Blubberhouses Moor Limited

Director's report and financial statements

Year ended 31 December 2017

02624570 (England and Wales)

Contents

Director's report

The director presents his report and financial statements for the year ended 31 December 2017.

Principal activity

The Company's principal activity will continue to be the management and utilisation of moorland. Effective management will facilitate the long term capital appreciation of the asset.

Review of the business

Income received amounts to £192,444 *(2016: £178,861)*. The Company's results show a profit after tax of £36,168 *(2016: profit of £28,474)*. The majority of the income continues to be received as a royalty from a partner in return for the rights to extract and process mineral from the property. To date, there is still no expectation that this right will be exercised.

Additional income is received in the form of Defra funding and rental income from a telecommunication mast.

Principal risks and uncertainties

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

(i) The loss of the royalty from the Company's partner would result in over half of its revenue.
(ii) Changes to Defra's funding for land management.
(iii) Future increases in interest rates. The Company's principal funding is by way of an intercompany loan which attracts interest at LIBOR + 0.55%.

Results and dividends

The results for the year are set out on page 6.

Capital management

The Company defines capital as its net assets, or equity. At the reporting date, the Company had no external debt. Detailed cash flow forecasts are prepared at a Group level on a monthly basis with the objective of alerting senior management to potential future risks and enabling them to manage the Company's capital effectively. The Company has indirect access to the Group's cash pooling arrangements which allows for surplus capital to be fully utilised and shortfalls in capital to be met.

Director

The following is a list of all persons who were directors of the Company at any time between 1 January 2017 and the date of this report:

JW van Put

Auditor

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

Director's report (continued)

Disclosure of information to auditor

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

Small companies exemption

The Directors have taken advantage of the small companies exemption provided by section 414B of the Companies Act 2006 in not preparing a Strategic Report.

Amounts owed to group undertakings

The amounts owed to group undertakings are unsecured. While the repayment is after one year, no specific repayment dates have been fixed. The parent company has confirmed that it will not seek repayment of this loan for 12 months from the reporting date.

By order of the board

JV van Put
Director

Date: 26 September 2018

Registered office
Brookside Hall
Congleton Road
Sandbach
Cheshire
CW11 4TF

Statement of directors' responsibilities in respect of the Director's report and the financial statements

The directors are responsible for preparing the Director's 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 they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU 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 judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLUBBERHOUSES MOOR LIMITED

Opinion

We have audited the financial statements of Blubberhouses Moor Limited for the year ended 31 December 2017 which comprise of the Income Statement, Statement of Comprehensive Income, Statement of Change in Equity, Statement of Financial Position, Cash flow Statement and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLUBBERHOUSES MOOR LIMITED (Continued)

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; and
- the Directors were not entitled to take advantage of the small companies' exemption in not preparing the Strategic Report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLUBBERHOUSES MOOR LIMITED (Continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Ernst & Young LLP

Julian Yates (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

Date: 28/9/18

Income statement
for the year ended 31 December 2017

	Note	2017	2016
		£	£
Revenue	2	**192,444**	**178,861**
Cost of sales		**(139,376)**	**(108,788)**
Gross profit		**53,068**	**70,073**
Administrative expenses		**(14,507)**	**(22,672)**
Operating profit	3	**38,561**	**47,401**
Finance expense	5	**(7,622)**	**(9,297)**
Profit before taxation		**30,939**	**38,104**
Taxation	6	**5,229**	**(9,630)**
Profit for the year	13	**36,168**	**28,474**

All results derive from continuing operations.

The notes on pages 11 to 18 form part of these financial statements.

Statement of comprehensive income
for the year ended 31 December 2017

	2017	2016
	£	£
Profit for the year	**36,168**	28,474
Total comprehensive income for the period	**36,168**	28,474
Total is attributable to:		
Equity shareholders	**36,168**	28,474

Statement of changes in equity
for the year ended 31 December 2017

	Share capital	Profit and loss account	Total
	£	£	£
At 1 January 2016	1,100,000	(148,283)	951,717
Profit for the year	-	28,474	28,474
At 31 December 2016 and 1 January 2017	1,100,000	(119,809)	980,191
Total comprehensive income for the year	-	36,168	36,168
At 31 December 2017	**1,100,000**	**(83,641)**	**1,016,359**

The notes on pages 11 to 18 form part of these financial statements.

