Registered number:
02263795

STANTON BONNA CONCRETE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

STANTON BONNA CONCRETE LIMITED

COMPANY INFORMATION

Directors	B J R Cattin-Martel (appointed 18 December 2017) C C Richardson N Yatzimirsky (appointed 18 December 2017)
Company secretary	A L Barlow
Registered number	02263795
Registered office	Littlewell Lane Stanton By Dale Ilkeston Derbyshire DE7 4QW
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Cornwall Court 19 Cornwall Street Birmingham B3 2DT

STANTON BONNA CONCRETE LIMITED

CONTENTS

	Page
Strategic report	1 – 3
Directors' report	4 – 5
Independent auditors' report to the members of Stanton Bonna Concrete Limited	6 – 8
Statement of comprehensive income for the year ended 31 December 2017	9
Balance sheet as at 31 December 2017	10
Statement of changes in equity for the year ended 31 December 2017	11
Notes to the financial statements for the year ended 31 December 2017	12 - 35

STANTON BONNA CONCRETE LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present the strategic report of Stanton Bonna Concrete Limited ("the company") for the year ended 31 December 2017.

Principal activities, business review and future developments

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

The key performance indicators show the following movements:

	2017	2016
Turnover	£27.67m	£31.6m
(Loss)/Profit before tax	(£3.9m)	£1.2m
Debtor days	72	98
Creditor days	112	88

Trading losses of £3.9m included a one-off credit adjustment of £2.5m relating to a curtailment on the Defined Benefit Pension Scheme, offset by a one-off charge of £7.5m in relation to an estimated fine payable to the Competition and Markets Authority ("CMA"), see below. These items have been combined and included as an exceptional item in the statement of comprehensive income. Excluding these, trading profits were in line with prior year. 2017 sales revenue was in line with budget, albeit volumes from our core business were down slightly on 2016. Imports improved significantly in the year, helped by two specific projects, one involving X-press tank and the other Pressure Pipe, neither of which are expected to generate repeat business in 2018.

The UK Rail element of the business is run as a separate trading entity for commercial reasons; all rail products are manufactured by Stanton Bonna Concrete Limited and sold to SBC Rail Limited.

As anticipated, our Rail business continued to slow down in the period, compared with the highs of 2015 / 2016 when we benefited from the sale of specialist sleepers to SBC Rail Limited. However, interest remained high in the light rail sector and a number of key projects were secured.

Overall sales in 2018 grew by 5.2% with demand from the residential sector remaining strong and our new business development work starting to deliver. Core product sales are buoyant although product mix continues to cause production planning problems.

Investment in our main batching capabilities and core personnel are expected to improve performance and in particular help deliver a better customer experience, as both quality and productivity start to improve.

The Competition and Markets Authority ("CMA") conducted separate civil and criminal investigations into suspected cartel activity among various suppliers in the supply of certain precast concrete drainage products. An estimated fine of £7.5m has been recognised in these financial statements. A previous employee pleaded guilty to the cartel offence under the Enterprise Act 2002, following which the Company reached a settlement with the CMA regarding alleged infringements of the Chapter 1 Prohibition in the Competition Act 1998. Further details are set out in note 20 on page 29 and note 2.3 on page 13 to the financial statements.

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 profit and loss account.

The company uses forward foreign currency contracts to reduce exposure to foreign exchange rates.

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 profit and loss account 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 specific customers. Payments terms are altered where no insurance can be obtained.

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, of which the Company is a subsidiary, 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.

The Competition & Markets Authority ("CMA") decided in October 2017 to proceed with a civil investigation of the company regarding some breaches of competition law. The company has entered into a settlement agreement with the CMA in December 2018 (see note 25).

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.

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

C C Richardson
Director

Date: 29/1/19

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the audited financial statements for the year ended 31 December 2017.

Results and dividends

The loss for the year after taxation amounted to (£4,802k) (2016 - Profit of £799k).

The net assets position at 31 December 2017 was £2,002k (2016 - £4,897k).

The company has not declared a dividend (2016: £Nil).

Directors

The directors; who served during the year unless otherwise stated, are:

B J R Cattin-Martel (appointed 18 December 2017)
C C Richardson
N Yatzimirsky (appointed 18 December 2017)
P R J Mirat (resigned 4 November 2017)
M A Ogden (resigned 30 September 2017)

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 £1,988 (2016 - £1,316) 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.

