risk areas in order to drive improvement.

In 2020 there were 21 Medical Treatment Cases (2019: 21), 1 Modified Work Duty case (2019: 2), 53 First Aid Cases (2019: 70) and 72 Non-Treatment Injuries (2019: 105). The Total Recordable Case Frequency Rate was 1.65 (2019: 1.45), based on 47 incidents (2019: 48). Total Recordable Cases include Lost Time Injuries, Medical Treatment Cases and Modified Work Duty cases.

A total of 57 high potential incidents were recorded for 2020 (defined as incidents that had a realistic chance of fatal or life-changing consequences) (2019: 46).

For all incidents, each is investigated to an appropriate level of detail and learning points are cascaded throughout the organisation.

Alun Griffiths (Contractors) Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Section 172(1) statement

Set out below is the Company's section 172 report as required under the Companies (Miscellaneous Reporting) Regulations 2018 (the "Regulations"). The Regulations require Alun Griffiths (Contractors) Limited to report how the directors of the Company have considered their duties under section 172 (of the Companies Act 2006 (the "Act")) ("Section 172"), to promote the success of the Company for the benefit of its shareholder with due regard to the Company's stakeholders. The principal activity of the Company is infrastructure, rail and building activities in England and Wales for both the public and private sector.

The Company is part of the Tarmac Trading Limited sub-group of companies in the UK and is ultimately owned by CRH plc ("CRH"). CRH and its subsidiaries are referred to as the Group. In the management of its subsidiaries, the Group defines the measurement of success as long term value creation for the benefit of each CRH entity and the wider Group with consideration to the Company's immediate stakeholders and those of the Group also.

The Group recognises the need to have appropriate levels of corporate governance across its subsidiaries as part of its approach to risk mitigation and wider stakeholder engagement strategy. The Group maintains strong levels of corporate governance at both an enterprise wide and legal entity level, and as a result of increased regulation, CRH and its UK subsidiary boards ("CRH UK") recognised the need to move to a more structured approach and formalise key governance standards across its UK subsidiaries. Underpinning this approach to corporate governance is the CRH UK Corporate Governance policy (the "Policy"). This Policy is applicable to all CRH UK entities, including the Tarmac sub-group of companies, and sets out clear corporate governance controls and processes and provides detailed guidance for directors and management on the application and execution of Section 172 duties.

Decision making and corporate governance process

The Company's board of directors (the "Board") meets regularly and during the year ended 31 December 2020, held two board meetings. The Company has standing agenda items which are considered at each meeting including, business operations, health & safety and finance. The Board have clear processes to follow and operate within delegations of authorities provided to it when considering decisions, including principal decisions which are those considered to be strategically and commercially material decisions which impact the Company's key stakeholders. Responsibility for decision making on certain decisions, including principal decisions, is delegated to the board of CRH except where they cannot be delegated under the Act. The Board confirms and ratifies any decisions made on its behalf by CRH.

As set out in the Policy, the Company's Board has a robust set of reserved matters, with appropriate thresholds, to ensure applicable approvals are obtained before certain actions/business decisions can be taken. The Policy also details what matters are delegated to CRH (in its capacity as ultimate shareholder). These matters are strictly reserved to ensure the directors of the Board can demonstrate sound and competent execution of their statutory duties (including oversight of the management of relationships and engagement with stakeholders on their behalf) in accordance with the Act and the Regulations and are driven by the need to promote the success of the Company and the wider Group. A key principle underlying these delegations is that the flow of delegation originates from the Board to CRH. Where necessary, the Company's Board meets to confirm and ratify any decisions made on its behalf by CRH that impact the Company's stakeholders or that are classified as principal decisions.

As detailed in the 'Directors' Training' section below, training and workshops were undertaken during 2019 and 2020, by directors and senior management to understand the requirements of the Regulations and how the Policy would apply in relation to stakeholder engagement and the process for approving principal decisions, supplemented by Tarmac's principles-based approach to defining a principal decision. This training also informed the directors of future regulatory developments which the board will continue to monitor through the overarching corporate governance across the UK.

The Board processes that support the application of our corporate governance and decision making more widely, and Section 172 more specifically, require board paper preparers to ensure sufficient and relevant information is provided to the Board and/or CRH. Board meetings and minutes demonstrate the relevant aspects of Section 172 are considered and appropriately addressed. The corporate governance process provides Tarmac with a framework to ensure everyone involved in and contributing to the decision making process understands the duties which the directors are obligated to consider in the decision making process and applicable regulations, to be able to provide relevant information and therefore lead to effective decision making.

Alun Griffiths (Contractors) Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Board Composition

The composition of the Board provides a broad range of skills, knowledge and industry experience, including general management, finance, engineering and operations, to enable the Company to meet the needs of its business and for the directors to each carry out their role and statutory duties to a high standard. In accordance with the Policy, individual directors must have sufficient capacity to make a valuable contribution to their role as a statutory director. This balance of skills and experience and oversight provides the Board with an understanding of the local areas and communities within which the Company operates and the needs of the businesses within it. The Board's collective experience enables them to consider a broad range of stakeholders in their deliberations and decision making.

Before any director is appointed to the Board, both the Company and the composition principles in the Policy are consulted to ensure the composition of the Board is appropriate, taking into consideration the company categorisation, the skills and experience of the appointee and the overall diversity mix of the existing Board.

Directors' training

The Group's Legal and Compliance programmes support the Company in operating sustainably and consistently with its values. The Group's Legal and Compliance team provides advice, guidance and support to management and works closely with them to provide training to our employees. Legal and Compliance provides support on a range of matters, including establishing policies and procedures, providing compliance training, communications and legal advice on compliance and business issues.

Employees and directors of the Group, which include the directors of the Company, are provided with regular Code of Business Conduct training. Certain employees, determined according to the risk profile of their role, undertake annual advanced compliance training covering Modern Slavery, Anti-Bribery, Anti-trust, Anti-Fraud and Anti-Theft. The training provided enables the directors to be committed to operating the business and making decisions to the highest ethical, moral and legal standards and putting the Group's values into practice in their daily duties.

Over the course of 2019 and 2020, all Board members have received training on Section 172, other directors' statutory duties under the Act, along with an update on the Regulations and wider regulatory responsibilities, facilitated by the Company Secretary, to support them in their roles and discharging their responsibilities as statutory directors. Under the Policy, all newly appointed directors will receive director training within 3 months of being appointed and all directors will refresh their training at least once every calendar year. The provision of training will be facilitated by the Company's Legal Department.

Principal decisions

The Board and the board of CRH have the necessary skills and experience required to identify the impacts of their decisions on the Company's stakeholders, and where relevant, the likely consequences of the decisions in the long-term. Where a principal decision is being made the Policy should be consulted to determine the corporate governance processes and controls that should be followed.

Under the Policy, responsibility for making principal decisions is delegated to the board of CRH except for decisions that cannot be delegated under the Act. A principal decision can include the following:

- all matters that require CRH board approval;
- development of a new business service;
- decisions that lead to a structural change in Tarmac's business operating model, requiring consultation with employees and or external stakeholders;
- significant divestments of property / business;
- material change in, or adoption of, a policy that dictates stakeholder considerations/engagement; and/or
- a significant obligation that would result in the Company or Tarmac undertaking legal risk and liability that would be out of the ordinary course of business.

Alun Griffiths (Contractors) Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

In line with the Regulations and FRC guidance, and in accordance with the approach taken during the financial year under review, having considered the Company's principal risks and uncertainties as detailed in the strategic report, the Company made no principal decisions during the year ended 31 December 2020.

25-Mar-2022

Approved by the Board on and signed on its behalf by:

DocuSigned by:

Nick Mason

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N Mason
Director

Alun Griffiths (Contractors) Limited

Directors' Report for the Year Ended 31 December 2020

The Directors present their annual report and the financial statements of Alun Griffiths (Contractors) Limited for the year ended 31 December 2020.

Directors of the Company

The Directors, who held office during the year and to the date of this report, except where otherwise stated, were as follows:

M Evans (resigned 23 February 2022)

A Morgan (resigned 5 July 2021)

S Thompson (resigned 18 December 2020)

N Mason

P Fleetham

H Llywelyn (resigned 11 November 2020)

The following director was appointed after the year end:

S Tomkins (appointed 5 July 2021)

Principal activity

The principal activity of the Company is infrastructure, rail and building activities in England and Wales for both the public and private sector. It constantly reviews its position and performance and evaluates alternatives and new markets for the purposes of advancement, efficiency and effectiveness and continued consolidation of presence throughout its operating regions.