Statement of financial position
at 31 December 2017

	Note	**2017**	2016
		£	£
Non-current assets			
Property, plant and equipment	*7*	**1,754,741**	1,769,248
Deferred tax	*10*	**1,160**	-
		1,755,901	1,769,248
Current assets			
Trade and other receivables	*8*	**162,541**	116,209
Cash and cash equivalents		-	-
		162,541	116,209
Total assets		**1,918,442**	1,885,457
Current liabilities			
Tax payable		**(9,460)**	(10,145)
Amount due to group undertakings		-	-
Accruals and deferred income		**(32,624)**	(26,414)
		(42,084)	(36,559)
Non-current liabilities			
Deferred tax	*10*	-	(8,708)
Loans due to group undertakings	*9*	**(859,999)**	(859,999)
Total liabilities		**(902,083)**	(905,266)
Net assets		**1,016,359**	980,191
Equity			
Called up share capital	*12*	**1,100,000**	1,100,000
Profit and loss account	*13*	**(83,641)**	(119,809)
Total equity		**1,016,359**	980,191

The notes on pages 11 to 18 form part of these financial statements.

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

JW van Put
Director
Date: 26 September 2018

Cash flow statement
for year ended 31 December 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit before taxation		**30,939**	38,104
Adjustments for:			
Depreciation	7	**14,507**	22,672
Interest expense	5	**7,622**	9,297
		53,068	70,073
(Increase) in trade and other receivables	8	**(46,332)**	(35,264)
Increase / (decrease) in trade and other payables		**6,211**	5,792
Cash generated from operations		**12,947**	40,601
Taxation received / (paid)		**(5,325)**	(10,976)
Net cash from operating activities		**7,622**	29,624
Cash flows from investing activities			
Purchase of property, plant & equipment	7	-	(20,327)
Cash flows from financing activities			
Interest paid	5	**(7,622)**	(9,297)
Net increase / (decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at 1 January		-	-
Cash and cash equivalents at 31 December		-	-

The notes on pages 11 to 18 form part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies
Blubberhouses Moor Limited (the "Company") is a company incorporated and domiciled in the UK.

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

Basis of preparation

The financial statements have been prepared under the historical cost convention and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the financial statements.

The financial statements have been prepared on a going concern basis, owing to the Company's continued profitability and liquidity risk profile. The Director remains optimistic that the Company can continue to produce positive trading results and cash flows in an uncertain economic environment. The Company's only borrowing is an £859,999 intercompany loan facility to its immediate parent undertaking, which has confirmed that it will not be seeking any repayment for the foreseeable future. The repayment schedule of the Group's external funding also demonstrates committed credit lines for a number of years. With this assurance from its parent, combined with the trading performance, the Director maintains a reasonable expectation that the Company will have adequate resources to remain in operational existence for the foreseeable future. As a result the financial statements continue to be prepared on a going concern basis.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows.

Freehold land	Not depreciated
Freehold building	20 years
Plant and Equipment	5 years

Non-derivative financial instruments

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

Trade and other receivables

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Trade and other payables

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

Expenses

Net financing costs

Net financing costs comprise interest payable and interest receivable on funds invested that are recognised in the income statement. Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Revenue

Royalty income is derived from royalties received in respect of mining rights which have been granted on a long term lease. A minimum royalty is received quarterly from the tenant regardless of quantities extracted. In addition the estate income relates to fees paid in relation to the utilisation of the estate for a variety of purposes. Both revenue streams are recognised on an accruals basis.

Functional and Presentational Currency

The functional and presentation currency of Blubberhouses Moor Limited is Great British Pounds Sterling.

2 Analysis of revenue

	2017	2016
	£	£
Royalties received	**101,482**	101,482
Estate income	**90,962**	77,379
	192,444	178,861

The company receives royalties in respect of rights to mine the land.

