

**STANTON PRECAST LIMITED
(FORMERLY STANTON BONNA CONCRETE LIMITED)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



STANTON PRECAST LIMITED

COMPANY INFORMATION

Directors	B J R Cattin-Martel C C Richardson N Yatzimirsky (resigned 16 th November 2020) R Noury (appointed 25 th November 2020, resigned 29 th January 2021) V Henriquez (appointed 31 st March 2021)
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 PRECAST LIMITED

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STANTON PRECAST LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report of Stanton Precast Limited ("the company") for the year ended 31 December 2020.

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:

	2020	2019
Turnover	£22.7m	£28.7m
Profit/(Loss) before tax	(£1.1m)	£0.7m
Debtor days	61	64
Creditor days	80	77

Overall turnover at £22.7m was 21% lower than in 2019. Covid-19 impacted annual sales during Q2 as the construction industry locked down in line with Government guidance. Although a significant proportion of the workforce was furloughed, some employees continued in the business to ensure remaining customer demand was met and to prevent customer leakage. During the first lockdown, the majority of construction sites were closed within a few days of the "stay at home" order and the order book reduced significantly in this sector. Infrastructure construction, although there was a significant reduction in activity during the first lockdown, key work remained ongoing and the business continued to supply products to these customers to secure future demand. The construction sector recovered strongly with near normal levels of activity from July 2020, however recovering the "lost quarter" presented insurmountable challenges. The construction and infrastructure sectors worked diligently to ensure they could work safely in Covid-19 environment, therefore subsequent lockdowns did not impact the activity levels significantly with the business only observing minor disruption during these periods.

The business took advantage of the Government's furlough scheme where possible, however the impact of Covid-19 on revenue and the stranded costs that remained in the business during this period resulted in EBITDA falling to £468k (2019: £2,252k). The Directors anticipate that the construction sector will continue to be resilient during any potential future lockdowns, as a result it's anticipated that 2021 will deliver similar results to 2019.

The Directors are pleased to announce that new activity in a major project is expected to deliver some growth in 2021 and significant growth in 2022.

The Rail element of the business is expected to grow slowly during 2021 as focus in this area continues to be seen as a strategic opportunity.

Administration costs reduced by £0.5m to £2.9m during 2020 as a result of the Directors responding to the reduced volumes created by the Covid-19 pandemic.

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 PRECAST LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

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 Precast 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 PRECAST LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Principal risks and uncertainties (continued)

Product risk

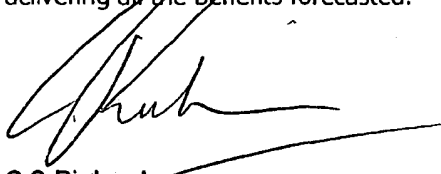
The company manages product risk via compliance with third-party product testing schemes such as the BSI Kitemark, while also manufacturing the products under the control of a certified ISO 9001 quality management system.

Brexit

Low levels of European trade ensure the impact of Brexit on the business is minimal, however some level of import of raw materials accompanied by imported transportation pose a nominal risk. This is managed closely within the procurement team and to the end of May 2021, no significant impact of Brexit has been detected. The directors shall continue to monitor any potential impact of Brexit going forward to ensure these are mitigated where possible.

Project Risk

A major project is in the late planning stages and potentially poses some risk to the business. These risks are mitigated with the formation of a project steering committee that is chaired by the group Chief Executive. In addition, a dedicated project director accompanied by a project senior leadership team is in place to take overall control of the project. As such, early warning triggers are in place to ensure the project is successful in delivering all the benefits forecasted.



C C Richardson
Director

Date: 28th June 2021

STANTON PRECAST LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the audited financial statements for the year ended 31 December 2020.

Results and dividends

The loss for the year, after taxation, amounted to £997k (2019: Profit of £560k).

The net assets position at 31 December 2020 was £9,285k (2019: £10,905k).

The company has not declared a dividend (2019: £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 (resigned 16th November 2020)

R Noury (appointed 25th November 2020, resigned 29th January 2021)

V Henriquez (appointed 31st March 2021)

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 £1,580 (2019: £1,785) 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

On 24th March 2021, £1.8m of additional share equity was issued and paid for in full by the Company's immediate parent allowing the directors to repay £750k of long term debt and invest £1.05m in a new capital asset.

On the 1st April 2021, the company was acquired from its ultimate parent company, Bain Capital Europe by Towerbrook Partners.

