

# Pavestone UK Limited

Annual Report and Financial Statements  
for the Year Ended 31 December 2021

Wenn Townsend  
Chartered Accountants and Registered Auditors  
30 St Giles'  
Oxford  
OX1 3LE

# **Pavestone UK Limited**

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## **Pavestone UK Limited**

### **Company Information**

<b>Directors</b>	R A Allen H L Barker J C Layton T C Parker R A Rawlings M Senders K M Williams
<b>Company secretary</b>	H L Barker
<b>Registered office</b>	Burford Quarry Burford Road Brize Norton Oxfordshire OX18 3WN
<b>Auditors</b>	Wenn Townsend Chartered Accountants and Registered Auditors 30 St Giles' Oxford OX1 3LE

## **Pavestone UK Limited**

### **Strategic Report for the Year Ended 31 December 2021**

The Directors present their strategic report for the year ended 31 December 2021.

#### **Principal activity**

The principal activity of the Company is the supply of natural stone and concrete products.

#### **Fair review of the business**

The principal activities of the company have remained consistent for the year under review and at the reporting date the directors do not anticipate any change in the company's activities for 2022.

2021 saw a third COVID lockdown. With demand for landscaping materials soaring and the company's customers trading through lockdown sales increased by £9,263,711 to £49,269,053. The increase in turnover reflects a strong performance across all of the company's divisions.

The company's EBITDA has increased by £1,455,452 (63.2%) from £2,303,631 to £3,759,083. The cost of trading, with covid still prevalent resulted in significant recurring cost increases for product, packaging, road freight, shipping, and processing. These increased costs impacted upon the company's gross margin.

#### **Principal risks and uncertainties**

The management of the company continually reviews strategy with a view to mitigate risks that arise in the business and its environment. International events have increased the company's focus on the need to continually risk assess all areas of the business. This allows the company to identify new issues quickly and to take appropriate action thereby minimising the impact on the business. Principal risks and uncertainties that the company are exposed to are:

- **Competitor activity** - The company operates in a highly competitive market with few significant barriers to entry. By offering high-quality products, presented with a strong 'value for money' proposition, made possible through robust, time served, relationships with supplier partners and through our continued investment in staff and their training, we successfully mitigate against potential impact.
- **Economic and political risk** – The economic risk is based on the risk of inflation/deflation and the possible downturn in the economy resulting in a slowing down in demand for the company's products. Continuing levels of economic and political uncertainty and volatility with international shipping rates and foreign currency have made the supply chain more challenging. The company seeks to negotiate best prices and where appropriate to hedge currency & shipping rates. To ensure continuity of supply the company holds stock in key locations around the country.
- **COVID-19** – The company recognises the potential risk to the businesses and to the wider economy brought about by a global pandemic. The company's differentiated routes to market, which include both 'digital online retail' in addition to the traditional merchant stockists coupled with a robust balance sheet, means the company is well positioned to handle continued potentially turbulent conditions.
- **Key suppliers** – The company has developed strong, long-term supplier relationships, most often on a sole supply basis, over many years. The company's suppliers have abundant access to good quality raw materials, produce high quality finished products and are able to respond rapidly to changes in demand. The company is aware that reliance on too few, or fragile suppliers might put the supply chain at risk and could have a detrimental impact on the business. The company works closely with suppliers and all within our supply chains to ensure that all materials are ethically sourced from audited, long standing supply partners with strong financial businesses.

## **Pavestone UK Limited**

### **Strategic Report for the Year Ended 31 December 2021**

- **Turnover** - Despite the underlying uncertainty in the general economy and the global pandemic, the company has experienced an encouraging and continued increase in turnover. This is one of the company's key performance indicators used to benchmark progress.
- **Spread of customers and products** - Pavestone continually monitors its customer base and looks to increase both the range and diversity of products sold to its customers with a view to increase both turnover and margin. The company also seeks to diversify its customer base across commercial and domestic markets and the trade and retail sectors to minimise the risk of too much reliance on any individual market or customer.
- **Customer service levels** - Pavestone takes pride in its reputation of close customer contact facilitated through the highly experienced regional and national sales team that are able to monitor key performance indicators, such as 'on time deliveries in full', ensuring that customer satisfaction is maintained. Pavestone continually seeks improvement of the quality of products and services on offer through close customer/supplier contact and will often introduce bespoke products in order to offer customers a unique proposition. The company endeavours to keep customers fully informed of any supply issues.

