

STANTON BONNA CONCRETE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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STANTON BONNA CONCRETE LIMITED

COMPANY INFORMATION

Directors	B J R Cattin-Martel C C Richardson N Yatzimirsky
Company secretary	C Ball
Registered number	02263795
Registered office	Littlewell Lane Stanton By Dale Ilkeston Derbyshire DE7 4QW
Independent auditors	KPMG LLP (UK) St Nicholas House Park Row Nottingham NG1 6FQ

STANTON BONNA CONCRETE LIMITED

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STANTON BONNA CONCRETE LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report of Stanton Bonna Concrete Limited ("the company") for the year ended 31 December 2019

Principal activities, business review and future developments

The principal activity of the company is the manufacture and supply of precast concrete pipes manholes and other precast concrete products.

The key performance indicators show the following movements:

	2019	2018
Turnover	£28.7m	£29.1m
Profit/(Loss) before tax	£0.7m	(£1.4m)
Debtor days	64	71
Creditor days	77	58

Overall turnover of £28.7m was 1% lower than in 2018, a weakening in the sell through of the core product range was offset by strong demand for new products. New non-core products introduced in 2018 continued with strong growth in 2019 increasing like for like sales. Future opportunities for the business to expand are excellent as a result of large infrastructure projects coming online during 2019 and 2020 with the business being well placed to take advantage of these.

The UK Rail element of the business, which is run as a separate trading entity for commercial reasons continued to see overall sales fall, on a year on year basis as anticipated. All rail products are manufactured by Stanton Bonna Concrete Limited and sold to SBC Rail Limited.

The Directors are pleased to announce the business returning to profitability at profits of £0.5m. The direct margin has increased by 3.3% being largely attributed to the business balancing inventory levels during 2019 to manage customer fulfilment with less reliance on third party factored goods.

Following last year's investment in overheads, 2019 has seen a reduction in cost following the implementation of a cost management program.

An investment strategy to improve capacity within the organisation, in addition to increasing the current assets and reducing the pension deficit continued to be funded by factoring the debtors during 2019. This arrangement is with recourse, and therefore the debtors are maintained on the Balance Sheet. During Q4 2019 the Director's approved the issuing of £7.47m share capital to the company's immediate parent, Bonna Sabla.

The Competition and Markets Authority ("CMA") opened separate civil and criminal investigations into suspected cartel activity among various suppliers in the supply of certain precast concrete drainage products during 2016. A fine of £7.47m was paid during Q4 2019 as a result of this investigation bringing this to a close utilising the provision made in 2017. A previous employee pleaded guilty to the cartel offence under the Enterprise Act 2002. Further details are set out in note 20 on page 29 and note 2.3 on page 13 to the financial statements. In response to the CMA fine payment of £7.47m the Company issued 7,474,745 ordinary shares in Q4 of 2019 to ensure the balance sheet health was maintained.

Financial instruments

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of comprehensive income.

STANTON BONNA CONCRETE LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Financial instruments (Continued)

Derivative financial instruments are disclosed as the fair value as at the reporting date.

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits. For the purpose of reporting, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Debtors and creditors, receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in administration expenses.

Leasing and hire purchase commitments. Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful lives. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the balance sheet. Rentals payable under operating leases are charged in the statement of comprehensive income on a straight line basis over the lease term.

Principal risks and uncertainties

Stanton Bonna Concrete Limited faces common business challenges within a mature market. It addresses these challenges as below.

Credit risk

The company's credit risk is primarily attributable to its trade debtors. The amount presented in the balance sheet is net of allowances or doubtful receivables. The company manages this risk by continually monitoring the status of its debtors and client list. Credit checks are made and appropriate credit insurance is taken out in respect of all qualifying customers. Payments terms are altered where no insurance can be obtained. During the year the company continued to engage with Eurofactor for the factoring of its debts.