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. The construction industry however, has shown significant resilience to the impact of the pandemic and revenues and operating EBITDA, to the end of April 2021, were in line with pre-pandemic levels.

The Directors have prepared cash flow forecasts covering a period to September 2022. These demonstrate that the company will continue to have sufficient cash reserves to continue as a going concern and meet all of its liabilities as they fall due.

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DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Going concern (continued)

Sensitivity analysis was undertaken to stress test the cash flows and factors considered were margin dilution due to possible market pressures and manufacturing inefficiencies as a result of on boarding a major new project. In the downside scenarios modelled via the sensitivity analysis, the company will continue to have sufficient cash reserves to continue as a going concern and meet all of its liabilities as they fall due. No additional Government Covid-19 stimuli has been assumed.

On 16 November 2020, the Directors were informed that the ultimate parent, Consolis SAS, was in advanced negotiations with a prospective purchaser for the company, subsequently the Company's ultimate parent changed ownership on the 1st April 2021. As part of this process, £1.8m of additional share equity was issued and paid for by the Company's immediate parent allowing the directors to repay £750k of intercompany debt and invest £1.05m in a new capital asset. The remaining intercompany debt of £852k is a loan from a non-trading sister company, which the prospects of repayment remain low. As such, the directors believe there is no longer a requirement to ask for a letter of support from its parent company.

Based on the above, the directors believe it remains appropriate to prepare the financial statements on a going concern basis.

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;
- 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.

STANTON PRECAST LIMITED

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: 28th June 2021

STANTON PRECAST LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STANTON PRECAST LIMITED

Opinion

We have audited the financial statements of Stanton Precast Limited ("the company") for the year ended 31 December 2020 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 2020 and of its loss 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.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

STANTON PRECAST LIMITED

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual pairings of accounts featuring a credit entry to the profit and loss account and also those posted to unusual pairings of accounts featuring an entry to an account related to cash or borrowings.
- Transactional testing of revenue entries around the year end date to compare the date of revenue recognition to supporting documentation.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and pensions legislation (relating to the defined benefit pension scheme) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety and employment law, recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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.

STANTON PRECAST LIMITED

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.

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: 29 June 2021

STANTON PRECAST LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
Turnover	4	22,736	28,733
Cost of sales		(16,717)	(19,454)
Gross profit		6,019	9,279
Distribution costs		(4,119)	(4,903)
Administrative expenses		(2,924)	(3,398)
Operating (loss)/profit	5	(1,024)	978
Interest receivable and similar income	9	5	8
Interest payable and similar expenses	10	(105)	(201)
Other finance costs	11	(16)	(53)
(Loss)/profit before taxation		(1,140)	732
Tax on profit/loss	12	143	(172)
(Loss)/profit for the financial year		(997)	560
Other comprehensive income/(expense) for the year			
Actuarial gains/(loss) on defined benefit pension scheme		(769)	785
Movement of deferred tax relating to pension deficit		146	(133)
Other comprehensive (expense)/income for the year		(623)	652
Total comprehensive (expense)/income for the year		<u>(1,620)</u>	<u>1,212</u>

All results relate to continuing operations.

The notes on pages 13 to 35 form an integral part of these financial statements.

STANTON PRECAST LIMITED
REGISTERED NUMBER: 02263795

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Fixed assets			
Tangible assets	13	12,803	12,705
Current assets			
Stocks	14	4,372	4,425
Debtors: amounts falling due within one year	15	4,741	5,274
Cash at bank and in hand		954	1,066
		<u>10,067</u>	<u>10,765</u>
Creditors: amounts falling due within one year	16	(12,123)	(11,436)
Net current liabilities		(2,056)	(671)
Total assets less current liabilities		<u>10,747</u>	<u>12,034</u>
Provision for other liabilities	19	(57)	(239)
Pensions and similar obligations	22	(1,405)	(890)
Net assets		<u><u>9,285</u></u>	<u><u>10,905</u></u>
Capital and reserves			
Called up share capital	20	10,809	10,809
Revaluation reserve		2,655	2,655
Profit and loss account		(4,179)	(2,559)
Total equity		<u><u>9,285</u></u>	<u><u>10,905</u></u>

The financial statements on pages 10 to 35 were approved and authorised for issue by the board of directors and were signed on its behalf by:


C C Richardson
 Director

Date: 28th June 2021

The notes on pages 13 to 35 form an integral part of these financial statements.