3 Operating profit

Operating profit is stated after charging:

	2017	2016
	£	£
Administrative expenses:		
Auditor's remuneration: Audit of these financial statements	-	-
Cost of sales:		
Depreciation of owned assets	**14,507**	22,672

The 2017 audit fee has been borne by Sibelco UK Limited, another UK group company, as was the prior year (2016) fee.

4 Staff numbers, staff costs and director's remuneration

During the year the company employed 1 moor keeper *(2016: 1 moor keeper)*, incurring wage and salary costs of £24,236 *(2016: £24,006)*.

The Directors are Directors of other group companies. Their services to this Company are inconsequential hence no remuneration is attributable to this Company.

Notes (continued)

(forming part of the financial statements)

5 Financial expense

	2017	2016
	£	£
Total interest expense on financial liabilities measured at amortised cost	**7,622**	9,297
Other financial charge	-	-
	7,622	9,297

6 Taxation

	2017	2016
	£	£
Recognised in the income statement		
Current tax charge on income for the year	**7,495**	10,146
Adjustment in respect of prior periods	**(1,941)**	831
Current tax expense	**5,554**	10,977
Deferred taxation expense current year	**(1,359)**	(2,785)
Adjustment in respect of prior periods	**(9,424)**	1,438
Deferred tax expense (see note 10)	**(10,783)**	(1,347)
Total tax in income statement	**(5,229)**	9,630
Reconciliation of effective tax rate		
Profit before taxation	**30,939**	38,104
Tax using UK corporation tax of 19.25% *(2016: 20%)*	**5,956**	7,621
Non-deductible expenses	-	-
Change in deferred taxation rate	**180**	(260)
Adjustments to tax charge in respect of previous periods	**(11,365)**	2,269
Total tax in income statement	**(5,229)**	9,630

The company has no tax losses available to carry forward against future trading or capital profits *(2016: £nil)*.

Notes (continued)

(forming part of the financial statements)

7 Property, plant and equipment

	Freehold Land	Freehold Buildings	Plant and equipment	Total
	£	£		£
Cost				
At 1 January 2016	1,672,258	356,524	54,535	2,083,317
Additions	-	11,687	8,640	20,327
At 31 December 2016	1,672,258	368,211	63,175	2,103,644
At 1 January 2017	1,672,258	368,211	63,175	2,103,644
Additions	-	-	-	-
At 31 December 2017	**1,672,258**	**368,211**	**63,175**	**2,103,644**
Depreciation				
At 1 January 2016	-	287,405	24,319	311,724
Charge for year	-	11,920	10,752	22,672
At 31 December 2016	-	299,325	35,071	334,396
At 1 January 2017	-	299,325	35,071	334,396
Charge for year	-	4,391	10,116	14,507
At 31 December 2017	-	**303,716**	**45,187**	**348,903**
Net book value				
At 1 January 2016	1,672,258	69,119	30,216	1,771,593
At 31 December 2016 and 1 January 2017	1,672,258	68,886	28,104	1,769,248
At 31 December 2017	**1,672,258**	**64,495**	**17,988**	**1,754,741**

The rights to minerals are assigned to a third party on a long term lease.

8 Trade and other receivables

	2017	2016
	£	£
Trade receivables	**93,861**	80,643
Amounts due from fellow group undertakings	**68,680**	35,566
	162,541	116,209

Trade receivables are non-interest bearing and are generally on terms of 30 days. There is no doubtful debt provision *(2016: £nil)*.

Notes (continued)

(forming part of the financial statements)

9 Trade and other payables: amounts falling due after more than one year

	2017	2016
	£	£
Amounts due to fellow group undertakings	**859,999**	859,999

The amounts owed to fellow group undertakings are unsecured. While the repayment is after one year, no specific repayment dates have been fixed. The parent company has confirmed that it will not seek repayment of this loan for 12 months from the reporting date. The loan incurs interest based on LIBOR 3 months + 0.55%.

10 Deferred tax

Deferred tax assets and liabilities are attributable to the following:

	2017	2016
	£	£
Property, plant and equipment	**1,160**	(8,708)

Deferred taxation is calculated in full on temporary differences under the liability method using a tax rate of 17% *(2016: 18%)*.