Cash flow and liquidity risk

The company monitors its working capital and available cash carefully to ensure that it has sufficient funds available to settle its liabilities as they fall due

Market risk

The company operates in a highly competitive market which is a continuing risk to the company as existing clients could be lost to competitors. The company manages this risk by building strong relationships and entering into supply agreements with a large proportion of its customer base

Regulatory and Compliance Risk

The company is subject to evolving regulatory and compliance regulations including GDPR. The company has recruited staff with the relevant skills and experience to manage these risks and uses the services of external consultants where required.

The Consolis group has strengthened its existing compliance program through additional Compliance Training (including e-learning and on-site trainings) for all leaders and client facing employees to help underpin the importance of this subject to the business and group as a whole.

STANTON BONNA CONCRETE LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Principal risks and uncertainties (continued)

Product risk

The company manages product risk via compliance with third-party product testing schemes such as the BSI Kitemark, while also manufacturing the products under the control of a certified ISO 9001 quality management system.

Covid-19

As a new risk, the company continues to monitor closely the development of COVID-19. The focus is to assess the impact on the business and to protect the employees and other stakeholders wherever possible.

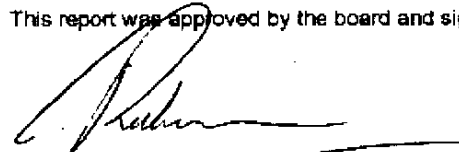
As the company's employees meet the status of "Key Workers" our manufacturing site will remain open unless directed otherwise by a Government body. We have and will continue to follow the current advice of Public Health England and the senior leadership team meet regularly meeting to discuss any developments, in addition Covid-19 is currently a standard agenda item of the Health and Safety committee.

There is regular communication with employees through briefings, email and the company's private social media platform to keep them updated of any changes in guidance policy. To ensure the safety of employees within the operating site, implementation of pragmatic working practices have been adopted and include such measures as: social distancing, staggered breaks, reduced capacity limits of public areas, improved cleaning regimes and the provision and mandatory use of hand sanitiser.

The risk of staff availability is reviewed on a regular basis to ensure that colleagues health and safety is protected at all times.

The impact on availability of supplies has been assessed and is mitigated as far as possible to include alternative sources.

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



C C Richardson
Director

Date: 19 November 2020

STANTON BONNA CONCRETE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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

Results and dividends

The profit for the year after taxation, amounted to £560k (2018: Loss of £1,054k).

The net assets position at 31 December 2019 was £10,905k (2018: £2,218k).

The company has not declared a dividend (2018: £Nil)

Directors

The directors who served during the year and up to the date of signing these financial statements unless otherwise stated, are:

B J R Cattin-Martel
C C Richardson
N Yatzimirsky

None of the directors had a material interest in any contract to which the company was a party.

Charitable donations

The company made charitable donations of £1,785 (2018: £4,427) during the year. No political donations were made during the year.

Future developments

These are disclosed within the strategic report on page 1.

Financial instruments

These are disclosed within the strategic report on page 1.

Post Balance Sheet Events

In light of Covid-19, the Directors have considered whether any adjustments are required to the amounts reported in the financial statements. As at the 31st December 2019, the World Health Organisation had only been alerted to several cases of pneumonia in Wuhuan City in China. Subsequent to the balance sheet date, the World Health Organisation declared a pandemic on 11th March and the UK Government announced social distancing measures on the 16th March and a "Lock" down on 23rd March. On the 26 March the Company was confirmed as manufacturing essential goods with the employees meeting the definition of "Key Workers" and the manufacturing facility remained open.

As at the balance sheet date there was no disruption to the company and the subsequent impact of COVID-19 both in terms of the virus itself and the Government actions was unprecedented and could not have been reasonably predicted. The Directors consider this to be a non-adjusting post balance sheet event and have concluded that no adjustments are therefore required to the financial statements. The Directors recognise that the impact on the future profitability of the Company is difficult to estimate but have considered a range of potential cash flow scenarios. During January 2020 the company acquired additional financial support from its parent in the form of a Company loan of £1m and no restrictions were applied to the Invoice Financing Facility during the Pandemic crisis.

Please also see the going concern note below regarding a potential change in control.