STANTON PRECAST LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2020	10,809	2,655	(2,559)	10,905
Comprehensive (expense)/income for the year				
Loss for the financial year	-	-	(997)	(997)
Actuarial loss on pension scheme	-	-	(769)	(769)
Deferred tax relating to pension deficit	-	-	146	146
At 31 December 2020	<u>10,809</u>	<u>2,655</u>	<u>(4,179)</u>	<u>9,285</u>

	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	7,475	-	-	7,475
At 31 December 2019	<u>10,809</u>	<u>2,655</u>	<u>(2,559)</u>	<u>10,905</u>

The notes on pages 13 to 35 form an integral part of these financial statements.

STANTON PRECAST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

Stanton Precast 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.

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 as at 31st December 2020, Compact (BC) S.a.r.l includes the Company in its consolidated financial statements. The consolidated financial statements of Compact (BC) S.a.r.l 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 Compact (BC) S.a.r.l 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 PRECAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.3 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. The construction industry however, has shown significant resilience to the impact of the pandemic and revenues and operating EBITDA, to the end of April 2021, were in line pre-pandemic levels.

The Directors have prepared cash flow forecasts covering a period to September 2022. These demonstrate that the company will continue to have sufficient cash reserves to continue as a going concern and meet all of liabilities as they fall due.

Sensitivity analysis was undertaken to stress test the cash flows and factors considered were margin dilution due to possible market pressures and manufacturing inefficiencies as a result of on boarding a major new project. In the downside scenarios modelled via the sensitivity analysis, the company will continue to have sufficient cash reserves to continue as a going concern and meet all of its liabilities as they fall due. No additional Government Covid-19 stimuli has been assumed.

On 16 November 2020, the Directors were informed that the ultimate parent, Consolis SAS, was in advanced negotiations with a prospective purchaser for the company, subsequently the Company's ultimate parent changed ownership on the 1st April 2021. As part of this process, £1.8m of additional share equity was issued and paid for by the Company's immediate parent allowing the directors to repay £750k of intercompany debt and invest £1.05m in a new capital asset. The remaining intercompany debt of £852k is a loan from a non-trading sister company, which the prospects of repayment remain low. As such, the directors believe there is no longer a requirement to ask for a letter of support from its parent company.

Based on the above, the directors believe it remains appropriate to prepare the financial statements on a going concern basis.

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.

STANTON PRECAST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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.

2.6 Foreign currency translation (continued)

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 PRECAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 PRECAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 PRECAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 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.

2.14 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.

2.15 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.

2.16 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.

2.17 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.

STANTON PRECAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.18 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.

2.19 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.

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.

2.20 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.

STANTON PRECAST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.21 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 PRECAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 Balance Sheet amounted to £100,000 (2019:£61,000) 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 reflected in the Balance Sheet amounted to £469k (2019: £449k).

STANTON PRECAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 22.

4. Turnover

An analysis of turnover by class of business is as follows:

	2020 £000	2019 £000
Sale of goods	22,736	28,733

All turnover arose within the United Kingdom.

5. Operating (loss)/profit

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

	2020 £000	2019 £000
Operating lease charges	101	186
Depreciation	1,491	1,274
Impairment of trade debtors	100	61
Foreign exchange losses	16	53

6. Auditor's remuneration

	2020 £000	2019 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	70	65

STANTON PRECAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

7. Employees

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

	2020 £000	2019 £000
Wages and salaries	5,268	6,172
Social security costs	555	720
Other pension costs	353	402
	<u>6,176</u>	<u>7,294</u>

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

	2020 No.	2019 No.
Production	124	149
Administration	59	46
	<u>183</u>	<u>195</u>

In addition, the average number of employees includes 6 temporary staff (2019:12).

8. Directors' remuneration

	2020 £000	2019 £000
Company contributions to money purchase pension plans	26	37
Directors' remuneration	157	155
	<u>183</u>	<u>192</u>

Some 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

	2020 £000	2019 £000
Bank interest	<u>5</u>	<u>8</u>

STANTON PRECAST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. Interest payable and similar expenses

	2020 £000	2019 £000
Other interest and financing charges	<u>105</u>	<u>201</u>

11. Other finance costs

	2020 £000	2019 £000
Net interest expense on net defined benefit liability	<u>16</u>	<u>53</u>

12. Tax on (loss)/profit

	2020 £000	2019 £000
Corporation tax		
Current tax on profit/loss for the year	-	-
Adjustments in respect of previous periods	(35)	38
Total current tax	<u>(35)</u>	<u>38</u>
Deferred tax		
Origination and reversal of timing differences	(145)	147
Adjustments in respect of prior periods	37	(13)
Total deferred tax	<u>(108)</u>	<u>134</u>
Taxation on loss on ordinary activities	<u>(143)</u>	<u>172</u>