#### **Section 172(1) statement**

The directors manage the operational performance of the company in a way most likely to promote its long-term success for the benefit of its members as a whole. The smooth running of the business relies on the support and joint effort of the stakeholders.

The directors have had regard to the matters set out in section 172 (1) (a) to (f) of the Companies Act 2006 when performing their duties under S172.

Set out below are the stakeholders identified and engaged with by the directors during the year.

**Employees:** The company's greatest assets are its employees, and the long-term success of the business is predicated on the commitment and delivery of the company's employees to company strategy and their consistent demonstration of company values. To maintain the company's competitive advantage and to meet the growing demands of the environment in which it operates, it needs employees to be adaptive and whose skills constantly evolve through inhouse and external training. The company believes that investment in training helps to retain employees and reduce turnover rates. The company values employees with long term practical experience as well as formal qualifications. It has strict selection standards and procedures in place to ensure a non-discriminatory employment policy. The directors continually strive to improve employee health and safety and actively encourages employees to be involved in the enhancing and monitoring of health and safety practices throughout the business.

**Shareholders:** The company obtains shareholder buy-in into its strategic objectives and how it goes about executing them. The directors create value for the shareholders by the generation of sustainable results that can be re-invested in the business. We seek to promote an investor base that is interested in a long-term holding in the company.

## **Pavestone UK Limited**

### **Strategic Report for the Year Ended 31 December 2021**

**Lenders:** A good working relationship with the business's lenders is of vital importance to the long-term success of the business. There is an ongoing engagement with the company's lenders to ensure that there is adequate working capital available for the company's needs.

**Customers:** In a highly competitive environment success depends on meeting customer needs and requirements more effectively than the company's competitors. Engaging with the company's customers is vital to ensure that both our current products and those in development meet their needs in the longer-term.

**Suppliers:** Suppliers are fundamental to the quality of the company's products and to ensuring that the business meets the high standards of conduct that it sets itself and complies with regulatory requirements. The company relies on its suppliers to deliver products on time and to the standard it specifies. It is important to mitigate against supply chain risk to prevent interruptions to product delivery schedules which could impact on the company's relationships with customers.

Doing business responsibly brings benefits for wider society and assists commercial success.

Approved by the Board on 9 November 2022 and signed on its behalf by:

.....  
H L Barker  
Company secretary and director

## Pavestone UK Limited

### Directors' Report for the Year Ended 31 December 2021

The Directors present their report and the financial statements for the year ended 31 December 2021.

#### Directors of the Company

The Directors who held office during the year were as follows:

R A Allen

H L Barker - Company secretary and director

J C Layton

T C Parker

R A Rawlings

M Senders

K M Williams

#### Share buy back

During the year, the company agreed to buy back 95,000 ordinary shares for total consideration of £4,387,100. This included full repayment of the director's loan account. Included within the total consideration were deferred payments totalling £1,007,000 which are included within creditors as at 31 December 2021.

#### Streamlined energy and carbon reporting

The company has followed the 2019 UK Government environmental reporting guidance and has used the 2021 UK Government conversion factors.

Energy usage covered in this disclosure covers all properties and transport and is primarily electricity, gas and fuel for vehicles.

Usage of electricity has been calculated based on meter readings. Fuel used in forklifts is based on invoiced amounts and fuel for vehicles is based on receipts.

We measure carbon emissions by looking at Scopes 1,2 and 3.

Scope 1 refers to all direct emissions of carbon. This is fuel usage and includes diesel, petrol, gas oil, liquified petroleum gas ("LPG"), bio-LPG, and kerosene.

Scope 2 covers indirect emissions of carbon such as electricity purchased.

Scope 3 refers to supplier emissions including cement, aggregates, shipping and transport.

Energy Consumption derives from the following fuel types:

Fuel Type	Year ended 31 December 2021	
	Consumption (kwh)	CO2e (Tonnes)
Gas and Fuel Oil (scope 1)	1,089,203	26
Transportation (scope 1)	319,403	81
Electricity (scope 2)	664,814	141
Total	2,073,420	248

## **Pavestone UK Limited**

### **Directors' Report for the Year Ended 31 December 2021**

The company is committed to improvements year on year. In order to mitigate the effects of climate change, we are focusing on:

- Manufacturing efficiencies
- Green energy for forklift trucks
- Company cars to be powered by electric or green energy
- Installation of solar power

#### **Disclosure of information to the auditors**

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

Approved and authorised by the Board on 9 November 2022 and signed on its behalf by:

.....