STANTON BONNA CONCRETE LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Going concern

The Board after making due enquires have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and for this reason, the going concern basis continues to be adopted in preparing the financial statements

At the date of approval of the accounts, the UK is recovering from high levels of economic, social and political uncertainty surrounding Covid-19. As such, in assessing the company's ability to adopt the going concern basis in preparation of the financial statements, the Directors have considered the financial impact that Covid-19 may have on the Company's operating cash flows.

As part of this assessment, the Directors have prepared cash flow forecasts covering a period to the end of 2021. These demonstrate that the company will continue to have sufficient cash reserves despite the current economic uncertainty driven by the Covid-19 Pandemic. These forecasts assume a reduced trading period for a 7 month period before trading levels are expected to return to normalised levels. Factors considered include the company's sector, as the construction industry is extremely well placed to take advantage of the Government's current infrastructure spend policy.

Other factors considered were margin dilution due to possible inefficient operating processes offset by lower unit costs of production as well as increased employee absence. Assumptions also make use of the HMRC payment deferrals and restructuring of its Intra-Group loan (please see below information regarding potential change in ownership). No additional stimuli has been assumed. As an essential manufacturer with the production facility remaining open, this scenario is considered to be a realistic case in the light of the post year end trading experienced to date.

The Directors also assessed the severe downside scenario where Government restrictions changed and the country went into a second "lockdown". Even in this scenario with the group support of not collecting loans that would impair the company's ability to continue as a going concern, the Directors have a reasonable expectation that the company would have adequate resources to continue its operation existence for the forecast period, along with other mitigations including reduced capital and discretionary spend, underpinning the Board's going concern assumption. However, due to the potential change in ownership, there is uncertainty over the intention of the group to continue to not seek repayment of the intra-group debt.

On 16 November 2020 the Directors were informed that the ultimate parent, Consolis SAS is currently in advanced negotiations with a prospective purchaser for the company. Whilst the directors have no reason to believe that the company will not continue to operate in its current form, they cannot rule out the possibility the purchaser may restructure the operations post sale.

Based on the above, the directors believe it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt upon the company's ability to continue as a going concern and, therefore to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;

STANTON BONNA CONCRETE LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

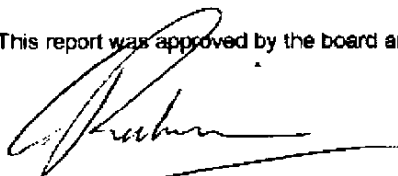
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the 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 auditors are aware of that information.

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



C C Richardson
Director

Date: 19 November 2020

STANTON BONNA CONCRETE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STANTON BONNA CONCRETE LIMITED

Opinion

We have audited the financial statements of Stanton Bonna Concrete Limited ("the company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income Balance Sheet Statement of Changes in Equity and related notes, including the accounting policies in note 2

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended.
- have been properly prepared in accordance with UK accounting standards including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2.3 to the financial statements which indicates that the company's ability to continue as a going concern is dependent on the continued financial support of its ultimate parent company, whom is in advanced negotiations with a prospective purchaser of the company. These events and conditions, along with the other matters explained in note 2.3 constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report
- in our opinion the information given in those reports for the financial year is consistent with the financial statements and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

STANTON BONNA CONCRETE LIMITED

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

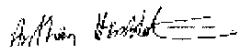
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

The purpose of our audit work and to whom we owe our responsibilities

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.



Anthony Hambleton (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Date: 19 November 2020

STANTON BONNA CONCRETE LIMITED

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

	Note	2019 £000	2018 £000
Turnover	4	28,733	29 109
Cost of sales		(19 454)	(21 336)
Gross profit		9,279	7 773
Distribution costs		(4 903)	(5 050)
Administrative expenses		(3 398)	(3 938)
Operating profit/(loss)	5	978	(1 215)
Interest receivable and similar income	9	8	8
Interest payable and similar expenses	10	(201)	(137)
Other finance costs	11	(53)	(91)
Profit/(loss) before taxation		732	(1 435)
Tax on profit/loss	12	(172)	381
Profit/(loss) for the financial year		560	(1 054)
Other comprehensive income/(expense) for the year			
Actuarial gains on defined benefit pension scheme		785	1 530
Movement of deferred tax relating to pension deficit		(133)	(260)
Other comprehensive income/(expense) for the year		652	1 270
Total comprehensive income/(expense) for the year		1,212	216

All results relate to continuing operations

The notes on pages 12 to 33 form an integral part of these financial statements.