Prior year restatement

In preparing the financial statements for the year ended 31 December 2020 it was identified that there were errors in previously reported figures for unbilled revenue, contract accruals and onerous contract provisions. Unbilled revenue was found to have been overstated for specific contracts, and contract accruals and provisions were understated for specific contracts. The relevant prior period figures have therefore been restated to rectify these errors.

Adjustments have been made to the opening profit and loss account position for 2019 of £5,452k (before tax) for the impact of the adjustments that date back pre-2019. This is made up of £1,595k provision against unbilled revenue, £3,847k of additional contract accruals and £10k for a provision for loss making contracts. In 2019, adjustments have been made to reduce unbilled revenue by £3,065k, increase contract accruals by £3,393k and include a provision for loss making contracts for £203k. The impact of these adjustments to the profit and loss account is to decrease the profit for the year ended 31 December 2019 by £6,661k (before tax), being the net impact of £3,065k reduction in turnover and £3,596k increase to cost of sales.

Additional tax losses have been surrendered to fellow group companies free of charge so the tax impact relating to these misstatements is minimal, profit and loss in 2019 is impacted by £3k, opening retained profit and loss impact £1k and balance sheet impact of £4k.

Total adjustments therefore on the 2019 balance sheet is £4,660k reduction to unbilled revenue, increase of contract accruals of £7,240k increase in provision for loss making contracts to £213k and reduction in tax by £4k. Total cumulative impact on the retained profit and loss account is £12,109k with a net impact to the opening profit and loss account of £5,451k.

Further details can be found in note 23 of these financial statements.

Employment of disabled persons

It is also Company and Tarmac group wide policy to treat all employees and potential employees equally and to give full consideration to suitable applications for employment from disabled persons where they have the necessary abilities and skills for the position and, wherever possible, to re-train employees who become disabled so that they can continue their employment.

Alun Griffiths (Contractors) Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

Dividends

The Company did not pay any dividends in the year (2019: £nil).

The Directors did not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: £nil).

Political donations

The Company did not make any political donations in the year (2019: £nil).

Charitable donations

During the year the Company made charitable contributions of £2k (2019: £45k).

Alun Griffiths (Contractors) Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

Stakeholder Engagement Statement

The Group's UK corporate governance policy provides detailed guidance for directors and management on their accountability, statutory responsibilities and the process for stakeholder mapping across the Group.

The Board recognises the importance of considering and having regard to key stakeholders and their interests when making decisions. By thoroughly understanding the Company's key stakeholder groups, the Board can successfully factor in and address the needs of these stakeholders and foster good business relationships with them. The Company's key stakeholders are its shareholder, employees, customers, suppliers and the local communities in which it operates (the "Stakeholders").

Regularly engaging with the Stakeholders is a priority for the Company and the following information describes how, at a Tarmac level, which included the Company, the directors had regard to the need to foster relationships with its Stakeholders, how outcomes were considered and how concerns were identified and addressed, including on the decisions taken by the Group at a Tarmac level, during the reporting period:

Engagement with employees

For details on how the directors engaged with the Company's employees, how the directors had regard to those employees' interests, and the effect of that regard, including on the decisions taken by the directors during the reporting period, refer to the employee engagement statement in the Directors' report (details of which are set out on pages 12 - 13).

Customers

Stakeholders' interests

- Focused on minimising the impact on the environment, including the provision of low carbon solutions
- Responsible and sustainable sourcing of materials
- Projects that maximise sustainability and the health and safety of workers and reduce environmental impact
- Excellent and reliable service
- Transparency through the supply chain, committed to respecting human and labour rights and preventing modern slavery
- Engaging with customers to promote innovation

How we have fostered relationships

Through our Sustainability Strategy, we engage with our customers to discuss their environmental, social and governance ("ESG") requirements and are able to produce project-specific environmental management plans as standard practice on all our projects, taking all opportunities to enhance local biodiversity and incorporate new habitats into our projects. In engaging with customers, we positively take into account their sustainability ambitions and how these should complement the Company's sustainability strategy. Our aim is to provide the infrastructure to support a vibrant economy with cohesive communities without a detrimental effect on the environment.

The health and safety of our people and those who we work alongside remains our absolute priority on customers' sites. During COVID-19, we temporarily shut down a significant number of projects for 3-4 weeks. Our regional directors spoke with our customers to explain what we were doing, how long we proposed to do it for and how we wanted to keep our people safe. We developed COVID-19 protocols and guidance for our employees working on customers sites, which were more extensive than those provided by the Construction Leadership Council.

By considering the needs of our clients, we help them deliver better outcomes, faster and more efficiently. Our professional, collaborative approach, combined with our expertise adds value whilst minimising disruption and other adverse impacts. This ensures we consistently deliver successful frameworks and award-winning projects on time and to budget.

Alun Griffiths (Contractors) Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

Suppliers

Stakeholders' interests

- Sustainable, long term success of the Company
- Prompt payment
- Fair terms and conditions
- Ethical behaviour (including anti-bribery and corruption and anti-slavery)

How we have fostered relationships

The Company reports to the government on its payment practices, processes and performance every 6 months under the Reporting on Payment Practices and Performance Regulations. The board takes payment practice commitments to suppliers seriously, seeks to ensure prompt payment of invoices and has actively reviewed payment statistics during the year. Suppliers can search for our published payment practices report.

As a responsible business, we ensure our supply chain matches our business ethics. We support the growth of local micro businesses, small and medium sized enterprises and third sector organisations, removing barriers faced during procurement and paying them promptly. We organised a virtual 'Meet the Buyer' event in North Wales, providing opportunities for local SMEs and third sector organisations to join our supply chain. We provide a 'How to Get Paid' guide on our website to ensure our suppliers are paid in a timely manner.

Local communities

Stakeholders' interests

- Reduced impact on local community and the environment caused by construction projects
- The provision of a safe place of work for the communities in which we work
- Supporting local and national safety initiatives to raise awareness of the dangers of the industries in which we operate in:
- Embracing innovation to boost efficiency of the construction industry
- The Company is committed to working with local communities and supporting the development of highly skilled workforce for the future
- Compliance with all relevant legal, regulatory and tax obligations

How we have fostered relationships

We continued to run our Sally Safesteps campaign until March 2020, in which our health & safety campaign mascot visited several schools in the areas we are working in to deliver educational programmes aimed at highlighting the construction industry, life working as an engineer along with safety messages around the dangers of construction sites.

Our team of Public Liaison Officers continued to develop community-specific customer care and communication plans whilst our Community Benefit Coordinators focused on addressing community issues. This included undertaking engagements, both pre-construction and during construction, in the communities in which our projects are undertaken. This involved running public drop-in sessions explaining planned constructions, progress meetings and site tours, where Covid-19 restrictions permitted. A move to more virtual based alternatives was quickly adopted to ensure we continued previous good practices. We also used a range of mediums to communicate with the communities which are affected by our work including publishing progress bulletins along with introductory letters to give notice.

The Company is part of the Considerate Constructors Scheme (CCS), an initiative that aims to improve the image of the construction industry. The Company is committed to being a Considerate Constructor, taking due regard for our neighbours, employees, stakeholders and anyone else who may come into contact with our projects.

Alun Griffiths (Contractors) Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

The Company operates under the CRH UK Tax Objectives, Strategy & Governance Framework. As a large global organisation, CRH acknowledges its responsibilities with respect to taxation in the multiple communities and jurisdictions in which it operates. CRH seeks a constructive and cooperative working relationship with the UK tax authorities through discussions and updates between the in-house tax team and the HM Revenue & Customs Customer Compliance Manager.

During Covid-19, we donated personal protective equipment to hospitals and NHS and social care workers in our local communities. We also donated old laptops to local schools in need of this technology for the ongoing, virtual learning and education of school children in our local communities.

We managed to run the Institution of Civil Engineers' Bridge to Schools virtually, giving young people the opportunity to build a miniature version of the Second Severn Crossing, showcasing the dynamic side of civil engineering and the promising future it offers young people.