STANTON PRECAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

12. Tax on (loss)/profit (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% (2019: 19%). The differences are explained below:

	2020 £000	2019 £000
(Loss)/profit before tax	<u>(1,140)</u>	<u>732</u>
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(216)	139
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	7
Adjustments to tax charge in respect of prior periods	2	(10)
Fixed asset difference	49	56
Other differences leading to an (decrease)/increase in the tax charge	22	(17)
Total tax (credit)/charge for the year	<u>(143)</u>	<u>172</u>

Factors that may affect future tax charges

The UK corporation tax rate was previously enacted to reduce to 17% from 1 April 2020 however, Finance Act 2020, which was substantively enacted on 11 March 2020, repealed this rate reduction and the corporation tax rate will remain at 19% from 1 April 2020. The closing deferred tax assets and liabilities have been calculated at 19% on the basis that this is the rate at which those assets and liabilities are expected to unwind.

An increase in the UK corporation tax rate was announced in the 2021 Budget which would increase the rate to 25% from 1 April 2023. Existing temporary differences on which deferred tax has been provided may therefore unwind in future periods subject to this increased rate. The rate change has been included in Finance Bill 2021 but as this had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. Had it been substantively enacted by the balance sheet date, it would decrease the tax expense for the period by £33,800 and increase the deferred tax asset by £33,800.

STANTON PRECAST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. Tangible Assets	Freehold land and buildings	Plant, machinery, fixtures and fittings	Assets under construction	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 January 2020	7,165	6,618	289	14,072
Additions	96	1,487	9	1,592
Disposals	-	(3)	-	(3)
At 31 December 2020	7,261	8,102	298	15,661
Accumulated Depreciation				
At 1 January 2020	375	992	-	1,367
Charge for the year on owned assets	430	1,061	-	1,491
Disposal	-	-	-	-
At 31 December 2020	805	2,053	-	2,858
Net book value				
At 31 December 2020	6,456	6,049	298	12,803
At 31 December 2019	6,790	5,626	289	12,705

Freehold land and buildings include land at a value of £2,100,000 (2019: £2,100,000) on which no depreciation is charged.

STANTON PRECAST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. Tangible Assets (continued)

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

	2020	2019
	£000	£000
Plant and machinery	<u>-</u>	<u>306</u>

14. Stocks

	2020	2019
	£000	£000
Raw materials	85	89
Finished goods	4,287	4,336
	<u>4,372</u>	<u>4,425</u>

Stocks are stated after provisions for impairment of £469k (2019: £449k). Stock includes £529k relating to spares (2019: £570k).

15. Debtors: Amounts falling due within one year

	2020	2019
	£000	£000
Trade debtors	4,241	4,797
Amounts owed by group undertakings	36	108
Corporation Tax Debtor	16	171
Prepayments and accrued income	340	198
Deferred taxation (note 18)	108	-
	<u>4,741</u>	<u>5,274</u>

Trade debtors are stated after impairment of £100,000 (2019: £61,000).

STANTON PRECAST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

16. Creditors: Amounts falling due within one year

	2020	2019
	£000	£000
Invoice discounting	4,021	4,690
Net obligations under finance lease and hire purchase contracts	-	125
Trade creditors	3,391	4,560
Amounts owed to group undertakings	3,294	845
Other taxation and social security	637	382
Other creditors	38	12
Accruals and deferred income	742	822
	<u>12,123</u>	<u>11,436</u>

17. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2020	2019
	£000	£000
Within one year	-	125
Between one and five years	-	-
	<u>-</u>	<u>125</u>

STANTON PRECAST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

18. Deferred taxation

	2020	2019
	£000	£000
At beginning of year	(148)	119
Charged to profit or loss	110	(134)
Charged to other comprehensive income	146	(133)
At end of year	<u>108</u>	<u>(148)</u>

The deferred tax asset is made up as follows:

	2020	2019
	£000	£000
Short term timing differences	279	(473)
Defined benefit pension scheme	(681)	159
Losses and other deductions	547	55
Capital gains	(37)	(33)
	<u>108</u>	<u>(148)</u>

STANTON PRECAST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

19. Provision for other liabilities

	Deferred Tax £000	Customer Claims provision £000	Total £000
At 1 January 2020	148	91	239
Credited to profit and loss account	(148)	(34)	(182)
Utilised	-	-	-
At 31 December 2020	-	57	57

20. Called up share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
10,808,745 - (2019: 10,808,745) Ordinary shares of £1 each	<u>10,809</u>	<u>10,809</u>

21. Capital commitments

As at 31 December 2020, the company had committed to capital expenditure totalling £Nil (2019: £102k).