Going concern

A provision of £7.5 million has been made in the financial statements in relation to an expected CMA fine (see note 20). The company will be dependent on the continued ongoing financial support of its immediate and related parent undertakings to enable it to pay the fines and continue in business as a going concern after the conclusion of the CMA investigation. To that end a separate contractual and irrevocable intragroup financing facility has been put in place, with no repayment obligations other than interest payments until 2021 at the earliest, totalling £10.4 million of which Tranche 1 relates to £7.4 million funds to pay the expected fine and Tranche 2 relates to £3.0 million additional funding that the company can utilise if necessary to support its ongoing trading operations. These facilities are further supported by an ongoing commitment by the parent company to financially support the company, as evidenced through a letter of support arrangement. These combined arrangements have been put in place to allow the company to continue in existence as a going concern.

After making due enquiries, the board 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.

In reaching this conclusion the board have considered the financial position of the company and its external and internal funding facilities. The board has undertaken a review of the company's forecasts and associated risks and sensitivities. The company is financed by a combination of intra-group debt and cash balances/bank overdrafts and the board having received the new financing facility referred to above, has every expectation that the immediate parent company and/or other related parties will continue to make available intra-group debt at levels sufficient to allow the company to meet its liabilities as they fall due.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

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 regulations.

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 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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

C C Richardson
Director

Date: 29/1/19

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STANTON BONNA CONCRETE LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Stanton Bonna Concrete Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared 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); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2017, the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STANTON BONNA CONCRETE LIMITED

Reporting on other information (continued)

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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

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 year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for 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.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STANTON BONNA CONCRETE LIMITED

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

J. Khela

Jas Khela (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
29 January 2019

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £000	2016 £000
Turnover	4	27,670	31,601
Cost of sales		(18,628)	(24,087)
Gross profit		9,042	7,514
Distribution costs		(4,695)	(4,163)
Administrative expenses before exceptional items		(2,813)	(1,923)
Exceptional items	5	(4,960)	-
Administrative expenses		(7,773)	(1,923)
Operating (loss)/profit	5	(3,426)	1,428
Interest receivable and similar income	9	3	3
Interest payable and similar expenses	10	(247)	(8)
Other finance costs	11	(239)	(198)
(Loss)/profit before tax		(3,909)	1,225
Tax on profit	12	(893)	(426)
(Loss)/profit for the financial year		(4,802)	799
Other comprehensive income/(expense) for the year			
Actuarial gains/(losses) on defined benefit pension scheme		2,298	(4,038)
Movement of deferred tax relating to pension surplus		(391)	686
Other comprehensive income/(expense) for the year		1,907	(3,352)
Total comprehensive expense for the year		(2,895)	(2,553)

All results relate to continuing operations.

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

STANTON BONNA CONCRETE LIMITED
REGISTERED NUMBER: 02263795

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note		2017 £000		2016 £000
Fixed assets					
Tangible fixed assets	13		9,581		8,622
Current assets					
Stocks	14	4,460		3,508	
Debtors: amounts falling due within one year	15	6,326		9,925	
Cash at bank and in hand		1,326		1,608	
		12,112		15,041	
Creditors: amounts falling due within one year	16	(7,932)		(9,537)	
Net current assets			4,180		5,504
Total assets less current liabilities			13,761		14,126
Creditors: amounts falling due after more than one year	17		(251)		-
Provision for other liabilities	20		(7,649)		(110)
Post employment benefits	23		(3,859)		(9,119)
Net assets			2,002		4,897
Capital and reserves					
Called up share capital	21		3,334		3,334
Revaluation reserve			2,655		2,655
Profit and loss account			(3,987)		(1,092)
Total equity			2,002		4,897

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

C C Richardson
Director

Date: 29/1/19

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

STANTON BONNA CONCRETE LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2017	3,334	2,655	(1,092)	4,897
Comprehensive income/(expense) for the year				
Loss for the financial year	-	-	(4,802)	(4,802)
Actuarial gains on pension scheme	-	-	1,907	1,907
At 31 December 2017	3,334	2,655	(3,987)	2,002

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2016	3,334	2,655	1,461	7,450
Comprehensive income/(expense) for the year				
Profit for the financial year	-	-	799	799
Actuarial losses on pension scheme	-	-	(3,352)	(3,352)
At 31 December 2016	3,334	2,655	(1,092)	4,897

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

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 the United Kingdom. The company's registered number and registered office address can be found on the company information page.

The Competition and Markets Authority ("CMA") opened separate civil and criminal investigations into suspected cartel activity among various suppliers of certain precast concrete drainage products.

As part of the criminal investigation a previous employee of the company (who was immediately suspended by the company and subsequently left the company's employment) was convicted and sentenced on 15 September 2017 of an offence under the Enterprise Act 2002.