Shareholders

Stakeholders' interests

- Long term success of the Company
- The Company's ability to maintain delivering dividends
- The Company's commitment to maintaining an appropriate balance between total cash returns to shareholders, investment in the business and maintaining a strong capital position to support capital investment and infrastructure to sustain long term value creation

How we have fostered relationships

Through its operational functions, the Company reports to Tarmac on a regular basis in the form of business reviews and strategic plans, risk reporting and financial statements. Tarmac's Treasury, Tax and Finance functions coordinate with the Company to evaluate the amount of dividends and impact at local level.

Principal Decisions

For details on the process behind making decisions, including principal decisions, the effect of engagement on those decisions please refer to the section 172(1) statement on pages 5 - 7 of the strategic report.

Employee Engagement Statement

Why we engage:

We engage with our employees to provide them with information and keep them up to date on matters of concern to them as employees and to increase their awareness of the financial and economic factors affecting the Company's performance and the Group's performance, as well as regular updates on safety. We encourage our employees to provide their feedback to us and we enable two-way communication with our employees to generate understanding and engagement.

It is Company and Tarmac group-wide policy to communicate with, and involve employees on, matters affecting their interests at work and to inform them of the performance of the business. This includes adopting such employee consultation as is appropriate, including consultative committees, training and development and communication programmes. The information is complemented by the quarterly in-house magazine, 'In Focus', Tarmac communications and information on the Company's intranet, which contain items of news, current affairs and information relevant to employees. In Focus also provides our employees with certain information in relation to the performance of the Company. A move to more virtual based alternatives was quickly adopted to ensure we continued previous good practices. Due to Covid-19, we did not issue our usual quarterly in-house magazine, 'In Focus' throughout 2020, however, employees were able to access Tarmac's 'One Magazine'. We also established a regular communications email to all employees to keep them updated throughout Covid-19.

It is important that our employees are engaged in the performance of the Company. CRH operates a savings-related share option scheme which employees of the Company are eligible to join, saving up to £500 per month from their net salaries for a fixed term of three or five years and at the end of the savings period they have the option to buy CRH plc shares at a discount.

Alun Griffiths (Contractors) Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

How we have engaged:

Since partnering with 'Mates in Mind', a charity working in the UK construction sector to raise awareness of mental health, address poor mental health and improve positive mental wellbeing in the industry, in 2018, Tarmac has put people managers, including 17 employees from within the Company, through the "Manage the Conversation" training, and embedded "Start the Conversation" training into onboarding training and professional operator development training.

During the Covid-19 related furlough period referred to earlier, we sent our furloughed employees a weekly update via email. The weekly email provided the latest Covid-19 updates and the Company's response along with other news happening across the business. In addition, we provided a link to frequently asked questions relating to being on furlough to help impacted employees better understand the process, including questions relating to:

- what is furlough leave
- pay and benefits whilst on furlough
- furlough leave process
- staying in touch whilst on furlough leave
- We continued to work with our employees virtually to continue the work being undertaken on digitisation and working standards. In addition, a Welsh language forum was established which met monthly.
- Mentors continued to liaise with apprentices, to ensure they remained engaged in their work and assignments and to keep them informed about their return to work, as well as their respective colleges.

How the engagement impacted decision making

Following the establishment of the Welsh language forum, we proactively promote the use of the Welsh language within our business, including the use of the Welsh language logo on our emails.

Principal Decisions

For details on the process behind making decisions, including principal decisions, the effect of engagement on those decisions please refer to the section 172(1) statement on pages 5 - 7 of the strategic report.

Alun Griffiths (Contractors) Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

Environmental matters

As the UK's leading construction solutions and building materials business, Tarmac's products and services help to create the fabric of the infrastructure and buildings around us.

Sustainability remains a cornerstone to managing the long-term future of our business and plays a fundamental role in shaping our growth strategy. It also underpins our Group vision of being the world's leading building materials company. For Tarmac, it encompasses how we keep our people safe; how we build a business that people want to work for; and how we foster ever closer relationships with local communities around our sites. It considers how we manage our operations to optimise environmental, social, and economic performance; how we ensure strong financial and ethical governance; and how we build stronger relationships with customers and anticipate their requirements.

2020 presented every business with some momentous challenges. Our ability to deliver sustainable long-term value in a rapidly evolving environment demonstrates the strength and resilience of our business and employees. The impact of the coronavirus pandemic for the UK was severe, particularly in the second quarter of the year, and we also had to manage the uncertainty of Brexit.

The COVID-19 pandemic highlighted the importance of working together to put the health and safety of people first. We moved quickly to implement best practice measures from the outset, in line with UK Government and industry guidelines. This resulted in the temporary closure of many of our sites and offices and meant adapting our working practices, through the provision of our IT networks, to make arrangements for many of employees to work remotely from home.

Despite the challenges of COVID-19 we continued to make progress against our 2020 commitments. In February, we were delighted to welcome His Royal Highness the Duke of Cambridge to officially open our National Skills and Safety Park, an industry leading training facility for our operational onboarding, professional training / assessments and health and safety learning. We continued to create a diverse and inclusive culture that promotes opportunities for all, and we were particularly proud to achieve Clear Assured 'bronze certification' for this work.

By the end of 2020 we had achieved a 24% reduction in CO2 per tonne of product compared to 1990. We are pleased with our progress, but it was short of the ambitious milestone target of a 30% reduction. We understand the scale of the net zero challenge ahead and will continue to set and drive towards ambitious carbon reduction targets in our net zero roadmaps for the business.

Our pledge to contribute to a circular economy through the efficient use of primary natural resources continued, with the reuse and recycling of around 7 million tonnes of waste and secondary materials from other businesses. And our sites and offices continued to maintain certification to ISO 14001, Environmental management standard, the Occupational Health and Safety Management Standard, ISO45001 and ISO 50001, the Energy Management Standard.

We also continue to invest in our business and maintained our focused growth strategy with some key strategic sites opening for operation in 2020. During the year we completed work on the installation of a Birmingham asphalt plant the latest addition to our materials portfolio and started construction of the first of eleven new concrete batching plants as part a major contract to supply readymixed concrete to a number of work packages as part of the UK High Speed 2 line (HS2).

Our business has also continued to invest in the development of innovative construction materials with particular focus on our low carbon asphalt and readymixed concrete products.

In 2021, we will be launching our new 2030 Sustainability Strategy, confirming our priority areas of focus and stating new ambitious goals for Tarmac over the next ten years and beyond. This new strategy will also set out plans to tackle the climate emergency and our commitment for our business to be 'net zero' before 2050.

For more information on our approach please see our Sustainability Report 2020: <http://sustainability-report.tarmac.com/>

Alun Griffiths (Contractors) Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

Streamlined Energy and Carbon Reporting

Methodology

Alun Griffiths (Contractors) Limited, as a large unquoted company, qualifies for completing Streamlined Energy and Carbon Reporting by satisfying two or more of the specified requirements set out in the guidance. In compliance with the regulations energy use from gas, electricity and transport including their associated emissions have been reported, in conjunction with an intensity ratio of emissions per business turnover (tCO₂e/£) and energy efficiency actions taken.

In determining the entity's energy use and emissions the principles of The Greenhouse Gas Protocol have been followed where possible. For Alun Griffiths (Contractors) Limited, energy consumption has been determined from billed data with emissions calculated using UK Government GHG Conversion Factors for Company Reporting. Gross CV and gross carbon factors were used from DEFRA to convert fuel volumes to kWh and kgCO₂e.

For information see: <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2020>.

Alun Griffiths (Contractors) Limited, as part of Tarmac Holdings Limited, is subject to ESOS regulations and is certified to ISO 50001. Energy efficiency measures taken by Alun Griffiths (Contractors) Limited have been drawn from the actions and recommendations set out by these schemes. Intensity ratio of emissions per business turnover has been utilised as all businesses are revenue generating and there are inconsistencies in production output units.