H L Barker

Company secretary and director



## **Pavestone UK Limited**

### **Statement of Directors' Responsibilities**

The Directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

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

## **Pavestone UK Limited**

### **Independent Auditor's Report to the Members of Pavestone UK Limited**

#### **Opinion**

We have audited the financial statements of Pavestone UK Limited (the 'Company') for the year ended 31 December 2021, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 this other information, we are required to report that fact.

## **Pavestone UK Limited**

### **Independent Auditor's Report to the Members of Pavestone UK Limited**

We have nothing to report in this regard.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where 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.

#### **Responsibilities of Directors**

As explained more fully in the Statement of Directors' Responsibilities [set out on page 7], the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which our procedures are capable of detecting irregularities, including fraud are detailed below:

## **Pavestone UK Limited**

### **Independent Auditor's Report to the Members of Pavestone UK Limited**

- Enquiry of management, those charged with governance and the entity's solicitors around actual and potential litigation and claims;
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available 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.

.....  
Lee Baker BA FCA (Senior Statutory Auditor)  
For and on behalf of Wenn Townsend, Statutory Auditor  
30 St Giles'  
Oxford  
OX1 3LE

9 November 2022

# Pavestone UK Limited

## Profit and Loss Account for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover	<u>3</u>	49,269,053	40,005,342
Cost of sales		<u>(36,195,643)</u>	<u>(28,061,302)</u>
Gross profit		13,073,410	11,944,040
Distribution costs		(5,543,616)	(6,187,069)
Administrative expenses		(4,329,054)	(4,246,275)
Other gains / (losses)	<u>6</u>	(60,156)	12,813
Other operating income	<u>4</u>	<u>145,350</u>	<u>311,732</u>
Operating profit	<u>7</u>	<u>3,285,934</u>	<u>1,835,241</u>
Other interest receivable and similar income	<u>8</u>	33,923	18,696
Interest payable and similar expenses	<u>9</u>	<u>(235,509)</u>	<u>(230,905)</u>
		<u>(201,586)</u>	<u>(212,209)</u>
Profit before tax		3,084,348	1,623,032
Taxation	<u>13</u>	<u>(707,207)</u>	<u>(324,657)</u>
Profit for the financial year		<u><u>2,377,141</u></u>	<u><u>1,298,375</u></u>

The above results were derived from continuing operations.

## **Pavestone UK Limited**

### **Statement of Comprehensive Income for the Year Ended 31 December 2021**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Profit for the year	2,377,141	1,298,375
Surplus on property, plant and equipment revaluation	<u>2,290,350</u>	<u>-</u>
Total comprehensive income for the year	<u><u>4,667,491</u></u>	<u><u>1,298,375</u></u>

**Pavestone UK Limited**  
**(Registration number: 04643500)**  
**Balance Sheet as at 31 December 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Intangible assets	<u>14</u>	44,768	48,986
Tangible assets	<u>15</u>	10,319,625	7,342,344
		<u>10,364,393</u>	<u>7,391,330</u>
<b>Current assets</b>			
Stocks	<u>16</u>	7,740,368	4,021,816
Debtors	<u>17</u>	3,629,466	6,050,882
Cash at bank and in hand		285,252	1,671,944
		11,655,086	11,744,642
<b>Creditors: Amounts falling due within one year</b>	<u>19</u>	(9,230,282)	(7,755,381)
<b>Net current assets</b>		<u>2,424,804</u>	<u>3,989,261</u>
<b>Total assets less current liabilities</b>		12,789,197	11,380,591
<b>Creditors: Amounts falling due after more than one year</b>	<u>19</u>	(3,768,585)	(3,670,766)
<b>Provisions for liabilities</b>	<u>20</u>	(1,625,411)	(595,015)
<b>Net assets</b>		<u>7,395,201</u>	<u>7,114,810</u>
<b>Capital and reserves</b>			
Called up share capital	<u>22</u>	78,234	173,234
Share premium reserve		37,254	37,254
Capital redemption reserve		145,294	50,294
Revaluation reserve	<u>23</u>	3,512,328	1,221,978
Profit and loss account		3,622,091	5,632,050
Shareholders' funds		<u>7,395,201</u>	<u>7,114,810</u>