22. 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 £353,000 (2019: £402,000).

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 PRECAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

22. 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 2020 by a qualified actuary.

Reconciliation of present value of plan liabilities:

	2020 £000	2019 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	28,170	25,860
Current service cost	-	-
Loss/(gain) on curtailments	-	-
Interest cost	568	735
Actuarial loss/(gain)	3,921	2,604
Contributions from scheme members	-	-
Benefits paid	(931)	(1,029)
Insurance premiums for risk benefits	-	-
At the end of the year	<u>31,728</u>	<u>28,170</u>

STANTON PRECAST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

22. Pension and similar obligations (continued)

Reconciliation of present value of plan assets:

	2020 £000	2019 £000
At the beginning of the year	27,280	23,804
Insurance premium for risk benefits	-	-
Interest income	552	682
Actuarial (losses)/gains	3,152	3,389
Contributions from scheme members	-	-
Benefits paid	(931)	(1,029)
Settlements	(206)	(226)
Contributions from the sponsoring companies	476	660
At the end of the year	<u><u>30,323</u></u>	<u><u>27,280</u></u>

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

	2020	2019
Equity instruments	28%	27%
Debt instruments	37%	40%
Other assets	35%	33%
Total plan assets	<u><u>100%</u></u>	<u><u>100%</u></u>

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

	2020 £000	2019 £000
Fair value of plan assets	30,323	27,280
Present value of plan liabilities	(31,728)	(28,170)
Net pension scheme liability	<u><u>(1,405)</u></u>	<u><u>(890)</u></u>

STANTON PRECAST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

22. Pension and similar obligations (continued)

The amounts recognised in profit or loss are as follows:

	2020 £000	2019 £000
Interest on obligation	16	53
Past service cost	206	226
Loss/(Gain) on curtailments	-	-
Total	<u>222</u>	<u>279</u>
Actual return on scheme assets	<u>552</u>	<u>682</u>

The cumulative amount of actuarial gains and losses recognised in the statement of comprehensive income was a loss of £769,000 (2019: a profit of £785,000).

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 £415,000 per annum of contributions.

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

	2020 %	2019 %
Discount rate	1.45	2.05
Future salary increases	N/A	N/A
Future pension increases	2.80	2.60
Inflation assumption	2.90	2.70
Mortality rates		
- for a male aged 65 now	86.8	86.8
- at 65 for a male aged 45 now	88.6	88.5
- for a female aged 65 now	89.2	89.1
- at 65 for a female member aged 45 now	<u>91.1</u>	<u>91.0</u>

STANTON PRECAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

22. Pension and similar obligations (continued)

The Company has updated its approach to setting RPI and CPI inflation assumptions in light of the RPI reform proposals consultation response published on the 25th November 2020 by the UK Chancellor and UK Statistics Authority. The Company continued to set RPI inflation in line with the market break-even expectations less an inflation risk premium. The inflation risk premium has been decreased from 0.5% at 31 December 2019 to 0.3% at 31 December 2020, while for CPI the Company has maintained the long term gap between RPI and CPI at 0.50% to reflect increased clarity on the future of the RPI index. The estimated impact of the change in the methodology is approximately a £0.8m increase in the defined benefit obligation in respect of the scheme.

23. Commitments under operating leases

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

	2020 £000	2019 £000
Not later than one year	133	189
Later than one year and not later than five years	290	472
	<u>423</u>	<u>661</u>

24. 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 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.

At the signing date:

The company was a 100% subsidiary of Consolis Rail International SAS, a company incorporated in France.

The ultimate parent undertaking is Dolmen GP Limited, a company registered in the Cayman Islands.

The ultimate controlling party is Towerbrook Capital Partners, a private equity firm registered in the Cayman Islands.

STANTON PRECAST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

25. Post Balance Sheet Events

On 24th March 2021, £1.8m of additional share equity was issued and paid for in full by the Company's immediate parent allowing the directors to repay £750k of long term debt and invest £1.05m in a new capital asset.

On the 1st April 2021, the company was acquired from its ultimate parent company, Bain Capital Europe by Towerbrook Partners