Energy efficiency actions

In the period covered by the report, Alun Griffiths (Contractors) Limited carried out the following energy efficiency actions:

1. Operating an Energy Management System (EMS) in accordance with ISO 50001.
2. Trialled solar panel generators in place of the diesel powered generators, to establish a more sustainable solution to off-grid power sites that can-not be connected to mains electricity. The solar panel generators were trialled on 4 sites, over a month long period, which provided a total carbon saving of 45.5 tCO₂e.
3. Transitioning to a 100% clean electricity provider so that all site and office electricity is supplied entirely through clean UK-based wind and solar. This is fully traceable to source, through the purchase of REGO certificates (Renewable Energy Guarantees of Origin).

GHG emissions and energy data for period 1 January 2020 to 31 December 2020	Unit of Measure	Current Reporting year (2020) UK & Offshore
Energy consumption used to calculate emissions	kWh	25,225,244
Emissions from combustion of gas (Scope 1)	tCO ₂ e	20
Emissions from combustion of fuel for transport purposes (Scope 1) & from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	tCO ₂ e	6,137
Emissions from purchased electricity (Scope 2, location-based)	tCO ₂ e	189
Emissions from purchased electricity (Scope 2, market-based factor)	tCO ₂ e	-
Total gross CO ₂ e based on above (location-based Scope 2)	tCO ₂ e	6,346
		-
Intensity ratio	Gross tCO ₂ e per £million turnover	28

Alun Griffiths (Contractors) Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

Future developments

The UK government has signalled their intention to invest in infrastructure to assist with the economic recovery from coronavirus. Therefore, the medium to long term prospects remain positive for the Company given the level of investment required and the confirmation the Government has given ongoing support to key infrastructure projects such as HS2.

The United Kingdom left the European Union on 31 January 2020. The effect of the withdrawal of the United Kingdom from the European Union has increased the volatility of the economies of the United Kingdom and the rest of Europe. It is expected that this uncertainty will have a limited impact on the Company and its related activities.

For information on the impact of the COVID-19 pandemic see Post balance sheet events.

Management remain focused on what can be controlled as a business and will continue to work towards investing in construction solutions for the future.

Finance risk management objectives and policies

Liquidity and cash flow risk - in order to maintain liquidity, the Company's funding requirements are under constant review. The Company is part of a Tarmac wide cash pooling arrangement and as such the cash is managed at a Tarmac level. Cash is able to be placed on deposit within the CRH Group zero balancing cash pooling arrangement which allows advantageous interest rates to be gained on cash put on deposit. Cash placed with CRH (UK) Limited is able to be accessed by Tarmac at any time;

Credit risk - the Company's principal financial assets are cash and bank balances, trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are stated net of allowances for doubtful receivables. The Company has no significant concentration of credit risk;

Interest rate risk - the Company has interest rate exposure primarily on its amounts owed to Group undertakings. The Company has no significant further exposure to interest rate risk; and

Price risk - the Company seeks to mitigate its exposure to commodity price risk through using relevant pricing mechanisms in the course of business with its customers. These could include hedging and supplier rebates as appropriate.

Finance risk policies are included in note 2.

Research and development

The Company engages in research and development activities for example new product development, process improvements and sustainability initiatives. Information regarding research and development activities can be found within the accounting policies in note 2 to the financial statements.

Alun Griffiths (Contractors) Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

Going concern

The Directors have considered going concern in preparing these financial statements.

The Company participates in a Group zero balancing cash pool arrangement which commenced during the year. Each company participating in the cash pooling arrangement has cash automatically swept to/from its account on a daily basis so that the balance reverts to zero at the end of each day. For all companies within the Tarmac group, cash is swept to/from CRH (UK) Limited and balances are interest bearing. The Company's share in the joint venture bank account is not included in the Group zero balancing cash pool arrangement.

During the pandemic management continue to review the market and will take all necessary actions to ensure the business' long-term success. Detailed forecasts including the Company are prepared on a Tarmac Group basis for a period of at least 12 months from the date of approval of these financial statements. The Tarmac Group as a whole is profitable and cash-generative. These forecasts show that there is sufficient cash headroom in each individual month across the period, allowing the Tarmac companies to continue to operate with significant cash headroom whilst meeting daily cash flow requirements over this period.

Given that these forecasts are not prepared by statutory entity, and should the need arise, a signed letter of support, confirming ongoing support throughout an equivalent period has been obtained from the Company's ultimate parent company, CRH plc, for which forward looking plans have also been prepared to reflect severe but plausible downside scenarios. Even considering plausible downside scenarios as a result of COVID-19, there are sufficient funds to allow the company to continue in operational existence for the foreseeable future.

Taking account of the detailed forecast of the Tarmac group of companies and having received confirmation of ongoing support of CRH plc for the next 12 months from the date of approval of these financial statements, and their willingness and ability to provide financial support to the Company if needed, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Post balance sheet events

The Directors have considered the continued COVID-19 pandemic and national lockdowns within the UK during the early part of 2021 and determined that, based on recent trading of the Tarmac sub-group and continuation of activities in the construction sector through the recent lockdowns, the pandemic is not expected to have a significant impact on the Company's business. Specifically, the third national lockdown commencing January 2021 is a non adjusting post balance sheet event for the Company and therefore no adjustments have been made to the 31 December 2020 financial statements.

The Directors continue to monitor the situation constantly and will take any necessary actions to minimise the possible impacts of COVID-19. The Company's ultimate parent, CRH plc, continues to be in a strong financial position to navigate the economic impact of the current situation and will continue to provide ongoing support through a signed letter of support over the liabilities of the Company.

There remains a level of uncertainty around the short-term impact of future outbreaks of COVID-19, however it is hoped any restrictions implemented will be localised and that construction activity can continue with mitigating measures in place, as such the impact should be less disruptive to the Company when compared with the restrictions that took place in the prior year.

Directors indemnities

The Articles of Association of the Company contain an indemnity in favour of all of the Directors of the Company that, subject to law, indemnifies the Directors, out of the assets of the Company, from any liability incurred by them in defending any proceedings in which judgement is given in their favour (or otherwise disposed of without any finding or admission of any material breach of duty on their part).

Disclosure of information to the auditors

Each Director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Alun Griffiths (Contractors) Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

Auditors

During the year Ernst & Young LLP resigned as the Company's Auditor and Deloitte LLP were appointed in their place.

Deloitte LLP have indicated their willingness to be reappointed as auditor. Deloitte LLP will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006.

25-Mar-2022

Approved by the Board on and signed on its behalf by:

DocuSigned by:

Nick Mason

.....0D73BA3EAZ27A33.....

N Mason
Director

Alun Griffiths (Contractors) Limited

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Independent Auditor's Report to the Members of Alun Griffiths (Contractors) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Alun Griffiths (Contractors) Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Profit and Loss Account;
- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 23

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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 director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our 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 our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Independent Auditor's Report to the Members of Alun Griffiths (Contractors) Limited (continued)

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, 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.

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

Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and Tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

Significant risk due to fraud related to the existence of contracting revenue which has not been certified by the customer at year-end. In response to this risk we have performed the following procedures:

Tested the existence of uncertified revenue by agreeing samples through to subsequent customer certification or alternative documentation to support the recognition of revenue in accordance with IFRS 15.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

Independent Auditor's Report to the Members of Alun Griffiths (Contractors) Limited (continued)

- reviewing financial statement disclosures by agreeing to supporting documentation and to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reviewing minutes of meetings of those charged with governance and reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinion on other matter 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 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.

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 any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

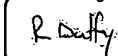
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law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

We have nothing to report in respect of these matters.

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:



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Ryan Duffy (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor

Birmingham, United Kingdom

25-Mar-2022
Date:.....

Alun Griffiths (Contractors) Limited**Profit and Loss Account for the Year Ended 31 December 2020**

	Note	2020 £ 000	Restated 2019 £ 000
Turnover	4	225,773	223,439
Cost of sales		<u>(228,648)</u>	<u>(218,445)</u>
Gross (loss)/profit		(2,875)	4,994
Administrative expenses		(8,507)	(9,480)
Other operating income		<u>7</u>	<u>7</u>
Operating loss	5	(11,375)	(4,479)
Interest receivable and similar income	6	11	18
Interest payable and similar expenses	7	<u>(270)</u>	<u>(419)</u>
Loss before tax		(11,634)	(4,880)
Tax on loss	10	<u>142</u>	<u>13</u>
Loss for the year		<u><u>(11,492)</u></u>	<u><u>(4,867)</u></u>

The above results were derived from continuing operations.