Approved and authorised by the Board on 9 November 2022 and signed on its behalf by:

.....  
H L Barker  
Company secretary and director

# Pavestone UK Limited

## Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital £	Share premium £	Capital redemption reserve £	Revaluation reserve £	Retained earnings £	Total £
At 1 January 2021	173,234	37,254	50,294	1,221,978	5,632,050	7,114,810
Profit for the year	-	-	-	-	2,377,141	2,377,141
Other comprehensive income	-	-	-	2,290,350	-	2,290,350
Total comprehensive income	-	-	-	2,290,350	2,377,141	4,667,491
Purchase of own share capital	(95,000)	-	95,000	-	(4,387,100)	(4,387,100)
At 31 December 2021	78,234	37,254	145,294	3,512,328	3,622,091	7,395,201
	Share capital £	Share premium £	Capital redemption reserve £	Revaluation reserve £	Retained earnings £	Total £
At 1 January 2020	173,234	37,254	50,294	1,221,978	4,333,675	5,816,435
Profit for the year	-	-	-	-	1,298,375	1,298,375
At 31 December 2020	173,234	37,254	50,294	1,221,978	5,632,050	7,114,810

The notes on pages 16 to 35 form an integral part of these financial statements.  
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# Pavestone UK Limited

## Statement of Cash Flows for the Year Ended 31 December 2021

	Note	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Profit for the year		2,377,141	1,298,375
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	<u>7</u>	473,149	468,390
Loss/(profit) on disposal of tangible assets	<u>6</u>	36,665	(12,813)
Finance income	<u>8</u>	(33,923)	(18,696)
Finance costs	<u>9</u>	235,509	230,905
Income tax expense	<u>13</u>	707,207	324,657
Gains/losses on property revaluation		23,491	-
		<u>3,819,239</u>	<u>2,290,818</u>
Working capital adjustments			
Increase in stocks	<u>16</u>	(3,718,552)	(704,502)
Decrease/(increase) in trade debtors	<u>17</u>	2,421,416	(1,739,447)
Increase in trade creditors	<u>19</u>	<u>1,020,439</u>	<u>3,003,133</u>
Cash generated from operations		3,542,542	2,850,002
Income taxes paid	<u>13</u>	<u>(526,459)</u>	<u>(167,422)</u>
Net cash flow from operating activities		<u>3,016,083</u>	<u>2,682,580</u>
<b>Cash flows from investing activities</b>			
Interest received	<u>8</u>	33,923	18,696
Acquisitions of tangible assets		(270,447)	(1,001,518)
Proceeds from sale of tangible assets		14,079	128,916
Acquisition of intangible assets	<u>14</u>	<u>(50,000)</u>	<u>(1,189)</u>
Net cash flows from investing activities		<u>(272,445)</u>	<u>(855,095)</u>
<b>Cash flows from financing activities</b>			
Interest paid	<u>9</u>	(235,509)	(230,905)
Payments for purchase of own shares		(4,387,100)	-
Proceeds from bank borrowing draw downs		-	750,000
Repayment of bank borrowing		(247,944)	(359,043)
Proceeds from other borrowing draw downs		1,044,000	-
Repayment of other borrowing		(430,258)	(327,715)
Payments to finance lease creditors		<u>(75,466)</u>	<u>(71,854)</u>
Net cash flows from financing activities		<u>(4,332,277)</u>	<u>(239,517)</u>
Net (decrease)/increase in cash and cash equivalents		(1,588,639)	1,587,968
Cash and cash equivalents at 1 January		<u>1,671,944</u>	<u>83,976</u>
Cash and cash equivalents at 31 December		<u><u>83,305</u></u>	<u><u>1,671,944</u></u>

# **Pavestone UK Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2021**

### **1 General information**

The Company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Burford Quarry  
Burford Road  
Brize Norton  
Oxfordshire  
OX18 3WN

These financial statements were authorised for issue by the Board on 9 November 2022.

### **2 Accounting policies**

#### **Summary of significant accounting policies and key accounting estimates**

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

#### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

#### **Basis of preparation**

These financial statements have been prepared using the historical cost convention, modified to include the revaluation of freehold properties to include investment properties and certain financial instruments at fair value.