As part of a settlement process with the CMA for the civil investigation, in December 2018 the company admitted to participating in the alleged cartel and agreed to pay fines, the quantum of which will be determined at the end of the CMA investigation. A provision of £7.5m has been made by the company at 31 December 2017 to reflect its best estimate of the likely fines payable (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 financial statements of Stanton Bonna Concrete Limited have been prepared in compliance with United Kingdom Accounting Standards, including 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:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Compact (BC) S.a.r.l as at 31 December 2017 and these financial statements may be obtained from The Secretary at, Tour Europe, 33, Place des Corolles 92049, Paris La Defense Cedex, France.

2. Accounting policies (continued)

2.3 Going concern

As part of a settlement process with the CMA for their civil investigation into the suspected cartel activity of products to the construction industry a provision of £7.5 million has been made by the company at 31 December 2017 to reflect the best estimate of the likely fines payable (see note 20). The company will be dependent on the continued ongoing financial support of its immediate and related parent undertakings to enable it to pay the fines and continue in business as a going concern after the conclusion of the CMA investigation. To that end a separate contractual and irrevocable intragroup financing facility has been put in place, with no repayment obligations other than interest payments until 2021 at the earliest, totalling £10.4 million of which Tranche 1 relates to £7.4 million funds to pay the expected fine and Tranche 2 relates to £3.0 million additional funding that the company can utilise if necessary to support its ongoing trading operations. These facilities are further supported by an ongoing commitment by the parent company to financially support the company, as evidenced through a letter of support arrangement. These combined arrangements have been put in place to allow the company to continue in existence as a going concern.

After making due enquiries, the board 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.

In reaching this conclusion the board have considered the financial position of the company and its external and internal funding facilities. The board has undertaken a review of the company's forecasts and associated risks and sensitivities. The company is financed by a combination of intra-group debt and cash balances/bank overdrafts and the board having received the new financing facility referred to above, has every expectation that the immediate parent company and/or other related parties will continue to make available intra-group debt at levels sufficient to allow the company to meet its liabilities as they fall due.

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.

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.

2. Accounting policies (continued)

2.6 Foreign currency translation (continued)

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 'other finance costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating (loss)/profit'.

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.

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

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

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

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

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

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

a) the increase in net pension benefit liability arising from employee service during the period; and

b) the cost of plan introductions, benefit changes, curtailments and settlements.

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

2. 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.

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 profit and loss account. 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.

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.

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.

2. Accounting policies (continued)

2.17 Creditors

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

2.18 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 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.

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.

2.22 Contingent liabilities

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when it is;

I. not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or;

II. when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Company'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.

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.

CMA fine

In its Press Release dated 13 December 2018, the CMA stated that it had addressed its statement of objections to Stanton Bonna Concrete Limited and specified parent companies. Legal advice suggests that all named parties are jointly and severally liable for the fine.

The estimated full liability has been recognised in the financial statements of Stanton Bonna Concrete Limited (the "company") because, in the opinion of the Directors, that is the most appropriate accounting treatment by virtue of the fact that the company, through its employee, was the transgressing party and has admitted its liability to the CMA.

The valuation of the fine recognised (£7.5 million) represents a material estimate in preparing these financial statements. The directors have made provision for their best estimate of the likely amount of fine payable, based on expert guidance from the advisers who are assisting them in this matter.

The following are the company's other key sources of estimation uncertainty:

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 they 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 £87,000 as disclosed within note 15.

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

Impairment of 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 £99,900.

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:

	2017 £000	2016 £000
Sale of goods	27,670	31,601

All turnover arose within the United Kingdom.

5. Operating (loss)/profit

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

	2017 £000	2016 £000
Exceptional items:		
Gain on Curtailment (Note 23)	(2,540)	-
Provision for CMA regulatory fine (Note 20)	7,500	-
	4,960	-
Operating lease charges	265	99
Depreciation	886	632
Inventory recognised as an expense	(99)	142
Impairment of trade debtors	87	65
Foreign exchange losses	247	106

6. Auditors' remuneration

	2017 £000	2016 £000
Fees payable to the company's auditors and its associates for the audit of the company's annual financial statements	135	21

Fees payable to the company's auditors and associated services:

Taxation compliance services	-	5
All other services	-	5
	-	10

7. Employees

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

	2017 £000	2016 £000
Wages and salaries	5,470	5,622
Social security costs	581	535
Other pension costs	433	453
	6,484	6,610

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

	2017 No.	2016 No.
Production	128	123
Administration	40	33
	168	156

8. Directors' remuneration

	2017 £000	2016 £000
Directors' emoluments	185	173

The highest paid director received remuneration of £167,000 (2016 - £173,000).