Details of the restatements due to correction of errors are given in note 23.

Alun Griffiths (Contractors) Limited**Statement of Comprehensive Income for the Year Ended 31 December 2020**

		Restated
	2020	2019
	£ 000	£ 000
Loss for the year	(11,492)	(4,867)
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive expense for the year	<u>(11,492)</u>	<u>(4,867)</u>

Details of the restatements due to correction of errors are given in note 23.

Alun Griffiths (Contractors) Limited

(Registration number: 01493003)
Balance Sheet as at 31 December 2020

		31 December	Restated
		2020	31 December
	Note	£ 000	2019
			£ 000
Fixed assets			
Tangible assets	11	3,765	3,848
Right of use assets	12	947	1,055
		<u>4,712</u>	<u>4,903</u>
Current assets			
Debtors	13	43,082	48,276
Cash at bank and in hand		389	9,775
		<u>43,471</u>	<u>58,051</u>
Creditors: Amounts falling due within one year	14	(65,844)	(70,355)
Net current liabilities		<u>(22,373)</u>	<u>(12,304)</u>
Total assets less current liabilities		<u>(17,661)</u>	<u>(7,401)</u>
Creditors: Amounts falling due after more than one year	15	(850)	(946)
Deferred tax liabilities	10	(52)	(194)
Provisions for liabilities	17	(1,683)	(213)
Total liabilities		<u>(68,429)</u>	<u>(71,708)</u>
Net liabilities		<u>(20,246)</u>	<u>(8,754)</u>
Capital and reserves			
Called up share capital	18	563	563
Revaluation reserve	19	473	473
Profit and loss account	19	(21,282)	(9,790)
Shareholders' deficit		<u>(20,246)</u>	<u>(8,754)</u>

Details of the restatements due to correction of errors are shown in note 23.

25-Mar-2022

Approved by the Board and authorised for issue on They were signed on its behalf by:

DocuSigned by:

Nick Mason

.....0D73BA3EA727433.....

N Mason
Director

The notes on pages 27 to 48 form an integral part of these financial statements.

Alun Griffiths (Contractors) Limited**Statement of Changes in Equity for the Year Ended 31 December 2020**

	Share capital £ 000	Revaluation reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2019	563	473	528	1,564
Prior year adjustment (see note 23)	-	-	(5,451)	(5,451)
At 1 January 2019 (restated)	563	473	(4,923)	(3,887)
Loss for the year (restated)	-	-	(4,867)	(4,867)
Total comprehensive expense (restated)	-	-	(4,867)	(4,867)
At 31 December 2019 (restated)	563	473	(9,790)	(8,754)

	Share capital £ 000	Revaluation reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2020	563	473	(9,790)	(8,754)
Loss for the year	-	-	(11,492)	(11,492)
Total comprehensive expense	-	-	(11,492)	(11,492)
At 31 December 2020	563	473	(21,282)	(20,246)

Alun Griffiths (Contractors) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

1 General information

The Company is a private company limited by share capital, incorporated and domiciled in England and Wales, operating under the Companies Act 2006.

The address of its registered office is:

Waterways House
Merthyr Road
Llanfoist
Abergavenny
Monmouthshire
NP7 9PE

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements were prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101') and in accordance with applicable accounting standards. The financial statements are prepared on the historical cost basis.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Alun Griffiths (Contractors) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Going concern

The Directors have considered going concern in preparing these financial statements.

The Company participates in a Group zero balancing cash pool arrangement which commenced during the year. Each company participating in the cash pooling arrangement has cash automatically swept to/from its account on a daily basis so that the balance reverts to zero at the end of each day. For all companies within the Tarmac group, cash is swept to/from CRH (UK) Limited and balances are interest bearing. The Company's share in the joint venture bank account is not included in the Group zero balancing cash pool arrangement.

During the pandemic management continue to review the market and will take all necessary actions to ensure the business' long-term success. Detailed forecasts including the Company are prepared on a Tarmac Group basis for a period of at least 12 months from the date of approval of these financial statements. The Tarmac Group as a whole is profitable and cash-generative. These forecasts show that there is sufficient cash headroom in each individual month across the period, allowing the Tarmac companies to continue to operate with significant cash headroom whilst meeting daily cash flow requirements over this period.

Given that these forecasts are not prepared by statutory entity, and should the need arise, a signed letter of support, confirming ongoing support throughout an equivalent period has been obtained from the Company's ultimate parent company, CRH plc, for which forward looking plans have also been prepared to reflect severe but plausible downside scenarios. Even considering plausible downside scenarios as a result of COVID-19, there are sufficient funds to allow the company to continue in operational existence for the foreseeable future.

Taking account of the detailed forecast of the Tarmac group of companies and having received confirmation of ongoing support of CRH plc for the next 12 months from the date of approval of these financial statements, and their willingness and ability to provide financial support to the Company if needed, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Alun Griffiths (Contractors) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard including:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a)(iv) of IAS 1 and (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraphs 130(f) (ii), 130(f) (iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases; and
- the requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total.

Where required, equivalent disclosures are given in the group accounts of CRH plc. The group accounts of CRH plc are available to the public and can be obtained as set out in note 21.

Changes in accounting policy

New standards, interpretations and amendments effective

The following have been applied for the first time from 1 January 2020 and did not have a material effect on the financial statements:

- IFRS 3 Business Combinations - Definition of a business
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 - Definition of material
- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures - Interest Rate Benchmark Reform

The following standard amendment was issued in May 2020 effective for annual reporting periods beginning on or after 1 June 2020 with earlier application permitted:

- Amendments to IFRS 16 Leases - COVID-19-Related Rent Concessions. The amendment was adopted effective 1 January 2020 and did not result in a material impact on the Company's results.

Alun Griffiths (Contractors) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Revenue recognition

Recognition

The Company enters into a number of construction contracts, to complete various projects. Contracts usually commence and complete within one financial period and are generally either fixed price, target cost or lump sum type contracts.

The Company typically recognises revenue within its construction contract businesses over time, as it performs its obligations. Management believe this best reflects the transfer of control to the customer by providing a faithful depiction of primarily the enhancement of a customer controlled asset or the construction of an asset with no alternative use. The method used is determined in accordance with the contract type and are based on either the input or output method depending on the specific contractual arrangements and in accordance with IFRS 15. In the event that the recoverability of the contract income is uncertain or is dependent on the outcome of certain events, relevant contract provisions would be made accordingly. In all of the Company's construction contract arrangements the Company has an enforceable right to payment for work and performance obligations completed to date.

Some of the Company's construction contracts may contain forms of variable consideration that can either increase or decrease the transaction price. Variable consideration is estimated based on the most likely amount or expected value methods (depending on the contract terms) and the transaction price is adjusted to the extent it is highly probable that a significant reversal of revenue recognised will not occur. In some instances a customer can be billed and revenue recognised in the period subsequent to the contracted work being completed when items such as variable consideration are agreed with the customer.

Contract assets and receivables

In the Company's construction contract part of the business, amounts are billed as work progresses in accordance with pre-agreed contractual terms. When a performance obligation is satisfied but a customer has not yet been billed this is recognised as a contract asset (unbilled revenue) and included within trade debtors.

Retentions are also a common feature of construction contracts and are recognised as a contract asset within trade and other debtors when the Company has a right to consideration in exchange for the completion of the contract. Retentions are consistent with industry norms and the purpose of these is not to provide a form of financing.

Apart from retentions, the Company does not have any construction contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. As a consequence, the Group applies the practical expedient in IFRS 15 and does not adjust any of its transaction prices for the time value of money.

When consideration is received in advance of work being performed, or the Company has billed an amount to a customer that is in excess of revenue recognised on the contract; this is recognised as a contract liability within creditors; and the revenue is generally recognised in the subsequent period when the right to recognise revenue has been determined. As a result, advance payments received for construction contract arrangements are not considered a significant form of financing.

Generally payments from customers on contracts take place within agreed payment terms following receipt of the invoice. Payment terms can vary by contract but would typically be between 14 and 45 days. Occasionally on certain contracts payments may be received in advance of work being performed. As noted above, these would be included within contract liabilities.