The financial statements are prepared in pound sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound sterling.

#### **Revenue recognition**

Turnover represents amounts receivable for manufactured building materials and natural stone less sales rebates net of VAT.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### **Government grants**

The company receives government grants in respect of the Coronavirus Job Retention Scheme. These grants are recognised using the accrual model and as such are recorded in the profit and loss account in the period in which the company is entitled to such grants as a result of having furloughed staff members.

## **Pavestone UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

#### **Foreign currency transactions and balances**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

#### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to defined contribution plans are recognised as employee benefit expense when they are due.

#### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

#### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **Goodwill**

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

## **Pavestone UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

#### **Intangible assets**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

#### **Amortisation**

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

<b>Asset class</b>	<b>Amortisation method and rate</b>
Paving Direct website	3 years straight line
Supplier agreements	10 years straight line
Other intangible assets	2 years straight line

#### **Tangible assets**

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### **Depreciation**

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Land and buildings are revalued to their fair value annually and, as such, no depreciation is charged. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity; such gains and losses are recognised in profit or loss.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Fixtures, fittings, tools and equipment	33% straight line
Plant and machinery	5%-33% straight line
Motor vehicles	25%-33% straight line

## **Pavestone UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

#### **Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

#### **Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### **Trade debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

## **Pavestone UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

#### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprise product purchases, transport costs and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised at the transaction price.

#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

## **Pavestone UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

#### **Financial instruments**

##### ***Classification***

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

##### ***Recognition and measurement***

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs. Financial assets classified as receivable within one year are not amortised.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities, including creditors and bank loans, are initially recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

Debt instruments with a repayment period more than one year are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

##### ***Impairment***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

## Pavestone UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### Judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

#### Key sources of estimation uncertainty

Useful economic lives of tangible and intangible assets (excluding land and buildings) - Management apply judgement in estimating the useful economic lives and residual values of intangible and tangible assets. This judgement includes experience with the useful economic life of similar assets, technological changes, future investments (asset replacement) and physical condition of the asset on acquisition. The carrying amount is £3,364,393 (2020 - £3,567,839).

Stock - Inventories are valued at the lower cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires judgments to be made, which includes reviewing the physical state of stock and any potential impairment due to obsolescence. The carrying amount is £7,857,562 (2020 - £4,021,816).

Freehold property valuation - The freehold property is based on a professional valuation which was completed for the year ended 31 December 2021. The valuation is therefore an estimate based on available market sources.. The carrying amount is £7,000,000 (2020 - £3,823,491).

#### 3 Turnover

The analysis of the company's revenue for the year from continuing operations is as follows:

	2021	2020
	£	£
Revenue from principal activity	49,269,053	40,005,342

#### 4 Other operating income

The analysis of the Company's other operating income for the year is as follows:

	2021	2020
	£	£
Government grants	17,580	311,732
Miscellaneous other operating income	127,770	-
	145,350	311,732



# Pavestone UK Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021

### 5 Government grants

During the year the company was eligible for government grants in respect of the Coronavirus Job Retention Scheme. The amount of grants recognised in the financial statements was £17,580 (2020 - £311,732). The company was eligible for these grants having furloughed some of its employees during the period. The company also benefited from the government-supported Coronavirus Business Interruption Loan Scheme (CBILS), on which no interest was payable for the first twelve months. Such interest has not been accounted for as a government grant as the amounts involved are not considered material.

### 6 Other gains and losses

The analysis of the Company's other gains and losses for the year is as follows:

	2021 £	2020 £
(Loss)/gain on disposal of tangible assets	(36,665)	12,813
Loss on property revaluation	(23,491)	-
	<u>(60,156)</u>	<u>12,813</u>

### 7 Operating profit

Arrived at after charging/(crediting)

	2021 £	2020 £
Depreciation expense	418,931	376,011
Amortisation expense	54,218	92,379
Cost of stocks recognised as an expense	34,700,112	26,344,810
Foreign exchange gains	(238,745)	(186,590)
Loss/(profit) on disposal of property, plant and equipment	<u>36,665</u>	<u>(12,813)</u>

### 8 Other interest receivable and similar income

	2021 £	2020 £
Other finance income	<u>33,923</u>	<u>18,696</u>

# **Pavestone UK Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2021**

### **9 Interest payable and similar expenses**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Interest on bank overdrafts and borrowings	232,226	224,481
Interest on obligations under finance leases and hire purchase contracts	3,283	6,424
	<u>235,509</u>	<u>230,905</u>

