

Alpha Resource Management Ltd

**Annual report and financial
statements**

Registered number NI059764

For the year ended 31 December 2021

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Directors' report

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

Principal activities

The principal activities of the business are the provision and operation of a landfill facility and the generation of green energy.

Results

For the year ended 31 December 2021, the Company reported a loss before taxation of £96,000 (2020: profit of £178,000) on turnover of £3,094,000 (2020: £3,411,000).

Dividends

No dividend has been declared or paid in the year (2020: Nil).

Directors

The directors who held office during the year and to the date of this report were as follows:

LP McDonald
AM Mullan
RE McDonald (resigned 1 March 2022)
R Wood (resigned 16 March 2021)
JE Brotherton (appointed 16 March 2021)
JW Atherton-Ham (appointed 1 March 2022)

Risk management

The Board is ultimately responsible for risk management and continues to develop policies and procedures that reflect the nature and scale of the Company's business. These are designed to identify, mitigate and manage risk, but they cannot entirely eliminate it. The Board has identified the following key areas of risk to the business:

- *Climate change*

Risks related to the physical impacts of climate change such as increased severity of extreme weather events:

- Disruption caused by extreme weather events.
- Availability, accessibility and affordability of key operational resources.
- Supply chain disruption and increased operational costs.

Risks related to the transition to a lower-carbon economy:

- Failure to achieve expected reductions towards net zero carbon commitments could damage our reputation and reduce attractiveness to stakeholders such as customers, employees and investors, resulting in failure to win key contracts and an increased cost of capital.
- Rising input costs in areas such as electricity are likely to arise as a result of the transition to a low carbon economy.
- *Digitalisation* - Customers, suppliers and government agencies are increasingly seeking to simplify how they do business through digital solutions. Failure to keep up to date with advances in technology could lead to loss of custom and increases in the cost of doing business.
- *Market conditions* - Changes in the macroeconomic environment, including shifts in government policy and the level of competition within the market, could all have an impact on demand for our products and utilisation of our assets.
- *People* - Failure to recruit, develop and retain the right people could have an adverse impact on our ability to meet our strategic objectives, as could failing to maintain a positive culture and working environment.
- *Environmental impact* - The Company's impact on the environment could expose us to regulatory breaches, disruption and increased reputational risk.

Directors' report (continued)

Risk management (continued)

- **Health, safety and wellbeing** - Failure to manage adequately health, safety and wellbeing risks could result in harm to colleagues, contractors, others working on behalf of the Company or to the public. This could additionally expose the Group to significant disruption, financial liabilities and reputational damage.
- **Input costs** - Along with the rest of the industry and wider economy, the Company has seen significant increases in the cost of a number of key inputs in 2021 and volatility is expected to continue into 2022. These increases in input costs could significantly impact profitability.
- **IT and cyber security** - Disruption to the IT environment, whether due to a failure of infrastructure or a cyber security breach, could affect our operational performance and lead to reputational damage, regulatory penalties and significant financial loss.
- **Legal and regulatory** - The Company and all our employees and business partners are required to comply with all applicable laws and regulations, including taxation, and we conduct our operations in accordance with accepted principles of good corporate governance. A legal or regulatory breach could result in significant disruption, financial liabilities and reputational damage.
- **Credit risk** - Difficult economic conditions could increase our exposure to credit risk from our customers. Although we have not experienced significant credit losses, these may be more likely to arise in coming years with companies weakened in the aftermath of the pandemic and as government support measures become due for repayment.

Employees

The Company recognises the importance of employee involvement in the operation and development of its business units, to enable management to be fully accountable for their own actions and gain maximum benefit from local knowledge. Employees are informed by regular consultation and internal newsletters of the progress of both their own business units and the wider Breedon Group.

The Company is committed to providing equal opportunities for individuals in all aspects of employment and considers the skills and aptitudes of disabled persons in recruitment, career development, training and promotion. If existing employees become disabled, every effort is made to retain them and retraining is arranged whenever possible.

Political contributions

The Company made no political donations nor incurred any political expenditure in either year.

Going Concern

The financial statements have been prepared on a going concern basis. This has been disclosed further in note 1.