Cumulative costs incurred, net of amounts transferred to cost of sales, after deducting onerous provisions, provisions for contingencies and payments on account not matched with revenue, are included as construction contract balances in inventories. Cost includes all expenditure directly related to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activities based on normal operating capacity.

The Company's contracts generally are for a duration of less than one year and therefore the Company does not capitalise incremental contract costs; instead expensing as incurred, as permitted by the practical expedient under IFRS 15.

Alun Griffiths (Contractors) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Contract liabilities

When a contract is identified as being onerous (i.e. its unavoidable cost exceeds the economic benefit of the contract), a provision is created; being the lower of costs to complete the contract and the cost of exiting the contract. The Company provides assurance-type warranties for general repairs and does not typically provide service-type (extended) warranties.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is highly probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is highly probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Research and development expenditure

In the normal course of business, the business performs research and development activities in relation to obtaining and managing planning requirements on the Company's sites. Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development expenditure incurred is capitalised within tangible fixed assets as part of the site asset where the conditions of IAS 38 are met.

Tax

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also recognised in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Alun Griffiths (Contractors) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Tangible assets

Tangible fixed assets are stated at cost or deemed cost less accumulated depreciation and any impairment in value.

All tangible assets, which includes land and buildings and fixtures and fittings, are initially recognised at cost. This applies to both owned and constructed assets. The cost of an item would include the purchase price of the item and any direct costs necessary to bring the item to the location and condition in which it is capable of operating as intended.

An item of land and buildings and fixtures and fittings is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss account.

Depreciation

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Asset class	Depreciation method and rate
Land	Not depreciated
Buildings	2% straight - line
Fixtures and fittings	30% reducing balance

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Joint operations

The Company has a joint venture agreement with Swansea Highways Partnership to form an unincorporated joint venture. Under IFRS11 this agreement has been determined to be a joint operation due to there being no separate legal entity involved. The Company, as a joint operator, will recognise and measure its share of the assets and liabilities, plus recognise the related revenues and expenses in accordance with IFRS standards applicable to the particular assets, liabilities, revenues and expenses. The contract is expected to span several financial years.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Alun Griffiths (Contractors) Limited**Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)****2 Accounting policies (continued)****Restructuring**

A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Legal provisions

The status of each significant claim and legal proceeding in which the Group is involved is reviewed by management on a periodic basis and the potential financial exposure is assessed. If the potential loss from any claim or legal proceeding is considered probable, and the amount can be reliably estimated, a liability is recognised for the estimated loss. Because of the uncertainties inherent in such matters, the related provisions are based on the best information available at the time; the issues taken into account by management and factored into the assessment of legal contingencies include, as applicable, the status of settlement negotiations, interpretations of contractual obligations, prior experience with similar contingencies/claims, and advice obtained from legal counsel and other third parties. As additional information becomes available on pending claims, the potential liability is reassessed and revisions are made to the amounts provided where appropriate. Such revisions in the judgements and estimates of the potential liabilities could have an impact on the results of operations and financial position of the Company in future accounting periods.

Leases

The Company enters into leases for a range of assets, principally relating to property. These property leases have varying terms, renewal rights and escalation clauses, including periodic rent reviews linked with a consumer price index and/or other indices. The Company also leases plant and machinery, vehicles and equipment. The terms and conditions of these leases do not impose significant financial restrictions on the Company.

A contract contains a lease if it is enforceable and conveys the right to control the use of a specified asset for a period of time in exchange for consideration, which is assessed at inception. A right-of-use asset and lease liability are recognised at the commencement date for contracts containing a lease, with the exception of leases with a term of 12 months or less which do not contain a purchase option, leases where the underlying asset is of low value and leases with associated payments that vary directly in line with usage or sales. The commencement date is the date at which the asset is made available for use by the Company.

The lease liability is initially measured at the present value of the future minimum lease payments, discounted using the incremental borrowing rate or the interest rate implicit in the lease, if this is readily determinable, over the remaining lease term. Lease payments include fixed payments less any lease incentives receivable, variable payments that are dependent on a rate or index known at the commencement date, amounts expected to be paid under residual value guarantees and any payments for an optional renewal period and purchase and termination option payments, if the Company is reasonably certain to exercise those options. The lease term is the non-cancellable period of the lease adjusted for any renewal or termination options which are reasonably certain to be exercised. Variable lease payments that do not depend on an index or a rate and rentals relating to low value or short-term leases are recognised as an expense in the period in which they are incurred. Management applies judgement in determining whether it is reasonably certain that a renewal, termination or purchase option will be exercised.

Alun Griffiths (Contractors) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Incremental borrowing rates are calculated using a portfolio approach, based on the risk profile of the entity holding the lease and the term and currency of the lease.

After initial recognition, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future minimum lease payments or when the Company changes its assessment of whether it is reasonably certain to exercise an option within the contract. A corresponding adjustment is made to the carrying amount of the right-of-use asset. Modifications to a lease agreement beyond the original terms and conditions are either treated as a re-measurement of the lease liability and asset or treated as a separate lease, depending on the nature of the modification. Generally any modifications that increase the scope of the lease or that increase the lease payment by the market price of the increased asset are accounted for as a separate new lease.

The right-of-use asset is initially measured at cost, which comprises the lease liability adjusted for any payments made at or before the commencement date, initial direct costs incurred, lease incentives received and an estimate of the cost to dismantle or restore the underlying asset or the site on which it is located at the end of the lease term. The right-of-use asset is depreciated over the lease term or, where a purchase option is reasonably certain to be exercised, over the useful economic life of the asset in line with depreciation rates for owned property, plant and equipment. The right-of-use asset is tested for impairment if an impairment indicator is considered to exist.

Non-lease components in a contract such as maintenance and other service charges are separated from minimum lease payments and are expensed as incurred.

Regarding the comparatives, leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease rentals are charged to the Profit and Loss Account on a straight-line basis over the lease term.

Impairment of non-financial assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible, right of use and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Alun Griffiths (Contractors) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Financial instruments

Classification and measurement

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

The Company's classes of financial assets are cash and other financial assets, and these are classified as 'loans and receivables'.

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial liabilities

The Company has financial liabilities that are classified as 'other financial liabilities', and these relate to borrowings from fellow subsidiary companies and trade and other payables.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition

Financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Impairment of financial assets

Financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Alun Griffiths (Contractors) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Directors believe that the following accounting policies are critical due to the degree of estimation required and / or the potential material impact they may have on the Company's financial position and performance.

The following are areas of judgement:

Revenue recognition - long term contract accounting

The Company generates revenue from long term contracts. This often requires judgement to be applied and where actual results differ to the estimates made, this could result in a significant impact on the Company's financial results. The specific judgements required are dependent on individual contracts and so may differ on a contract by contract basis. Examples would include judgement being required in estimating the stage of completion of the contract at the balance sheet date based on the forecast total contract costs that is expected to be incurred on the contract and contracts where there is variable consideration. There are no individually material judgements relating to contracts during the year.

Provisions

Judgement is required in determining whether the Company has a present obligation and whether it is probable that an outflow of economic benefits will be required to settle this obligation. This judgement is applied to information available at the time of determining the liability including but not limited to judgements around interpretations of legislation, regulations, case law and insurance contracts depending on the nature of the provision.

Leases

Incremental borrowing rate used to measure lease liabilities

Where the interest rate implicit in the lease is not readily determinable, lease liabilities are discounted at the incremental borrowing rate. This is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. This involves assumptions and estimates, which would affect the carrying value of the lease liabilities note and the corresponding right-of-use assets.

Renewal, termination and purchase options

As part of the IFRS 16 transition process and ongoing lease accounting, management have applied judgement in determining whether it is reasonably certain that any renewal, termination or purchase options within the lease will be exercised. This is taken into consideration when measuring the value of the lease liability. In making this judgement, management considers all facts and circumstances that create an economic incentive to exercise, or not exercise, a renewal, termination or purchase option. Options are only included in the lease term if they are reasonably certain to be exercised. The lease term is reassessed if an option is actually exercised (or not exercised) or the company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company.