### **10 Staff costs**

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

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Wages and salaries	3,404,439	3,511,515
Social security costs	361,208	357,941
Pension costs, defined contribution scheme	144,598	168,144
	<u>3,910,245</u>	<u>4,037,600</u>

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

	<b>2021</b>	<b>2020</b>
	<b>No.</b>	<b>No.</b>
Sales, distribution and administration	82	90
Management	4	5
	<u>86</u>	<u>95</u>

# **Pavestone UK Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2021**

### **11 Directors' remuneration**

The Directors' remuneration for the year was as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Remuneration	580,517	672,554
Contributions paid to money purchase schemes	38,000	63,487
	<u>618,517</u>	<u>736,041</u>

During the year the number of Directors who were receiving benefits and share incentives was as follows:

	<b>2021</b>	<b>2020</b>
	<b>No.</b>	<b>No.</b>
Accruing benefits under money purchase pension scheme	<u>4</u>	<u>5</u>

In respect of the highest paid Director:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Remuneration	151,360	140,948
Company contributions to money purchase pension schemes	<u>10,000</u>	<u>9,470</u>

### **12 Auditors' remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Audit of the financial statements	<u>23,400</u>	<u>23,400</u>

# Pavestone UK Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021

### 13 Taxation

Tax charged/(credited) in the profit and loss account

	2021 £	2020 £
<b>Current taxation</b>		
UK corporation tax	586,461	202,764
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	120,746	121,893
Tax expense in the income statement	<u>707,207</u>	<u>324,657</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2020 - higher than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit before tax	<u>3,084,348</u>	<u>1,623,032</u>
Corporation tax at standard rate	586,026	308,376
Effect of expense not deductible in determining taxable profit (tax loss)	549	7,355
Deferred tax expense relating to changes in tax rates or laws	121,384	-
Tax (decrease)/increase from effect of capital allowances and depreciation	<u>(752)</u>	<u>8,926</u>
Total tax charge	<u>707,207</u>	<u>324,657</u>

### Deferred tax

Deferred tax assets and liabilities

	Liability £
<b>2021</b>	
Accelerated capital allowances	507,646
Property revaluation	1,119,646
Other timing differences	<u>(1,881)</u>
	<u>1,625,411</u>
<b>2020</b>	
Accelerated capital allowances	386,448
Property revaluation	209,996
Other timing differences	<u>(1,429)</u>
	<u>595,015</u>

## Pavestone UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### 14 Intangible assets

	Goodwill £	Patents £	Other intangible assets £	Paving Direct website £	Total £
<b>Cost or valuation</b>					
At 1 January 2021	214,018	1	-	264,144	478,163
Additions acquired separately	-	-	50,000	-	50,000
Disposals	(191,668)	-	-	-	(191,668)
At 31 December 2021	22,350	1	50,000	264,144	336,495
<b>Amortisation</b>					
At 1 January 2021	211,783	-	-	217,394	429,177
Amortisation charge	2,235	-	6,250	45,733	54,218
Amortisation eliminated on disposals	(191,668)	-	-	-	(191,668)
At 31 December 2021	22,350	-	6,250	263,127	291,727
<b>Carrying amount</b>					
At 31 December 2021	-	1	43,750	1,017	44,768
At 31 December 2020	2,235	1	-	46,750	48,986

# Pavestone UK Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021

### 15 Tangible assets

	Land and buildings £	Fixtures and fittings £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At 1 January 2021	3,823,491	302,324	4,543,122	257,065	8,926,002
Revaluations	3,176,509	-	-	-	3,176,509
Additions	-	30,747	215,305	24,395	270,447
Disposals	-	(43,169)	(304,819)	(94,454)	(442,442)
At 31 December 2021	7,000,000	289,902	4,453,608	187,006	11,930,516
<b>Depreciation</b>					
At 1 January 2021	-	171,598	1,295,725	116,335	1,583,658
Charge for the year	-	43,323	341,633	33,975	418,931
Eliminated on disposal	-	(43,106)	(268,201)	(80,391)	(391,698)
At 31 December 2021	-	171,815	1,369,157	69,919	1,610,891
<b>Carrying amount</b>					
At 31 December 2021	7,000,000	118,087	3,084,451	117,087	10,319,625
At 31 December 2020	3,823,491	130,726	3,247,397	140,730	7,342,344

Included within the net book value of land and buildings above is £7,000,000 (2020 - £3,823,491) in respect of freehold land and buildings.