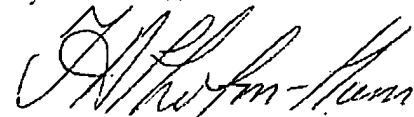
Disclosure of information to auditor

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

Auditor

In accordance with Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG will therefore continue in office.

By order of the board



JW Atherton-Ham
Director

5 Blackwater Road
Newtownabbey
Northern Ireland
BT36 4TZ

31 August 2022

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

The directors are responsible for preparing the Directors' 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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



JW Atherton-Ham
Director

5 Blackwater Road
Newtownabbey
Northern Ireland
BT36 4TZ

31 August 2022



KPMG
Audit
The Soloist Building
1 Lanyon Place
Belfast BT1 3LP
Northern Ireland

Independent auditor's report to the members of Alpha Resource Management Ltd

Opinion

We have audited the financial statements of Alpha Resource Management Ltd ('the Company') for the year ended 31 December 2021 set out on pages 8 to 18, which comprise the Statement of profit and loss and other comprehensive income, Balance sheet, Statement of changes in equity and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is UK Law and FRS 101 Reduced Disclosure Framework.

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 loss for the year then ended;
- the financial statements have been properly prepared in accordance with FRS 101 Reduced Disclosure Framework; and
- the financial statements 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. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (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

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

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

In auditing the financial statements, we have concluded that the directors' 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 the date when the financial statements are 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.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.



Independent auditor's report to the members of Alpha Resource Management Ltd

(continued)

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included: inquiring with the directors as to the Company's policies and procedures regarding compliance with laws and regulations and prevention and detection of fraud; inquiring whether the directors have knowledge of any actual or suspected non-compliance with laws or regulations or alleged fraud; inspecting the Company's regulatory and legal correspondence; and reading Board minutes.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

The Company is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition. We did not identify any additional fraud risks.

In response to risk of fraud, we performed procedures including: identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation; evaluating the business purpose of significant unusual transactions; assessing significant accounting estimates for bias; and assessing the disclosures in the financial statements.

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

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



Independent auditor's report to the members of Alpha Resource Management Ltd

(continued)

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report and strategic report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Opinions on other matters prescribed by the Companies Act 2006

Based solely on our work on the other information undertaken during the course of the audit:

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects



Independent auditor's report to the members of Alpha Resource Management Ltd

(continued)

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities 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, other irregularities or error, and to issue an opinion in an auditor's report. 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, other irregularities 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 fuller description of our responsibilities is provided on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities.

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

Our 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.

**John Poole,
Senior Statutory Auditor
for and on behalf of
KPMG Statutory Auditor**

1 September 2022

**The Soloist Building
1 Lanyon Place
Belfast
BT1 3LP**

Statement of profit and loss and other comprehensive income
for the year ended 31 December 2021

	<i>Note</i>	2021 £000	2020 £000
Turnover	<i>1</i>	3,094	3,411
Cost of sales		(2,774)	(2,859)
Gross profit		320	552
Administrative expenses		(374)	(324)
Operating (loss)/profit	<i>2</i>	(54)	228
Interest payable and similar expenses	<i>5</i>	(42)	(50)
(Loss)/profit before taxation		(96)	178
Taxation	<i>6</i>	(112)	(15)
(Loss)/profit and total comprehensive income for the financial year		(208)	163

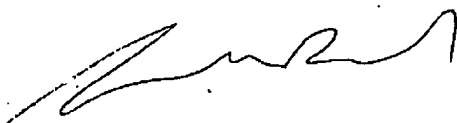
All operating results were derived from continuing activities.

There were no other recognised gains or losses arising in the year.

