

Albion Stone Plc

Annual Report and Financial Statements

For the year ended 31 March 2022

Albion Stone Plc

Company Information

Directors	M.J. Poultney P. Worrall D.J. White
Secretary	J. Forster-Coleman
Company number	01767530
Registered office	Robert Denholm House Bletchingley Road Nutfield Surrey RH1 4HW
Auditors	Moore Kingston Smith LLP 6th Floor 9 Appold Street London EC2A 2AP
Business address	Robert Denholm House Bletchingley Road Nutfield Surrey RH1 4HW
Bankers	Lloyds Bank Commercial Client Servicing Team (SME) 2 Bankhead Crossway North Edinburgh EH11 4DT HSBC 9 The Boulevard Crawley RH10 1UT

Albion Stone Plc

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Albion Stone Plc

Strategic Report

For the year ended 31 March 2022

The directors present the strategic report for the year ended 31 March 2022.

Fair review of the business

The company's principal activity has continued to be the extraction of Portland Dimensioned Stone from its mines on the island of Portland, and the processing of this stone at its factory into slabs, cladding, paving, flooring and masonry.

The main market for our stone, the cities of London and Westminster have had a residue impact from the Covid pandemic and Brexit, coupled with more recent issues from the Ukraine war, and many projects have progressed at a much slower rate, but none have been cancelled so we remain buoyant about the future workload.

The Stonehills mine is now fully operational producing an exceptional quality clean Whitbed that has already been specified on some prestigious projects. We continue to uncover excellent quality Roach bed, Whitbeds and Basebeds from under the St George's churchyard and Bowers Mine

We have focused our Capital Expenditure programme on upgrades that deliver environmental improvements as well as increases in efficiency and output. The focus is now on the factory operations with the recent replacement of the Van Voorden Primary with new wire saws with reduced cutting width and lower power and water usage. Further changes are being considered for other aspects of the factory sawing and CNC operations. We have also started a trial using biofuel, but the high cost remains a factor.

Statement by the directors in performance of their statutory duties in accordance with section 172 Companies Act 2006

As required by Section 172 of the UK's Companies Act, the directors of the company must act in the way they consider, in good faith, would most likely promote the success of the company, having regard to the detailed matters covered in s172 of the Companies Act 2006. These matters are:

- the likely consequences of any decision in the long term,
- the interests of the company's employees
- the need to foster the company's business relationships with suppliers, customers, and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company.

The board recognises that the long-term success of the business is dependent on effective engagement with relevant stakeholders and understanding their views on material issues which may impact the business. Stakeholder engagement is managed by the board of directors but takes place at all levels within the company. We report the performance of the company in line with the guidelines in these standards to all stakeholders through the website.

Employees

The board recognises that our employees are crucial to the delivery of the business strategy and future growth. Through a wide range of training and development we aim to develop people so that we can promote from within and employees can meet their full potential.

Albion Stone Plc

Strategic Report (Continued)

For the year ended 31 March 2022

Other information and explanations

Company performance is monitored by the Directors and new targets are set at the quarterly management meetings, and progress is reported to the company's employees through emails to the employees and we welcome feedback at the quarterly Works Council meetings.

Customers

The board are in regular contact with key potential and past customers, to obtain feedback on matters such as product quality and customer service and drive long term relationships. One of our key performance indicators is monitored through customer satisfaction surveys which shows that 100% of our customers thought the service was excellent or good.

Suppliers

The board has direct involvement in maintaining supplier relationships, to understand market conditions affecting the supply chain, and how it can impact the company's activities. The company ensures it pays suppliers in line with agreed timescales.

Community & environment

The business strategy is to produce the stone to meet or exceed the customers demand with minimal environmental impact. We seek to continue to improve the company's quality of its products and service, its health and safety performance and our environmental impact through the Occupational Health and Safety Management ISO 18001, ISO 9001 Quality, ISO 14001 Environmental and BES 6001 Responsible Sourcing standards. We have retained the BES 6001 Excellent accreditation and remain the only company in our sector to have achieved this standard. We have the lowest carbon footprint as demonstrated with our Environmental Product Declaration (EPD) and we hope that this will be able to demonstrate that company's excellent environmental performance to our customers.