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

	2017 £000	2016 £000
Bank interest	3	3

10. Interest payable and similar expenses

	2017 £000	2016 £000
Other interest and financing charges	247	8

11. Other finance costs

	2017 £000	2016 £000
Net interest expense on net defined benefit liability	239	198

12. Tax on (loss)/profit

	2017 £000	2016 £000
Corporation tax		
Current tax on profits for the year	265	125
Adjustments in respect of previous periods	94	165
Total current tax	359	290
Deferred tax		
Origination and reversal of timing differences	534	133
Adjustments in respect of prior periods	-	(44)
Effect of decreased tax rate on opening balance	-	47
Total deferred tax	534	136
Taxation on profit on ordinary activities	893	426

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - higher) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £000	2016 £000
(Loss)/profit before tax	(3,909)	1,225
Profit multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	(752)	245
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,428	2
Adjustments to tax charge in respect of prior periods	94	121
Fixed asset difference	52	34
Other differences leading to an increase in the tax charge	71	24
Total tax charge for the year	893	426

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

Factors that may affect future tax charges

The tax rate for the current year is lower than the prior year due to changes in the UK corporation tax rates, which decreased from 20% to 19% from 1 April 2017.

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred tax rates at the balance sheet date have been measured using these enacted rates and reflected in these financial statements.

13. Tangible Fixed Assets

	Freehold land and buildings £000	Plant, machinery, fixtures and fittings £000	Assets under construction £000	Total £000
Cost or valuation				
At 1 January 2017	6,085	14,935	-	21,020
Additions	67	1,063	715	1,845
At 31 December 2017	6,152	15,998	715	22,865
Depreciation				
At 1 January 2017	327	12,071	-	12,398
Charge for the year on owned assets	270	616	-	886
At 31 December 2017	597	12,687	-	13,284
Net book value				
At 31 December 2017	5,555	3,311	715	9,581
At 31 December 2016	5,758	2,864	-	8,622

Freehold land and buildings includes land at a value of £2,100,000 (2016 - £2,100,000) on which no depreciation is charged.

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

	2017 £000	2016 £000
Plant and machinery	376	-

13. Tangible Fixed Assets (continued)

A valuation of the freehold land and buildings was last performed on 31 December 2014 by Innes England, the basis of which was at the prevailing market rate.

If the amount of these revalued assets, included in the accounts at a valuation of £4m had been determined in accordance with the historical cost convention, they would have been included as follows:

	2017 £000	2016 £000
Cost	1,649	1,649
Accumulated depreciation	(1,548)	(1,482)
Net book value as at 31 December 2017	101	167

14. Stocks

	2017 £000	2016 £000
Raw materials	117	162
Finished goods	4,343	3,346
	4,460	3,508

Stocks are stated after provisions for impairment of £321,000 (2016 - £419,000).

15. Debtors: Amounts falling due within one year

	2017 £000	2016 £000
Trade debtors	4,865	5,595
Amounts owed by group undertakings	903	2,847
Other debtors	10	62
Prepayments and accrued income	108	56
Deferred taxation	440	1,365
	6,326	9,925

Trade debtors are stated after impairment of £87,000 (2016 - £65,000).

Amounts owed by group undertakings includes £164,000 (2016 - £1,000,000) consisting of short-term interest bearing loans to group companies. These loans are unsecured, and are repayable upon mutual agreement.

16. Creditors: Amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	4,806	3,218
Amounts owed to group undertakings	1,214	2,436
Corporation tax	77	22
Other taxation and social security	196	881
Net obligations under finance lease and hire purchase contracts	125	-
Other creditors	187	245
Accruals and deferred income	1,327	2,735
	7,932	9,537

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

Amounts owed by group undertakings includes £Nil (2016 - £2 million) consisting of short-term interest bearing loans from group companies. These loans are unsecured and are repayable upon mutual agreement

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

	2017 £000	2016 £000
Between one and five years		
Net obligations under finance leases and hire purchase contracts	251	-

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:

	2017 £000	2016 £000
Within one year	125	-
Between one and five years	251	-
	376	-

19. Deferred taxation

	2017 £000	2016 £000
At beginning of year	1,365	814
Charged to Statement of Comprehensive Income	(534)	(136)
Charged to other comprehensive income	(391)	687
At end of year	440	1,365

The deferred tax asset is made up as follows:

	2017 £000	2016 £000
Fixed asset timing differences	(235)	(168)
Defined benefit pension scheme	708	1,550
Short term timing differences	-	16
Capital gains	(33)	(33)
	440	1,365

20. Provision for other liabilities

	Provision for penalties £000	Claims provision £000	Total £000
At 1 January 2017	-	110	110
Charged to Statement of Comprehensive Income	7,500	39	7,539
At 31 December 2017	7,500	149	7,649

The provision for penalties relates to the best estimate of the likely fine payable to the CMA (see note 2.3). The fine is expected to be settled in 2019. The claims provision relates to a provision for customer claims.

