



Lagan Asphalt Group Limited

**Annual report and financial
statements**

Registered number NI073968

For the year ended 31 December 2021

Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' report and the financial statements	2
Independent auditor's report to the members of Lagan Asphalt Group Limited	3
Statement of profit and loss and other comprehensive income	6
Balance sheet	7
Statement of changes in equity	8
Notes	9

Directors' report

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

Principal activities

The principal activity of the business is as a holding company.

Results

For the year ended 31 December 2021, the Company reported a loss after taxation of £2,000 (2020: profit £32,000).

Dividends

No dividends were declared and paid during the year (2020: £nil).

Directors

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

T Lagan
JE Brotherton (appointed 16 March 2021)
LP McDonald (appointed 22 October 2021)
JW Atherton-Ham (appointed 1 March 2022)
R Wood (resigned 16 March 2021)
C Cassidy (resigned 22 October 2021)
RE McDonald (resigned 1 March 2022)

Political contributions

The Company made no political donations and did not incur 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 LLP will therefore continue in office.

By order of the board



JW Atherton-Ham
Director

5 Blackwater Road
Newtownabbey
Northern Ireland
BT36 4TZ
27 June 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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Independent auditor's report to the members of Lagan Asphalt Group Limited

Opinion

We have audited the financial statements of Lagan Asphalt Group Limited ("the company") for the year ended 31 December 2021 which comprise the Profit and loss account, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 1.

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;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

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

Our conclusions based on this work:

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

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors and inspection of policy documentation as to the Breedon Group Plc's policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

We performed procedures including agreeing all accounting entries in the period to supporting documentation.

Independent auditor's report to the members of Lagan Asphalt Group Limited (*continued*)

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

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

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

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

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

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

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in the report for the financial year is consistent with the financial statements; and
- in our opinion the report has been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Lagan Asphalt Group Limited (*continued*)

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities.

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

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



Craig Parkin (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
One Snowhill
Birmingham
B4 6GH
28 June 2022

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

	<i>Note</i>	2021 £000	2020 £000
Administrative expenses		-	39
Operating profit	2	-	39
Profit before taxation		-	39
Tax on profit	4	(2)	(7)
(Loss)/profit and total comprehensive (expense)/income for the financial year		(2)	32

All operating results were derived from continuing activities of the business.

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

Balance sheet
As at 31 December 2021

	<i>Note</i>	2021 £000	2020 £000
Fixed assets			
Investments	5	17	17
		<hr/>	<hr/>
Current assets			
Cash at bank and in hand		495	495
		<hr/>	<hr/>
Total current assets		495	495
Creditors: amounts falling due within one year	6	(9)	(7)
		<hr/>	<hr/>
Net current assets		486	488
		<hr/>	<hr/>
Net assets		503	505
		<hr/>	<hr/>
Capital and reserves			
Share capital	7	10	10
Profit and loss account		493	495
		<hr/>	<hr/>
Equity shareholder's funds		503	505
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 27 June 2022 and were signed on its behalf by:



JE Brotherton
Director

Company number: NI073968

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

	Share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2020	10	463	473
Profit and total comprehensive income for the financial year	-	32	32
Balance at 31 December 2020	10	495	505
Loss and total comprehensive expense for the financial year	-	(2)	(2)
Balance at 31 December 2021	10	493	503

Notes

(forming part of the financial statements)

1 Accounting policies

Lagan Asphalt Group Limited (the "Company") is a private company limited by shares, incorporated and domiciled in Northern Ireland in the UK. Its registered address is 5 Blackwater Road, Newtownabbey, Northern Ireland, BT36 4TZ and its registered number is NI073968.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

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;
- 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:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

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

There are no judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year.

Notes (continued)

1 Accounting policies (continued)

1.1 Going concern

The Company has sufficient cash to settle its current liability of £9,000 and does not expect to have any other future liabilities, however it will continue to be a guarantor of Breedon Group plc and certain of its subsidiary undertaking's banking facilities (see note 8).