Balance sheet
at 31 December 2021

	<i>Note</i>	2021 £000	2020 £000
Fixed assets			
Tangible assets	7	4,177	4,841
Current assets			
Debtors	8	2,220	2,072
Cash at bank and in hand		2,654	3,383
Total current assets		4,874	5,455
Creditors: amounts falling due within one year	9	(5,121)	(6,106)
Net current liabilities		(247)	(651)
Total assets less current liabilities		3,930	4,190
Creditors: amounts falling due after more than one year	10	(2,700)	(2,700)
Provisions for liabilities and charges			
Deferred tax liability	11	(657)	(246)
Other provisions	12	(487)	(950)
Total provisions for liabilities and charges		(1,144)	(1,196)
Net assets		86	294
Capital and reserves			
Share capital	13	100	100
Share premium		322	322
Profit and loss account		(336)	(128)
Equity shareholder's funds		86	294

These financial statements were approved by the Board of Directors on 31 August 2022 and were signed on its behalf by:



L. McDonald
Director

Company number: NI059764

Statement of changes in equity
for the year ended 31 December 2021

	Share capital £000	Share premium £000	Profit and loss account £000	Total equity £000
Balance at 31 December 2019	100	322	(291)	131
Profit and total comprehensive income for the financial year			163	163
Balance at 31 December 2020	100	322	(128)	294
Loss and total comprehensive expense for the financial year			(208)	(208)
Balance at 31 December 2021	100	322	(336)	86

Notes

(forming part of the financial statements)

1 Accounting policies

Alpha Resource Management Ltd (the "Company") is a private company limited by shares incorporated and domiciled in Northern Ireland in the UK.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

The presentation currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Breedon Group plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Breedon Group plc are prepared in accordance with International Financial Reporting Standards as adopted by the UK and may be obtained from the Company Secretary, Breedon Group plc, 28 Esplanade, St Helier, Jersey JE2 3QA.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Breedon Group plc include the equivalent disclosures, the Company has also taken the exemptions available under FRS 101 in respect of the following disclosures:

- IFRS 2 *Share-Based Payments* in respect of group settled share-based payments; and
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.
- Certain disclosures required by IFRS 3 *Business Combinations* in respect of business combinations undertaken by the Company in the prior period including the comparative period reconciliation for goodwill; and
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The financial statements are prepared on a historic cost basis.

Accounting estimates and judgements

The preparation of financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The directors note that there are deemed to be no significant accounting judgements or significant accounting estimates made in preparing these financial statements.

Notes (continued):

1 Accounting policies (continued)

1.1 Going concern

The Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these Financial Statements which indicate that, taking account of severe but plausible downsides, the Company will have sufficient funds, through funding from a banking facility at its ultimate parent company, Breedon Group plc ('the Group'), to meet its liabilities as they fall due for that period.

The Group meets its day-to-day working capital and other funding requirements through its banking facilities, which include an overdraft facility. Longer term debt financing is accessed through the Group's USPP loan note programme. The facilities comprise a £350,000,000 multi-currency RCF, which runs to at least June 2025 and £250,000,000 of USPP loan notes with maturities between seven and 15 years. Further details of these loans are given within the consolidated financial statements of Breedon Group plc.

The Group comfortably met all covenants and other terms of its borrowing agreements in the year to 31 December 2021, and maintained its track record of profitability and cash generation, with an overall profit before taxation of £114,295,000 and net cash from operating activities of £194,131,000.

The Group has prepared cash flow forecasts for a period of more than 12 months from the date of signing these Financial Statements, which show a sustained trend of profitability and cash generation. At 31 December 2021, the Group had undrawn banking facilities of £350,000,000, and at the date of this report retains similar levels of liquidity which it is expected will provide sufficient liquidity for the Group to discharge its liabilities as they fall due and retain covenant headroom, even under a 'severe but plausible' downside scenario of forecast cash flows.

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

1.2 Fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated. All other tangible fixed assets, including leased assets, are depreciated on a straight line basis so as to write off the cost or valuation of the assets, less their estimated residual values, over their estimated useful lives as follows:

Landfill site	tonnage utilised basis
Plant & machinery	2 – 15 years

1.3 Trade receivables and trade payables

Trade receivables and trade payables are initially recognised at fair value and then are stated at amortised cost.

1.4 Pensions

The Company participates in group defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in an independently administered fund. The amount charged against profit represents the contributions payable to the schemes during the year.