STANTON BONNA CONCRETE LIMITED
REGISTERED NUMBER: 02263795

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Fixed assets			
Tangible assets	13	12,705	11,194
Current assets			
Stocks	14	4,425	4,332
Debtors: amounts falling due within one year	15	5,274	6,349
Cash at bank and in hand		1,066	2,050
		<u>10,765</u>	<u>12,731</u>
Creditors: amounts falling due within one year	16	(11,436)	(11,973)
Net current (liabilities)/assets		(671)	758
Total assets less current liabilities		<u>12,034</u>	<u>11,952</u>
Creditors: amounts falling due after more than one year	17	-	(125)
Provision for other liabilities	20	(239)	(7,553)
Pensions and similar obligations	23	(890)	(2,056)
Net assets		<u><u>10,905</u></u>	<u><u>2,218</u></u>
Capital and reserves			
Called up share capital	21	10,809	3,334
Revaluation reserve		2,655	2,655
Profit and loss account		(2,559)	(3,771)
Total equity		<u><u>10,905</u></u>	<u><u>2,218</u></u>

The financial statements on pages 9 to 34 were approved and authorised for issue by the board of directors and were signed on its behalf by:


C C Richardson
 Director

Date: 19 November 2020

The notes on pages 12 to 33 form an integral part of these financial statements.

STANTON BONNA CONCRETE LIMITED

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

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2019	3,334	2,655	(3,771)	2,218
Comprehensive (expense)/income for the year				
Profit for the financial year	-	-	560	560
Actuarial gains on pension scheme	-	-	785	785
Deferred tax relating to pension deficit	-	-	(133)	(133)
Share Issue (note 21)	7,475	-	-	7,475
At 31 December 2019	<u>10,809</u>	<u>2,655</u>	<u>(2,559)</u>	<u>10,905</u>

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2018	3,334	2,655	(3,987)	2,002
Comprehensive (expense)/income for the year				
Loss for the financial year	-	-	(1,054)	(1,054)
Actuarial gains on pension scheme	-	-	1,530	1,530
Deferred tax relating to pension deficit	-	-	(260)	(260)
At 31 December 2018	<u>3,334</u>	<u>2,655</u>	<u>(3,771)</u>	<u>2,218</u>

The notes on pages 12 to 33 form an integral part of these financial statements.

STANTON BONNA CONCRETE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Stanton Bonna Concrete Limited whose principal activity is the manufacture and supply of concrete pipes, concrete manholes and other concrete products is a private company, limited by shares, incorporated and domiciled in England, in the United Kingdom. The company's registered number and registered office address can be found on the company information page.

During Q4 of 2019, the company made a payment of £7.47m in relation to closing the process that was entered into with the CMA for the civil investigation into cartel activity among various suppliers of certain precast concrete drainage products. In December 2018 the company admitted to participating in the cartel and agreed to pay the fine. (see note 20).

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied consistently.

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company's ultimate parent undertaking, Consolis SAS includes the Company in its consolidated financial statements. The consolidated financial statements of Consolis SAS are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from The Secretary at, Tour Europe 33, Place des Corolles 92049, Paris La Defense Cedex, France. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures.

- Cash Flow Statement and related notes, and
- Key Management Personnel compensation.

As the consolidated financial statements of Consolis SAS include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments*, and
- Certain disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

STANTON BONNA CONCRETE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.3 Going concern

In response to the payment of £7.47m, the Company issued 7,474,745 ordinary shares in Q4 of 2019 to ensure the balance sheet health was maintained. The Board therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and for this reason, the going concern basis continues to be adopted in preparing the financial statements.

On 16 November 2020, the Directors were informed that the ultimate parent, Consolis SAS is currently in advanced negotiations with a prospective purchaser for the company. Whilst the directors have no reason to believe that the company will not continue to operate in its current form, they cannot rule out the possibility the purchaser may restructure the operations post sale.