## Pavestone UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### Revaluation

The fair value of the Company's land and buildings was revalued on 31 December 2021 by an independent valuer. The freehold and leasehold land and buildings were valued on a market value basis by a firm of independent Chartered Surveyors, Berrys, Cassington during the year ended 31 December 2021. The directors believe that the valuation is appropriate as it's an independent Chartered Surveyor and conforms to the International Valuation Standards.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as stated below.

Had this class of asset been measured on a historical cost basis, the carrying amount would have been £2,391,517 (2020 - £2,391,517).

#### Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2021	2020
	£	£
Plant and machinery	312,440	332,490
Motor vehicles	69,207	82,826
	<u>381,647</u>	<u>415,316</u>

#### Restriction on title and pledged as security

Land and buildings with a carrying amount of £7,000,000 (2020 - £3,823,491) has been pledged as security for the borrowings of the company..

#### 16 Stocks

	2021	2020
	£	£
Raw materials and consumables	347,984	106,118
Work in progress	160,343	160,707
Finished goods and goods for resale	<u>7,232,041</u>	<u>3,754,991</u>
	<u>7,740,368</u>	<u>4,021,816</u>

# Pavestone UK Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021

### 17 Debtors

	2021 £	2020 £
<b>Current</b>		
Trade debtors	2,935,028	4,051,850
Other debtors	619,793	1,765,144
Prepayments	74,645	233,888
	<u>3,629,466</u>	<u>6,050,882</u>

The carrying amount of trade debtors pledged as security for liabilities amounted to £2,935,028 (2020 - £4,051,850).

These debtors are secured as part of the company's financing arrangements.

### 18 Cash and cash equivalents

	2021 £	2020 £
Cash at bank	285,252	1,671,944
Bank overdrafts	<u>(201,947)</u>	<u>-</u>
Cash and cash equivalents in statement of cash flows	<u>83,305</u>	<u>1,671,944</u>

### 19 Creditors

	Note	2021 £	2020 £
<b>Due within one year</b>			
Loans and borrowings	<u>24</u>	1,137,954	710,722
Trade creditors		4,949,714	4,724,734
Social security and other taxes		774,308	364,015
Other payables		73,715	21,718
Accruals		1,510,050	1,209,653
Income tax liability	<u>13</u>	<u>784,541</u>	<u>724,539</u>
		<u>9,230,282</u>	<u>7,755,381</u>
<b>Due after one year</b>			
Loans and borrowings	<u>24</u>	<u>3,768,585</u>	<u>3,670,766</u>



# Pavestone UK Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021

### 20 Provisions for liabilities

	Deferred tax £	Total £
At 1 January 2021	595,015	595,015
Additional provisions	1,030,396	1,030,396
At 31 December 2021	1,625,411	1,625,411

### 21 Pension and other schemes

#### Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £144,598 (2020 - £168,144).

### 22 Share capital

#### Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	78,234	78,234	173,234	173,234

During the year, 95,000 Ordinary shares of £1 each were bought back by the company for total consideration of £4,387,100 and cancelled.

### 23 Reserves

#### Revaluation reserve

The revaluation reserve is the increase in the fair value of the freehold property held at the reporting date since its original cost. This reserve is unrealised and non-distributable.

The changes to each component of equity resulting from items of other comprehensive income for the current year were as follows:

	Revaluation reserve £	Total £
Surplus/deficit on property, plant and equipment revaluation net of deferred tax charge	2,290,350	2,290,350
	2,290,350	2,290,350

# Pavestone UK Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021

### 24 Loans and borrowings

	2021 £	2020 £
<b>Non-current loans and borrowings</b>		
Bank borrowings	2,068,468	2,310,021
Hire purchase contracts	30,287	82,657
Other borrowings	1,669,830	1,278,088
	<u>3,768,585</u>	<u>3,670,766</u>

	2021 £	2020 £
<b>Current loans and borrowings</b>		
Bank borrowings	268,379	274,770
Bank overdrafts	201,947	-
Hire purchase contracts	52,370	75,466
Other borrowings	615,258	360,486
	<u>1,137,954</u>	<u>710,722</u>

#### Bank borrowings

The bank loan is secured by a fixed charge over the company's freehold property and the company's CTI 950 Automatic Precast Machine.