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 Subsidiary undertakings ("subsidiaries")

Investments in subsidiaries are stated at cost less amounts written off. Only dividends received are credited to the Company's profit and loss account.

1.3 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)

2 Operating profit

	2021 £000	2020 £000
<i>Operating profit is stated after charging</i>		
Amounts receivable by the auditor and its associates in respect of:		
Audit of financial statements pursuant to legislation	3	1
	<hr/>	<hr/>

The amounts payable to the auditors have been borne by a related group entity.

3 Directors' remuneration and staff costs

The directors of the Company are also the directors of other Group companies. They do not consider that their duties in respect of the Company take up a significant proportion of their time, and consequently the fair value of their remuneration received in respect of services to this Company is deemed to be £nil (2020: £nil).

The Company had no other employees in either the current or prior year.

4 Taxation

Recognised in the profit and loss account:

	2021 £000	2020 £000
<i>UK corporation tax</i>		
Current year	-	7
Adjustments in respect of prior periods	2	-
	<hr/>	<hr/>
Tax on profit	2	7
	<hr/>	<hr/>

Factors affecting the tax charge for the current year

The tax charge for the current year is higher than (2020: equal to) than the standard rate of UK corporation tax of 19% (2020: 19%). This is set out below:

	2021 £000	2020 £000
<i>Tax reconciliation</i>		
Profit before tax	-	39
	<hr/>	<hr/>
Current tax at 19% (2020: 19%)	-	7
	<hr/>	<hr/>
<i>Effects of:</i>		
Adjustments in respect of prior periods	2	-
	<hr/>	<hr/>
Total tax charge	2	7
	<hr/>	<hr/>

The company has no unrecognised deferred tax assets.

Future tax changes

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 which will result in higher tax charges in future years.

Notes (continued)

5 Investments

					Shares in subsidiary undertaking £000
<i>Cost and net book value</i>					17
At beginning and end of year					
Company name	Country of incorporation	Share type	Percentage owned (%)	Principal activity	
<i>Subsidiaries</i>					
Lagan Asphalt Limited *	Ireland	Ordinary	100	Road surfacing	
Lagan Materials Limited *	Ireland	Ordinary	100	Manufacture of construction materials	
Lagan Hibernian Limited	Ireland	Ordinary	100	Holding company	
Lagan Asphalt (UK) Ltd	Northern Ireland	Ordinary	100	Non-trading	
<i>Joint ventures</i>					
Lagan Shwar International Limited	Oman	Ordinary	50	Non-trading	
Lagan-Al Ansari (MENA) W.W.L.	Qatar	Ordinary	25	Non-trading	
Lagan Asphalt Group Ltd	Liberia	Ordinary	50	Non-trading	

* held indirectly through Lagan Hibernian Limited

The registered office address for all companies registered in Ireland is Rosemount Business Park, Ballycoolin Road, Dublin 11, D11 K2TP. The registered office address for Lagan Asphalt (UK) Ltd is 5 Blackwater Road, Newtownabbey, Northern Ireland, BT36 4TZ.

6 Creditors: amounts falling due within one year

	2021 £000	2020 £000
Corporation tax	9	7
	<u>9</u>	<u>7</u>

7 Share capital

	2021 £000	2020 £000
<i>Allotted, called up and fully paid:</i>		
972,014 Ordinary share of £0.01 each (2020: 972,014)	10	10
	<u>10</u>	<u>10</u>

8 Contingent liabilities

The Company has guaranteed the bank overdrafts and loans of Breedon Group plc and certain of its subsidiary undertakings which on 31 December 2021, amounted to £265,000,000 (2020: £297,400,000).

Notes (continued)

9 Related parties

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

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

10 Ultimate parent undertaking

Breedon Holdings (Jersey) Limited, a company incorporated in Jersey, 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.