The Directors have prepared cash flow forecasts covering a period to the end of 2021, which include a severe but plausible downside scenario. The forecasts indicate that, taking account of a severe but plausible downside scenario, the company will have sufficient funds, through funding from its ultimate parent, to meet its liabilities as they fall due. Those forecasts are dependent on the ultimate parent not seeking repayment of debt currently due. However, given the prospective transaction noted above, there is uncertainty over the ultimate parent's intention to continue to provide that support over the forecast period.

Based on the above, the directors believe it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt upon the company's ability to continue as a going concern and, therefore to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised.

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied.

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

At 31 December 2019 there was £1,190k of sales not despatched (2018: £368k). The revenue has been recognised in line with the customer contract.

STANTON BONNA CONCRETE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.5 Interest receivable

Interest receivable is recognised in the Statement of comprehensive income using the effective interest method.

2.6 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP. All amounts in the financial statements have been rounded to the nearest £1,000.

Transactions and balances

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

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

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

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

2.7 Finance costs

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

2.8 Operating leases

Arrangements which transfer substantially all of the risks and rewards of ownership of an asset to the company are classified as finance leases. All other arrangements are classified as operating leases.

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

STANTON BONNA CONCRETE LIMITED

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

2. Accounting policies (continued)

2.9 Post employment benefits

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Defined benefit pension plan

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

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

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

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

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

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

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

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

STANTON BONNA CONCRETE LIMITED

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

2. Accounting policies (continued)

2.10 Taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

2.11 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Freehold land and buildings	- 10-25 years
Plant, machinery, fixtures and fittings	- 2-25 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

Freehold land is not depreciated.

STANTON BONNA CONCRETE LIMITED

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

2. Accounting policies (continued)

2.12 Assets under construction

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy.

Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

2.13 Revaluations

Fixed assets held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date. Any revaluation increase arising on the revaluation of such land and buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the Statement of comprehensive income to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset. Depreciation on revalued buildings is charged to the statement of comprehensive income. On the subsequent sale or scrappage of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

2.14 Stocks

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

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

Stock also includes spares which are items which include spare parts and servicing equipment.

2.15 Debtors

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

Trade Debtors are factored and 3rd party insurance is obtained to mitigate any bad debt risk.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

STANTON BONNA CONCRETE LIMITED

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

2. Accounting policies (continued)

2.17 Creditors

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

2.18 Provisions for liabilities

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

Provisions are charged as an expense to the Statement of comprehensive income in the year that the company becomes aware of the obligation and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.19 Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

2.20 Financial instruments

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

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

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

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

STANTON BONNA CONCRETE LIMITED

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

2. Accounting policies (continued)

2.20 Financial instruments (continued)

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

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.21 Called-up share capital

Share capital comprises the ordinary issued share capital of the company. When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. An additional 7,474,000 £1 ordinary shares were issued and fully paid in Q4 of 2019.

2.22 Contingent liabilities

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when it is not probable that there will be:

- I. an outflow of resources or;
- II. that the amount cannot be reliably measured at the reporting date or
- III. when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control.

Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

STANTON BONNA CONCRETE LIMITED

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

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following are judgements applied by the company.

Provisions

A provision is recognised when the company has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Whether a present obligation is probable or not requires judgement. The nature and type of risks for these provisions differ and management's judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not. The key provisions for which judgement has been applied in the financial statements relate to claims and regulatory penalties.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates based on technological advancement, future investments, economic utilisation and the physical condition of the assets. The impact of the estimation is inherently included within note 13.

Recoverability and impairment of debtors

Trade and other debtors are recognised to the extent that are judged to be recoverable. Management reviews are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made specifically where recoverability is uncertain. Management assess customer credit worthiness, current economic trends and changes in payment terms when making a judgement to evaluate the recoverability of debtors.

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. The impairment reflected in the Statement of comprehensive income amounted to £61,000 (2018 £74,000) as disclosed within note 15.