Alun Griffiths (Contractors) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

4 Turnover

The analysis of the Company's turnover for the year from continuing operations is as follows:

	2020	Restated 2019
	£ 000	£ 000
Revenue from contracts with customers	225,773	223,439

The analysis of the Company's turnover for the year by class of business is as follows:

	2020	Restated 2019
	£ 000	£ 000
Infrastructure	175,048	166,943
Rail	50,725	56,496
	225,773	223,439

4.1 Contracting Turnover

An analysis of the Company's construction contracts is as follows:

		Restated At 1 January 2020	Additions	Received	At 31 December 2020
	Note	£ 000	£ 000	£ 000	£ 000
Contract assets					
Unbilled revenue	13	22,151	23,460	(22,151)	23,460
Retentions	13	8,175	10,193	(8,389)	9,979

		At 1 January 2020	Additions	Charged to the profit and loss account	At 31 December 2020
	Note	£ 000	£ 000	£ 000	£ 000
Contract liabilities					
Advances received	14	(300)	(6,364)	192	(6,472)

Details of the restatements due to correction of errors are given in note 23.

Alun Griffiths (Contractors) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

5 Operating loss

Arrived at after charging/(crediting)

	2020	2019
	£ 000	£ 000
Depreciation on tangible assets	83	80
Depreciation on right of use assets	108	108
Management charge to fellow group company	(2,250)	(2,648)
Management charge from fellow group company	938	1,000
Auditors' remuneration for the auditing of the financial statements	<u>95</u>	<u>57</u>

There were no non audit services provided in either year.

6 Interest receivable and similar income

	2020	2019
	£ 000	£ 000
Interest income on bank deposits	<u>11</u>	<u>18</u>

7 Interest payable and similar expenses

	2020	2019
	£ 000	£ 000
Interest paid to group undertakings	242	388
Interest expense on leases	<u>28</u>	<u>31</u>
	<u>270</u>	<u>419</u>

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2020	2019
	£ 000	£ 000
Wages and salaries	40,263	37,766
Social security costs	4,318	4,076
Pension costs	<u>1,400</u>	<u>1,379</u>
	<u>45,981</u>	<u>43,221</u>

The average number of persons employed by the Company (including directors) during the year, analysed by category was as follows:

	2020	2019
	No.	No.
Production and distribution	580	597
Administration and selling	<u>351</u>	<u>328</u>
	<u>931</u>	<u>925</u>

Alun Griffiths (Contractors) Limited**Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)****9 Directors' remuneration**

The Directors' remuneration for the year was as follows:

	2020 £ 000	2019 £ 000
Salaries, fees and bonuses	1,495	894
Money purchase pension contributions	108	74
	<u>1,603</u>	<u>968</u>

In respect of the highest paid Director:

	2020 £ 000	2019 £ 000
Remuneration	630	290
Company contributions to money purchase pension schemes	17	13
	<u>647</u>	<u>303</u>

Directors' remuneration for the period relates to the Directors remunerated by the Company and comprises salaries, fees, bonuses and certain once-off transaction-related and settlement payments. The other Directors of the Company are remunerated by another group company as their services to the Company are considered incidental to their services provided to other group companies.

10 Tax on loss

Tax credited in the profit and loss account

	2020 £ 000	Restated 2019 £ 000
Current taxation	-	-
Deferred taxation		
Current year	(165)	(13)
Effect of changes in tax rates	23	-
Total deferred taxation	<u>(142)</u>	<u>(13)</u>
Tax receipt in the profit and loss account	<u>(142)</u>	<u>(13)</u>

The differences between the total tax for the year and the amount calculated by applying the standard rate of UK corporation tax of 19% (2019: 19%) to the loss before tax are as follows:

Alun Griffiths (Contractors) Limited**Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)****10 Tax on loss (continued)**

	2020 £ 000	Restated 2019 £ 000
Loss before tax	(11,634)	(4,880)
Corporation tax at standard rate	(2,211)	(927)
Income not taxable	(23)	-
Tax rate changes	23	1
Expenses not deductible	25	45
Group relief claimed for nil payment	2,044	868
Total tax credit	(142)	(13)

Details of the restatements due to correction of errors is given in note 23. Additional tax losses have been surrendered to fellow group companies free of charge so the tax impact relating to these misstatements is minimal, profit and loss in 2019 is impacted by £3k, opening retained profit and loss impact £1k and balance sheet impact of £4k.

Group relief within Tarmac is surrendered free of charge. Group relief claimed from other Group companies registered in the UK is paid for at the prevailing rate of corporation tax for the year at 19% (2019: 19%).

Finance No.2 Bill 2015 enacted the rate of corporation tax to 19% with effect from 1 April 2017, resulting in a current tax rate for the year of 19%.

On 15 September 2016, Finance Bill 2016 enacted a further rate reduction to 17% with effect from 1 April 2020. A further change was enacted in Finance Act 2020 to cancel the proposed reduction in the main rate of corporation tax from 19% to 17% from 1 April 2020. Therefore, the rate enacted at the balance sheet date was 19%.

On 3 March 2021, the Chancellor of the Exchequer announced that legislation will be introduced in Finance Bill 2021 to increase the main rate of Corporation Tax for all non-ring fence profits to 25% for the financial year 2023.

This change was substantively enacted on 24 May 2021 i.e. after the balance sheet date and as such this change has not been reflected in the deferred tax balance at 31 December 2020. Using the company's deferred tax balance at 31 December 2020 the impact of the rate change on the deferred tax balance would be a charge to the profit and loss account of £16k.

Deferred tax assets and liabilities are measured at tax rates that are enacted or substantively enacted at the balance sheet date. The timing of the reversal of the Company's deferred tax items has been considered, and accordingly at 31 December 2020 deferred tax has been calculated at the tax rates that are expected to apply when the related asset is realised or liability is settled. Therefore all deferred tax assets and liabilities have been measured at 19% being the rate enacted at the balance sheet date.

Deferred tax

Deferred tax movement during the year:

	Restated At 1 January 2020 £ 000	Recognised in income £ 000	At 31 December 2020 £ 000
Accelerated tax depreciation	(198)	(5)	(203)
Provisions	-	147	147
Losses	4	-	4
Net tax assets/(liabilities)	(194)	142	(52)

Alun Griffiths (Contractors) Limited**Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)****10 Tax on loss (continued)**

The recognition of the deferred tax asset is supported by business forecasts over a 5 year period which support that is considered probable that there will be future taxable profits for offset.

11 Tangible assets

	Land and buildings £ 000	Fixtures and fittings £ 000	Total £ 000
Cost or valuation			
At 1 January 2020	4,066	57	4,123
At 31 December 2020	4,066	57	4,123
Depreciation			
At 1 January 2020	225	50	275
Charge for the year	80	3	83
At 31 December 2020	305	53	358
Carrying amount			
At 31 December 2020	3,761	4	3,765
At 31 December 2019	3,841	7	3,848

Land and buildings

The net book value of land and buildings comprises:

	31 December 2020 £ 000	31 December 2019 £ 000
Freehold land	37	37
Freehold buildings	3,724	3,804
	<u>3,761</u>	<u>3,841</u>

Alun Griffiths (Contractors) Limited**Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)****12 Right of use assets**

	Land and buildings £ 000
Cost	
At 1 January 2020	1,163
At 31 December 2020	1,163
Depreciation	
At 1 January 2020	108
Charge for the year	108
At 31 December 2020	216
Carrying amount	
At 31 December 2020	947
At 31 December 2019	1,055

13 Debtors

	31 December 2020 £ 000	Restated 31 December 2019 £ 000
Trade debtors	7,129	10,609
Amounts due from construction contract customers	33,439	30,326
Amounts owed by group companies	1,878	6,293
Prepayments	184	-
Other debtors	452	1,048
	<u>43,082</u>	<u>48,276</u>

Amounts owed by fellow group companies have no fixed repayment date and are repayable on demand. Interest is charged on the amount due from CRH (UK) Limited for the zero balancing cash pool arrangement at Bank of England base rate. No interest is charged on the amounts due from other group undertakings.

Included in debtors are amounts due from construction contracts of £33,439k (2019: £30,326k restated) being unbilled revenue of £23,460k (2019: £22,151k restated) and retentions, of £9,979k (2019: £8,175k).

Details of the restatements due to correction of errors are given in note 23.