There are total undrawn borrowing facilities of £617,067 available to the company as at 31 December 2021. This facility is reviewed annually.

The bank loan of £1,789,784 (2020: £1,874,265) has a fifteen year amortisation period with interest charged at 2.50% above the base rate. Repayments are £13,403 per month expiring November 2024 at which point the loan will be renegotiated or settled. The Coronavirus Business Interruption Loan (£547,063, 2020: £710,526) has a five year amortisation period with interest charge at 2.50% above the base rate. Repayments are £13,158 per month expiring June 2025.

Bank overdrafts (debt factoring) is denominated in pound sterling with a nominal interest rate of 2.75% above the base rate. The carrying amount at year end is £201,947 (2020 - £Nil). These are secured to the same value over the trade debtors to which they relate.

#### Other borrowings

Hire purchase contracts is denominated in pound sterling with a nominal interest rate of 3%, and the final instalment is due on 31 July 2022. The carrying amount at year end is £82,657 (2020 - £158,123).

Hire purchase contracts are secured against the assets to which the contracts relate.

Other borrowings is denominated in pound sterling with a nominal interest rate of 4.5%, and the final instalment is due on 31 October 2027. The carrying amount at year end is £2,285,088 (2020 - £1,638,574).

Other borrowings consists of two separate loans, the first of which is repayable at £32,771 per month until March 2025, the other which was entered in to during the year and is repayable at £18,500 per month until October 2027

## Pavestone UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### 25 Obligations under leases and hire purchase contracts

##### Finance leases

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	25,313	75,466
Later than one year and not later than five years	30,287	82,657
	<u>55,600</u>	<u>158,123</u>

##### Operating leases

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	200,149	233,437
Later than one year and not later than five years	95,879	296,028
	<u>296,028</u>	<u>529,465</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £263,396 (2020 - £194,998).

**Pavestone UK Limited**

**Notes to the Financial Statements for the Year Ended 31 December 2021**

**26 Related party transactions**

**Transactions with Directors**

	<b>At 1 January 2021 £</b>	<b>Advances to Director £</b>	<b>Repayments by Director £</b>	<b>At 31 December 2021 £</b>
<b>2021</b>				
<b>J C Layton</b>				
Director loan	49,250	319	(35,024)	14,545
<b>K A Fowler</b>				
Director loan - estate of K A Fowler	1,077,473	85,703	(1,163,176)	-
<b>R A Rawlings</b>				
Director loan	55,073	-	(20,992)	34,081
<b>M Senders</b>				
Director loan	9,520	196	-	9,716
<b>T C Parker</b>				
Director loan	16,256	336	-	16,592
	<b>At 1 January 2020 £</b>	<b>Advances to Director £</b>	<b>Repayments by Director £</b>	<b>At 31 December 2020 £</b>
<b>2020</b>				
<b>J C Layton</b>				
Director loan	(4,028)	71,201	(17,923)	49,250
<b>K A Fowler</b>				
Director loan - estate of K A Fowler	1,044,736	223,436	(190,699)	1,077,473
<b>R A Rawlings</b>				
Director loan	54,632	1,483	(1,042)	55,073
<b>M Senders</b>				
Director loan	-	9,520	-	9,520
<b>T C Parker</b>				
Director loan	6,412	9,844	-	16,256

#### **Director loan - estate of K A Fowler**

During the year, the company agreed to buy back 95,000 ordinary shares for total consideration of £4,387,100. This included full repayment of the director's loan account. Included within the total consideration were deferred payments totalling £1,007,000 which are included within creditors at 31st December 2021 and are repayable in future periods.

## **Pavestone UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

#### **Summary of transactions with other related parties**

Consilium CXXI Ltd, a company jointly controlled by Tom Parker.

Consilium CXXI Ltd purchases goods from Pavestone UK Limited on normal commercial terms.

#### **Income and receivables from related parties**

	<b>Other related parties</b>
	<b>£</b>
<b>2021</b>	
Sale of goods	129,712
Amounts receivable from related party	25,890
	<b>Other related parties</b>
	<b>£</b>
<b>2020</b>	
Sale of goods	58,105
Amounts receivable from related party	6,968

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.