Stock and impairment of stock

Stock includes spares which are used to support ongoing production. Given the nature of items held within spares and the level of throughput, the Directors are of the view that spares should be included in stock.

The company makes an estimate of the recoverable value of stock and work in progress. When assessing the impairment of stock and work in progress, management considers factors including the current demand for product lines, obsolescence and the condition of stock in determining the carrying value. The impairment credit reflected in the Statement of comprehensive income amounted to £171k (2018 £416k).

STANTON BONNA CONCRETE LIMITED

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

**3. Judgements in applying accounting policies and key sources of estimation uncertainty
(continued)**

Pension deficit

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. The impact of the estimation is inherently included within the assumptions disclosed within note 23.

4. Turnover

An analysis of turnover by class of business is as follows

	2019	2018
	£000	£000
Sale of goods	28,733	29,109

All turnover arose within the United Kingdom.

5. Operating profit/(loss)

The operating profit/(loss) is stated after charging/(crediting).

	2019	2018
	£000	£000
Operating lease charges	186	252
Depreciation	1,274	954
Impairment of trade debtors	61	74
Foreign exchange losses	53	26

6. Auditor's remuneration

	2019	2018
	£000	£000
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	65	103

STANTON BONNA CONCRETE LIMITED

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

7. Employees

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

	2019 £000	2018 £000
Wages and salaries	6,172	6,209
Social security costs	720	648
Other pension costs	402	353
	<u>7,294</u>	<u>7,210</u>

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

	2019 No.	2018 No.
Production	149	144
Administration	46	42
	<u>195</u>	<u>186</u>

In addition, the average number of employees includes 12 temporary staff (2018 17).

8. Directors' remuneration

	2019 £000	2018 £000
Company contributions to money purchase pension plans	37	44
Directors' remuneration	155	166
	<u>192</u>	<u>210</u>

None of the directors are remunerated for their services to the Consolis Group as a whole and not for their services to the company. Accordingly, the directors' emoluments disclosed are for the directors paid through the company for services to the company. All other directors are paid by the Consolis Group.

9. Interest receivable and similar income

	2019 £000	2018 £000
Bank interest	<u>8</u>	<u>8</u>

STANTON BONNA CONCRETE LIMITED

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

10. Interest payable and similar expenses

	2019 £000	2018 £000
Other interest and financing charges	<u>201</u>	<u>137</u>

11. Other finance costs

	2019 £000	2018 £000
Net interest expense on net defined benefit liability	<u>53</u>	<u>91</u>

12. Tax on profit/(loss)

	2019 £000	2018 £000
Corporation tax		
Current tax on profit/loss for the year	-	-
Adjustments in respect of previous periods	3	(442)
Total current tax	<u>3</u>	<u>(442)</u>
Deferred tax		
Origination and reversal of timing differences	147	15
Adjustments in respect of prior periods	(13)	46
Total deferred tax	<u>134</u>	<u>61</u>
Taxation on loss on ordinary activities	<u>137</u>	<u>(381)</u>

STANTON BONNA CONCRETE LIMITED

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

12. Tax on profit/(loss) (continued)

Factors affecting tax (credit)/charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below

	2019	2018
	£000	£000
Profit/(Loss) before tax	<u>732</u>	<u>(1,435)</u>
Profit/(Loss) multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	139	(273)
Effects of:		
Expenses not deductible for tax purposes other than goodwill amortisation and impairment	7	71
Adjustments to tax charge in respect of prior periods	(10)	(396)
Fixed asset difference	56	54
Other differences leading to an increase/(decrease) in the tax charge	(17)	163
Total tax charge/(credit) for the year	<u>172</u>	<u>(381)</u>

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax liability as at 31 December 2019 has been calculated based on this rate

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020 and this change was substantively enacted on 17 March 2020. This will increase the company's future current tax charge accordingly and increase the deferred tax liability by £17,000