1.5 Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Current tax is the expected tax payable or receivable on the taxable income or loss 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 the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

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. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Notes (continued)

1 Accounting policies (continued)

1.6 Turnover

Company revenue primarily arises from the provision of waste disposal services. IFRS 15 requires revenue from contracts with customers to be recognised in line with a principles-based five-step model. This requires the Company to identify performance obligations within its contracts with customers, determine the transaction price applicable to each of these performance obligations and then to select an appropriate method for the timing of revenue recognition reflecting the substance of the performance obligation, being either recognition at a point in time or over time.

The transaction price for this revenue is the amount which can be invoiced to the customer once the performance obligations are fulfilled, reduced to reflect provisions recognised for returns, trade discounts and rebates. The Company does not routinely offer discounts or volume rebates, but where it does the variable element of revenue is based on the most likely amount of consideration that the Company believes it will receive. This value also excludes items collected on behalf of third parties, such as sales and value added taxes, including landfill tax. For all sales of goods, revenue is recognised at a point in time, being the point that the customer transfers waste to the company.

1.7 Provisions (including restoration costs)

A provision is recognised when the Company has a present legal or constructive obligation, and it is probable that an outflow of economic benefits will be required to settle the obligation. The Company provides for the costs of restoring a site and of decommissioning associated property, plant and equipment. The initial cost of creating provisions on the commencement of operations is included in property, plant and equipment and depreciated over the life of the site. Changes in the measurement of a previously capitalised provision that result from changes in the estimated timing or amount of cash outflows are added to, or deducted from, the cost of the related asset. All provisions are discounted to their present value at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

2 Operating (loss)/profit

	2021 £000	2020 £000
<i>Operating (loss)/ profit is stated after charging</i>		
Audit of these financial statements	5	6
Depreciation – owned assets	1,151	1,337
Profit on sale of fixed assets	37	-
	<hr/>	<hr/>

3 Directors' remuneration

The directors of the Company are also directors of other companies within the Group and their remuneration is paid by and disclosed within the publicly available statutory accounts of those other companies. These directors do not consider that their duties in respect of the Company take up a significant amount of their time and therefore the value disclosed for the proportion of their remuneration received in respect of services to the Company is £nil (2020: £nil).

Notes (continued)

4 Staff numbers and costs

	Number of employees 2021	2020
Production, distribution and administration	5	6

The aggregate payroll costs of these persons were as follows:

	2021 £000	2020 £000
Wages and salaries	236	196
Social security costs	20	19
Pension	28	22
	<u>284</u>	<u>237</u>

5 Interest payable

	2021 £000	2020 £000
<i>Interest payable and similar expenses</i>		
Unwinding of discounting of provisions	42	50
	<u>42</u>	<u>50</u>

6 Taxation

Recognised in the profit and loss account:

	2021 £000	2020 £000
<i>UK corporation tax</i>		
Current year	(299)	(181)
Total current tax credit	<u>(299)</u>	<u>(181)</u>
<i>Deferred tax</i>		
Current year	254	189
Effect of change in UK deferred tax rate	157	7
Total deferred tax charge	<u>411</u>	<u>196</u>
Tax on (loss)/profit	<u>112</u>	<u>15</u>

Legislation was passed on 24 May 2021 which substantially enacted an increase in the UK corporation tax rate from 19 per cent to 25 per cent from April 2023. This will result in higher tax charges in future years and a deferred tax charge of £157,000 has been recognised to remeasure the Company's deferred tax liabilities at 31 December 2021 at this higher rate.

Legislation was passed on 17 March 2020 which substantially enacted a cancellation of the planned reduction in the UK corporation tax rate from 19 per cent to 17 per cent. A deferred tax charge of £7,000 has been recognised to remeasure the Company's deferred tax liabilities at 31 December 2020 at this higher rate.

Notes (continued)

6 Taxation (continued)

Factors affecting the tax charge for the current year

The tax charge for the current year is higher (2020: lower) than the standard rate of UK corporation tax of 19% (2020: 19%). The differences are explained below:

	2021 £000	2020 £000
<i>Tax reconciliation</i>		
(Loss)/profit before tax	(96)	178
Current tax at 19% (2020: 19%)	(18)	34
<i>Effects of:</i>		
Transfer pricing	(27)	(26)
Effect of change in UK deferred tax rate	157	7
Total tax charge	112	15

The company has no unrecognised deferred tax assets.