Movement in deferred tax during the year:

	1 January 2017	Recognised in income	Recognised in equity	**31 December 2017**
	£	£	£	**£**
Property, plant and equipment	(8,708)	10,783	-	**1,160**

Movement in deferred tax during 2016:

	1 January 2016	Recognised in income	Recognised in equity	31 December 2016
	£	£	£	£
Property, plant and equipment	(10,055)	1,347	-	(8,708)

11 Financial instruments

The Company's financial assets and financial liabilities are set out below

	2017 £	2016 £
Financial assets		
Trade and other receivables (note 8)	**162,541**	116,209
Cash and cash equivalents	**-**	-
	162,541	116,209
Financial liabilities		
Trade and other payables	**32,625**	26,414
Borrowings from fellow group undertakings (note 9)	**859,999**	859,999
	892,624	886,413

The fair values of the Company's financial assets and liabilities are not materially different from their carrying values.

Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

Detailed cash flow forecasts are prepared on a monthly basis at a group level with the objective of alerting senior management to potential future risks.

At 31 December the Company was contractually obliged to make repayments as detailed below.

	Carrying amount £	Contractual cash flows £	Within one year or on demand £	1-2 years £	3-5 years £	More than 5 years £
2017						
Trade and other payables	**32,625**	**32,625**	**32,625**	**-**	**-**	**-**
Borrowings from fellow group undertakings	**859,999**	**859,999**	**-**	**859,999**	**-**	**-**
	892,624	**892,624**	**32,625**	**859,999**	**-**	**-**
2016						
Trade and other payables	26,414	26,414	26,414	-	-	-
Borrowings from fellow group undertakings	859,999	859,999	-	859,999	-	-
	886,413	886,413	26,414	859,999	-	-

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables. The trade receivables balance principally comprises a current account held on behalf of the company by its managing agent.

At the current and prior year ends, the company had no receivables past due (2016: £nil) and accordingly had not recognised an impairment for its receivables (2016: £nil).

Notes *(continued)*

11 Financial instruments *(continued)*

Market risk

Foreign currency

The company is not significantly exposed to foreign currency risk.

Interest rate risk management

Profile

The Company's only interest-bearing borrowing at the current and prior year ends is a £859,999 loan due to a fellow group undertaking, the interest of which is charged at LIBOR 3 months + 0.55%.

Sensitivity analysis

A change of 100 basis points in interest rates in the following financial year, based on the floating rate liabilities held at the reporting date will, before the impact of taxation, increase or decrease equity and profit or loss by £8,600 *(2016: £8,600)*. This analysis assumes that all other variables remain constant.

Capital management

The company defines capital as its net assets, or equity. At the reporting date, the company had no debt other than the interest bearing borrowings from another group undertaking as outlined above. Detailed cash flow forecasts are prepared at a group level on a monthly basis with the objective of alerting senior management to potential future risks and enabling them to manage the company's capital effectively. The group cash pooling arrangements allow for surplus capital to be fully utilised and shortfalls in capital to be met.

12 Share capital

	2017	2016
	£	£
1,100,000 Ordinary shares of £1 each:		
Authorised, allotted, called up and fully paid – classified in equity	**1,100,000**	1,100,000

13 Reserves

	Profit and loss account
	£
At 1 January 2017	(119,809)
Total comprehensive income for the year	36,168
At 31 December 2017	**(83,641)**

Notes *(continued)*

14 Related party transactions

The following transactions were carried out with fellow Sibelco group undertakings:

	2017	2016
	£	£
Interest payable	**7,622**	9,297

The year-end balances with Sibelco group undertakings are as follows:

	2017	2016
	£	£
Amounts due from group undertakings	**68,680**	35,566
Amounts due to group undertakings	**(4,469)**	(4,469)
Loans due to group undertakings	**(859,999)**	(859,999)
Tax group relief	**(5,325)**	(10,145)

15 Ultimate parent undertaking

The immediate and ultimate controlling party is S.C.R.-Sibelco N.V., a company incorporated in Belgium.

The smallest and largest group in which the results of the company are consolidated is that headed by this company. The consolidated accounts of the group are available to the public and may be obtained from Balanscentrale, at Nationale Bank van België, Balanscentrale, de Berlaimontlaan 14, 1000 Brussel.