STANTON BONNA CONCRETE LIMITED

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

13. Tangible Assets

	Freehold land and buildings £000	Plant, machinery, fixtures and fittings £000	Assets under construction £000	Total £000
Cost or valuation				
At 1 January 2019	6,494	16,586	2,352	25,432
Additions	-	2,798	-	2,798
Transfers	1,522	541	(2,063)	-
Disposals	(851)	(13,307)	-	(14,158)
At 31 December 2019	<u>7,165</u>	<u>6,618</u>	<u>289</u>	<u>14,072</u>
Accumulated Depreciation				
At 1 January 2019	879	13,359	-	14,238
Charge for the year on owned assets	347	927	-	1,274
Disposal	(851)	(13,294)	-	(14,145)
At 31 December 2019	<u>375</u>	<u>992</u>	<u>-</u>	<u>1,367</u>
Net book value				
At 31 December 2019	<u>6,790</u>	<u>5,626</u>	<u>289</u>	<u>12,705</u>
At 31 December 2018	<u>5,615</u>	<u>3,227</u>	<u>2,352</u>	<u>11,194</u>

Freehold land and buildings include land at a value of £2,100,000 (2018: £2,100,000) on which no depreciation is charged.

STANTON BONNA CONCRETE LIMITED

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

13. Tangible Assets (continued)

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

	2019 £000	2018 £000
Plant and machinery	<u>306</u>	<u>346</u>

14. Stocks

	2019 £000	2018 £000
Raw materials	89	38
Finished goods	<u>4,336</u>	<u>4,294</u>
	<u>4,425</u>	<u>4,332</u>

Stocks are stated after provisions for impairment of £171,441 (2018: £416,000). Stock includes £570k relating to spares (2018: £649k).

15. Debtors: Amounts falling due within one year

	2019 £000	2018 £000
Trade debtors	4,797	4,780
Amounts owed by group undertakings	108	774
Corporation Tax Debtor	171	288
Prepayments and accrued income	198	388
Deferred taxation (note 19)	-	119
	<u>5,274</u>	<u>6,349</u>

Trade debtors are stated after impairment of £61,000 (2018: £74,000).

STANTON BONNA CONCRETE LIMITED

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

16. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Factoring	4 690	5,440
Trade creditors	4,560	4,121
Amounts owed to group undertakings	845	579
Other taxation and social security	382	69
Net obligations under finance lease and hire purchase contracts	125	125
Other creditors	12	259
Accruals and deferred income	822	1 380
	<u>11,436</u>	<u>11,973</u>

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

	2019 £000	2018 £000
Between one and five years		
Net obligations under finance leases and hire purchase contracts	<u>-</u>	<u>125</u>

Net obligations under finance lease and hire purchase contracts are secured against the assets to which they relate.

18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows

	2019 £000	2018 £000
Within one year	125	125
Between one and five years	<u>-</u>	<u>125</u>
	<u>125</u>	<u>250</u>

STANTON BONNA CONCRETE LIMITED

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

19. Deferred taxation

	2019 £000	2018 £000
At beginning of year	119	440
Charged to profit or loss	(134)	(61)
Charged to other comprehensive income	(133)	(260)
At end of year	<u>(148)</u>	<u>119</u>

The deferred tax asset is made up as follows

	2019 £000	2018 £000
Short term timing differences	(473)	(330)
Defined benefit pension scheme	159	354
Losses and other deductions	55	128
Capital gains	(33)	(33)
	<u>(148)</u>	<u>119</u>

STANTON BONNA CONCRETE LIMITED

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

20. Provision for other liabilities

	Provision for penalties £000	Other provision £000	Total £000
At 1 January 2019	7,475	78	7,553
Credited to profit and loss account	-	(22)	(22)
Utilised	(7,475)	-	(7,475)
Deferred tax (note 19)		183	183
At 31 December 2019	-	239	239

21. Called up share capital

	2019 £000	2018 £000
Allotted, called up and fully paid		
10,808,745 - (2018: 3,334,000) Ordinary shares of £1 each	<u>10,809</u>	<u>3,334</u>

The Company raised £7,475,000 through the issue of £1 Ordinary shares during 2019.

22. Capital commitments

As at 31 December 2019, the company had committed to capital expenditure totalling £102k (2018: £1,271k) which is not provided for in these financial statements.

23. Pensions and similar obligations

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £660,000 (2018: £386,000).