21. Called-up share capital

	2017 £000	2016 £000
Allotted, called up and fully paid		
3,334,000 - (2016 - 3,334,000) Ordinary shares of £1 each	3,334	3,334

22. Capital commitments

As at 31 December 2017, the company had committed to capital expenditure totalling £856,000 which is not provided for in these financial statements.

23. Post employment benefit

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 £277,000 (2016: £58,000). Contributions totalling £37,000 (2016: £6,000) were payable to the fund at the balance sheet date and are included in creditors. A number of employees previously members of the defined benefit contribution scheme, began contributing to the Defined Contribution pension scheme during the year.

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.

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 2017 and updated to 31 December 2017 by a qualified actuary.

23. Post employment benefit (continued)

Reconciliation of present value of plan liabilities:

	2017 £000	2016 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	32,431	25,348
Current service cost	149	323
Past service cost	(2,540)	-
Interest cost	868	966
Actuarial (gains)/losses	(278)	6,640
Contributions from scheme members	38	93
Benefits paid	(873)	(1,530)
Insurance premiums for risk benefits	(3)	(19)
Other actuarial remeasurement	-	610
At the end of the year	29,792	32,431

23. Post employment benefit (continued)

Reconciliation of present value of plan assets:

	2017 £000	2016 £000
At the beginning of the year	23,312	20,033
Insurance premium for risk benefits	(3)	(19)
Interest income	629	768
Actuarial gains/(losses)	2,020	3,212
Contributions from scheme members	38	93
Benefits paid	(873)	(1,530)
Settlements	(118)	(163)
Contributions from the sponsoring companies	928	918
At the end of the year	25,933	23,312

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

	2017	2016
Equity instruments	61%	60%
Debt instruments	38%	39%
Other assets	1%	1%
Total plan assets	100%	100%

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

	2017 £000	2016 £000
Fair value of plan assets	25,933	23,312
Present value of plan liabilities	(29,792)	(32,431)
Net pension scheme liability	(3,859)	(9,119)

23. Post employment benefit (continued)

The amounts recognised in profit or loss are as follows:

	2017 £000	2016 £000
Current service cost	149	323
Interest on obligation	239	198
Past service cost	118	163
Gain on curtailments	(2,540)	-
Total	(2,034)	684
Actual return on scheme assets	629	768

The cumulative amount of actuarial gains and losses recognised in the statement of comprehensive income was £2,298,000 (2016: £4,038,000).

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.

23. Post employment benefit (continued)

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

	2017 %	2016 %
Discount rate	2.55	2.70
Future salary increases	3.85	3.95
Future pension increases	2.90	3.10
Inflation assumption	3.10	3.20
Mortality rates		
- for a male aged 65 now	87.4	87.3
- at 65 for a male aged 45 now	89.6	89.9
- for a female aged 65 now	90.0	89.5
- at 65 for a female member aged 45 now	92.3	92.2

24. Commitments under operating leases

At 31 December 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £000	2016 £000
Not later than one year	72	18
Later than one year and not later than five years	93	13
	165	31

25. Post Balance Sheet Events

In December 2018 the company entered into a settlement process with the CMA as part of the CMA's civil investigation into suspected cartel activity amongst various suppliers of certain precast concrete drainage products.

As part of a settlement process with the CMA (see note 2.3 and note 20) a provision of £7.5m has been made by the company at 31 December 2017 to reflect its best estimate of the likely fine payable.

As a consequence of this, the company will be dependent on the continued ongoing financial support of its immediate and related parent undertakings to enable it to pay the fine and any other costs that may arise. To that end, in addition to its ongoing support arrangements to the company, a contractual and irrevocable intra-group financing facility, totaling £10.4 million and which has no repayment obligations (other than interest payments) until 2021, has been put in place in January 2019.

26. Controlling party

At the balance sheet date, the company was a 100% subsidiary of Bonna Sabla SA, a company incorporated in France.

The ultimate parent undertaking is Compact (BC) S.a.r.l., a company registered in Luxembourg.

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 Compact (BC) S.a.r.l, the smallest and largest group in which the results of the company are included, can be obtained from The Secretary at 4, rue Lou Hemmer, L-1748 Luxembourg-Findel, Grand Duchy of Luxembourg.