Alun Griffiths (Contractors) Limited**Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)****14 Creditors: Amounts due in less than one year**

	31 December	Restated
	2020	31 December
	£ 000	2019
		£ 000
Trade creditors	6,974	17,715
Accrued expenses	34,152	17,692
Amounts due to group companies	9,586	24,875
Social security and other taxes	8,372	9,396
Advances received	6,472	300
Other creditors	165	254
Current portion of long term lease liabilities	123	123
	<u>65,844</u>	<u>70,355</u>

Amounts owed to group companies at 31 December 2019 included a loan of £20,177k from a fellow group undertaking on which interest is paid. The interest charged was United Kingdom base rate plus 2.0%. The loan was repaid in 2020. No interest is charged on the remaining amounts due to group companies.

Details of the restatements due to correction of errors are given in note 23.

15 Creditors: amounts falling due after more than one year

	31 December	31 December
	2020	2019
	£ 000	£ 000
Long term lease liabilities	<u>850</u>	<u>946</u>

16 Leases**Leases included in creditors**

		31 December	31 December
		2020	2019
		£ 000	£ 000
Current portion of long term lease liabilities	14	123	123
Long term lease liabilities	15	<u>850</u>	<u>946</u>
		<u>973</u>	<u>1,069</u>

Alun Griffiths (Contractors) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

16 Leases (continued)

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	31 December 2020 £ 000	31 December 2019 £ 000
Less than one year	125	125
1 - 2 years	125	125
2 - 3 years	125	125
3 - 4 years	125	125
4 - 5 years	86	125
Between 5 and 10 years	296	346
Between 10 and 20 years	274	309
Total lease liabilities (undiscounted)	<u>1,156</u>	<u>1,280</u>

Lease costs charged to the Profit and Loss Account

Tarmac avails of the exemption from capitalising lease costs for short-term leases and low-value assets where the relevant criteria are met. Variable lease payments directly linked to sales or usage are also expensed as incurred. The following lease costs have been charged to the Profit and Loss Account as incurred:

	2020 £ 000	2019 £ 000
Short term leases	<u>33</u>	<u>20</u>

Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

	31 December 2020 £ 000	31 December 2019 £ 000
Lease liabilities		
At 1 January	1,069	-
Effect of adopting IFRS 16	-	1,163
Payments	(124)	(125)
Discount unwinding	28	31
At 31 December	<u>973</u>	<u>1,069</u>

Alun Griffiths (Contractors) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

17 Provisions for liabilities

	Other provisions £ 000
At 1 January 2020 (restated)	213
Additional provisions	1,621
Provisions used	<u>(151)</u>
At 31 December 2020	<u>1,683</u>

Other provisions relate to onerous contract provisions relating to loss making contracts, legal claims and commitments under internal restructuring and redundancy programmes which took place during the year. These provisions are expected to be utilised within one year of the balance sheet date.

Details of the restatements due to correction of errors are given in note 23.

18 Called up share capital

Allotted, called up and fully paid shares

	31 December 2020		31 December 2019	
	No. 000	£ 000	No. 000	£ 000
562,709 ordinary shares of £1 each	<u>563</u>	<u>563</u>	<u>563</u>	<u>563</u>

19 Reserves

Called up share capital represents the nominal value of shares that have been issued.

Profit and loss account includes all current and prior period retained profits and losses.

Revaluation reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income

Details of all movements in reserves are shown in the Statement of Changes in Equity on page 26.

20 Contingent liabilities

The Company has contingent liabilities in respect of performance bonds entered into under the normal course of business. At 31 December 2020 the value of these was £15,644k (2019: £3,976k).

Alun Griffiths (Contractors) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

21 Parent and ultimate parent undertaking

The Company's immediate parent is Purple Alpha Limited.

The ultimate parent and controlling party is CRH plc.

Relationship between entity and parents

The parent of the largest and smallest group in which these financial statements are consolidated is CRH plc, incorporated in Ireland.

The address of CRH plc is:

42 Fitzwilliam Square,
Dublin,
D02 R279,
Ireland

Copies of the financial statements of the ultimate parent company are available from the Company Secretary at the above address.

22 Post balance sheet events

The Directors have considered the continued COVID-19 pandemic and national lockdowns within the UK during the early part of 2021 and determined that, based on recent trading of the Tarmac sub-group and continuation of activities in the construction sector through the recent lockdowns, the pandemic is not expected to have a significant impact on the Company's business. Specifically, the third national lockdown commencing January 2021 is a non adjusting post balance sheet event for the Company and therefore no adjustments have been made to the 31 December 2020 financial statements.

The Directors continue to monitor the situation constantly and will take any necessary actions to minimise the possible impacts of COVID-19. The Company's ultimate parent, CRH plc, continues to be in a strong financial position to navigate the economic impact of the current situation and will continue to provide ongoing support through a signed letter of support over the liabilities of the Company.

There remains a level of uncertainty around the short-term impact of future outbreaks of COVID-19, however it is hoped any restrictions implemented will be localised and that construction activity can continue with mitigating measures in place, as such the impact should be less disruptive to the Company when compared with the restrictions that took place in the prior year.

Alun Griffiths (Contractors) Limited**Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)****23 Effect of prior year adjustment**

	As previously reported 2019 £ 000	Prior year adjustment £ 000	As restated 2019 £ 000
2019 Restated Profit and Loss Account			
Turnover	226,504	(3,065)	223,439
Cost of sales	(214,849)	(3,596)	(218,445)
Gross profit	<u>11,655</u>	<u>(6,661)</u>	<u>4,994</u>
Other expenses/ income	(9,874)	-	(9,874)
Profit/(loss) before tax	<u>1,781</u>	<u>(6,661)</u>	<u>(4,880)</u>
Tax	10	3	13
Profit/(loss)	<u>1,791</u>	<u>(6,658)</u>	<u>(4,867)</u>

Alun Griffiths (Contractors) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

23 Effect of prior year adjustment (continued)

	As previously reported 2019 £ 000	Prior year adjustment £ 000	As restated 2019 £ 000
2019 Restated Balance Sheet			
Fixed assets	4,903	-	4,903
Current Assets			
Amounts due from construction contract customers	34,986	(4,660)	30,326
Other debtors due within one year	17,950	-	17,950
Cash	9,775	-	9,775
Total assets	<u>67,614</u>	<u>(4,660)</u>	<u>62,954</u>
Creditors: amounts falling due within one year			
Accrued expenses	(10,453)	(7,240)	(17,693)
Other creditors falling due within one year	(52,662)	-	(52,662)
Creditors: amounts falling due after one year	(946)	-	(946)
Deferred tax	(198)	4	(194)
Provisions for liabilities	-	(213)	(213)
Total liabilities	<u>(64,259)</u>	<u>(7,449)</u>	<u>(71,708)</u>
Profit and loss account	2,319	(12,109)	(9,790)
Other share capital and reserves	1,036	-	1,036
Capital and reserves	<u>3,355</u>	<u>(12,109)</u>	<u>(8,754)</u>

In preparing the financial statements for the year ended 31 December 2020 it was identified that there were errors in previously reported figures for unbilled revenue, contract accruals and onerous contract provisions. Unbilled revenue was found to have been overstated for specific contracts, and contract accruals and provisions were understated for specific contracts. The relevant prior period figures have therefore been restated to rectify these errors.

Adjustments have been made to the opening profit and loss account position for 2019 of £5,452k (before tax) for the impact of the adjustments that date back pre-2019. This is made up of £1,595k provision against unbilled revenue, £3,847k of additional contract accruals and £10k for a provision for loss making contracts. In 2019, adjustments have been made to reduce unbilled revenue by £3,065k, increase contract accruals by £3,393k and include a provision for loss making contracts for £203k. The impact of these adjustments to the profit and loss account is to decrease the profit for the year ended 31 December 2019 by £6,661k (before tax), being the net impact of £3,065k reduction in turnover and £3,596k increase to cost of sales.

Additional tax losses have been surrendered to fellow group companies free of charge so the tax impact relating to these misstatements is minimal, profit and loss in 2019 is impacted by £3k, opening retained profit and loss impact £1k and balance sheet impact of £4k.

Total adjustments therefore on the 2019 balance sheet is £4,660k reduction to unbilled revenue, increase of contract accruals of £7,240k increase in provision for loss making contracts to £213k and reduction in tax by £4k. Total cumulative impact on the retained profit and loss account is £12,109k with a net impact to the opening profit and loss account of £5,451k.