7 Tangible assets

	Land & buildings £000	Plant, machinery & equipment £000	Total £000
<i>Cost</i>			
At beginning of year	15,118	885	16,003
Additions	487	-	487
At end of year	15,605	885	16,490
<i>Depreciation</i>			
At beginning of year	10,334	828	11,162
Charge for year	1,123	28	1,151
At end of year	11,457	856	12,313
<i>Net book value</i>			
31 December 2021	4,148	29	4,177
31 December 2020	4,784	57	4,841

Notes (continued)

8 Debtors

	2021 £000	2020 £000
Trade debtors	1,373	1,789
Amounts owed by group undertakings	-	6
Other debtors & prepayments	366	95
Corporation tax	481	182
	<u>2,220</u>	<u>2,072</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

9 Creditors: amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	461	168
Accruals and other creditors	321	-
Amounts owed to group undertakings	1,127	2,106
Other tax and social security (including landfill tax)	3,212	3,832
	<u>5,121</u>	<u>6,106</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

10 Creditors: amounts falling due after more than one year

	2021 £000	2020 £000
Amounts owed to group undertakings	<u>2,700</u>	<u>2,700</u>

Amounts owed to group undertakings are unsecured, interest free and repayable in more than one year.

Notes (continued)

11 Deferred tax assets and liabilities

2021	1 January 2021 £000	Recognised in income £000	31 December 2021 £000
Property, plant and equipment	15	(1,012)	(997)
Working capital and provisions	(261)	601	340
Total asset/(liability)	(246)	(411)	(657)
2020	1 January 2020 £000	Recognised in income £000	31 December 2020 £000
Property, plant and equipment	(227)	242	15
Working capital and provisions	177	(438)	(261)
Total asset/(liability)	(50)	(196)	(246)

12 Provisions for liabilities and charges

	Restoration provisions £000
At beginning of year	950
Unwinding of interest	42
Decrease in provision recognised in the profit and loss account	(505)
At end of year	487

Restoration provisions comprise provisions for the cost of restoring and decommissioning the Company's landfill site.

13 Capital and reserves

Share capital

	2021 £000	2020 £000
<i>Allotted, called up and fully paid:</i>		
100,000 (2020: 100,000) ordinary shares of £1 each	100	100

Notes (continued)

14 Share-based payments

Share awards and options over the shares of Breedon Group Plc, the ultimate parent entity, are granted to certain employees of the company. The fair value of options and awards granted is measured at grant date using the Black-Scholes model and is recognised as an expense over the period the employees become entitled to the awards and options, with a corresponding credit recognised within equity. The amount recognised as an expense is adjusted to reflect the actual number of awards and options expected to vest. Recharges by the ultimate parent entity are offset against equity and recognised as an intercompany liability.

As the consolidated financial statements of the ultimate parent company, Breedon Group Plc include the equivalent disclosures, the company has taken the exemptions under FRS101 available in respect of the disclosure requirements of IFRS 2 *Share Based Payments* in respect of group settled share based payments.

15 Contingent liabilities

The Company no longer guarantees the bank overdrafts and loans of Breedon Group plc and certain of its subsidiary undertakings due to refinancing of the Group's arrangements. In the prior period, this amounted to £297,400,000.

16 Pensions

The Company contributes to various defined contribution schemes in respect of its employees. Pension costs charged during the year in respect of the schemes were £28,000 (2020: £22,000). Contributions of £nil were outstanding at the year-end (2020: £nil).

17 Related party transactions

The Company is a wholly owned subsidiary of Breedon Group plc and is therefore exempt from the requirements to disclose transactions with its parent and fellow wholly owned subsidiary undertakings.

The Company's key management personnel are the Directors. Details of Directors' remuneration are given in note 3.

18 Parent undertaking

Kilcarn Limited, a company incorporated in Northern Ireland, is the Company's immediate parent undertaking.

Breedon Group plc, a company incorporated in Jersey, is the Company's ultimate parent undertaking and its consolidated results include the results of the Company. Copies of the consolidated financial statements for Breedon Group plc can be obtained from the Company Secretary, Breedon Group plc, 28 Esplanade, St Helier, Jersey JE2 3QA.