Defined benefit pension scheme

The company operates a defined benefit pension scheme funded by the company and its employees. The scheme was closed to future accruals in June 2017 and a defined contribution scheme was opened up to all employees.

STANTON BONNA CONCRETE LIMITED

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

23. Pension and similar obligations (continued)

Contributions to the defined benefit pension scheme are made to a pension trust whose assets are held in a separate trustee administered fund. The contributions to the scheme are determined by a qualified actuary using the projected unit method. The scheme is a closed scheme and therefore under the

projected unit method the current service cost would be expected to increase as the members approach retirement.

The most recent actuarial valuation was at 5 April 2018 and updated to 31 December 2019 by a qualified actuary.

Reconciliation of present value of plan liabilities

	2019 £000	2018 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	25,860	29,792
Current service cost	-	-
Loss/(gain) on curtailments	-	162
Interest cost	735	743
Actuarial loss/(gain)	2,604	(3,551)
Contributions from scheme members	-	-
Benefits paid	(1,029)	(1,286)
Insurance premiums for risk benefits	-	-
At the end of the year	28,170	25,860

STANTON BONNA CONCRETE LIMITED

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

23. Pension and similar obligations (continued)

Reconciliation of present value of plan assets.

	2019 £000	2018 £000
At the beginning of the year	23,804	25,933
Insurance premium for risk benefits	-	-
Interest income	682	652
Actuarial (losses)/gains	3,389	(2,021)
Contributions from scheme members	-	-
Benefits paid	(1,029)	(1,286)
Settlements	(226)	(134)
Contributions from the sponsoring companies	660	660
At the end of the year	<u>27,280</u>	<u>23,804</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2019	2018
Equity instruments	27%	50%
Debt instruments	40%	41%
Other assets	33%	9%
Total plan assets	<u>100%</u>	<u>100%</u>

None of the scheme's assets are the entity's own financial instruments or property occupied or used by the entity.

	2019 £000	2018 £000
Fair value of plan assets	27,280	23,804
Present value of plan liabilities	(28,170)	(25,860)
Net pension scheme liability	<u>(890)</u>	<u>(2,056)</u>

STANTON BONNA CONCRETE LIMITED

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

23. Pension and similar obligations (continued)

The amounts recognised in profit or loss are as follows:

	2019 £000	2018 £000
Interest on obligation	53	91
Past service cost	226	134
Loss/(Gain) on curtailments	-	162
Total	<u>279</u>	<u>387</u>
Actual return on scheme assets	<u>682</u>	<u>652</u>

The cumulative amount of actuarial gains and losses recognised in the statement of comprehensive income was £785,000 (2018 £1,530,000).

The Company is committed to regular additional contributions to fund the deficit, as set out in the Schedule of Contributions, the latest version of which allows for an additional £660,000 per annum of contributions reducing to £415,000 during 2020.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2019 %	2018 %
Discount rate	2.05	2.90
Future salary increases	N/A	N/A
Future pension increases	2.60	3.00
Inflation assumption	2.70	3.10
Mortality rates		
- for a male aged 65 now	86.8	86.7
- at 65 for a male aged 45 now	88.5	88.4
- for a female aged 65 now	89.1	89.1
- at 65 for a female member aged 45 now	<u>91.0</u>	<u>90.9</u>

STANTON BONNA CONCRETE LIMITED

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

24. Commitments under operating leases

At 31 December the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £000	2018 £000
Not later than one year	189	96
Later than one year and not later than five years	472	120
	<u>661</u>	<u>216</u>

25. Controlling Party

At the balance sheet date, the company was a 100% subsidiary of Consolis Rail International SAS, a company incorporated in France.

The ultimate parent undertaking is Consolis SAS, a company incorporated in France

The ultimate controlling party is Bain Capital Europe Fund IV LP, a private equity firm registered in the Cayman Islands.

A copy of the consolidated financial statements of Consolis SAS, the smallest and largest group in which the results of the company are included, can be obtained from The Secretary at Tour Europe, 33, Place des Corolles 92049, Paris La Defense Cedex, France.