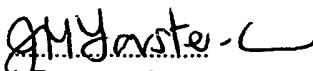
We are going to be focusing primarily on a reduction on our carbon footprint and plan to set out an action plan to getting as close as possible to net-zero emissions by 2025. However, we need to be careful that we do not price ourselves out of the marketplace and this drive will need to be tempered by demands from the general construction industry and its willingness to accept higher costs for low carbon footprint products.

Principal risks and uncertainties

The principal risks to the business is a sharp downturn in the commercial development in the core market of London. The pandemic has impacted the current projects and we believe that decision making has been move difficult through home working. However, it could result in more home working and less demand for office space. We therefore need to ensure that we are able to produce stone as competitively as the most efficient companies in our sector to ensure we are in a good place to pick all business opportunities.

We remain positive about the medium term as very few projects have been cancelled and there could be a surge in new work as stalled projects start.

By order of the board


J. Forster-Coleman

Secretary

Date: 30th August 2022

Albion Stone Plc

Directors' Report

For the year ended 31 March 2022

The directors have pleasure in presenting their report and financial statements for the year ended 31 March 2022.

Principal activities

The principal activity of the company continued to be that of the extraction and sale of stone.

Results and dividends

The results for the year are set out on page 10.

Ordinary dividends were paid amounting to £111,800. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

M.J. Poultney
P. Worrall
D.J. White

Supplier payment policy

The company's current policy concerning the payment of trade creditors is to settle the terms of payment with suppliers when agreeing the terms of each transaction ensuring that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts and paying them in accordance with the company's contractual and other legal obligations.

On average, trade creditors at the year end represented 59 (2021: 54) days' purchases.

Please see the Statement by the directors in performance of their statutory duties in accordance with section 172 Companies Act 2006 section of the Strategic Report for consideration as to how the directors have had regard to the need to foster relationships with suppliers, customers and others.

Financial instruments

Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Auditor

In accordance with the company's articles, a resolution proposing that Moore Kingston Smith LLP be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

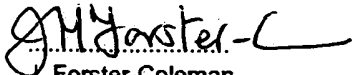
(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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Directors' Report (Continued)

For the year ended 31 March 2022

By order of the board


J. Forster-Coleman
Secretary

Date: 30th August 2022

Albion Stone Plc

Directors' Responsibilities Statement

For the year ended 31 March 2022

The directors are responsible 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 then apply them consistently;
- make judgements and accounting 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;
- 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.

Albion Stone Plc

Independent Auditor's Report

To the Members of Albion Stone Plc

Opinion

We have audited the financial statements of Albion Stone Plc (the 'company') for the year ended 31 March 2022 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the 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 FRS 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 March 2022 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's 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 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 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.

Other information

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

We have nothing to report in this regard.

Albion Stone Plc

Independent Auditor's Report (Continued)

To the Members of Albion Stone Plc

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

Albion Stone Plc

Independent Auditor's Report (Continued)

To the Members of Albion Stone Plc

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Albion Stone Plc

Independent Auditor's Report (Continued)

To the Members of Albion Stone Plc

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

Moore Kingston Smith LLP

Ian Matthews (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

30 August 2022

Chartered Accountants
Statutory Auditor

6th Floor
9 Appold Street
London
EC2A 2AP

Albion Stone Plc

Statement of Comprehensive Income

For the year ended 31 March 2022

	Notes	2022 £	2021 £
Turnover	3	5,822,086	6,162,442
Cost of sales		(3,456,549)	(3,327,973)
Gross profit		2,365,537	2,834,469
Distribution costs		(222,714)	(163,097)
Administrative expenses		(1,919,991)	(1,893,408)
Other operating income		29,943	24,612
Operating profit	4	252,775	802,576
Interest payable and similar expenses	8	(21,839)	(21,331)
Profit before taxation		230,936	781,245
Tax on profit	9	(136,569)	(155,405)
Profit for the financial year		94,367	625,840
Other comprehensive income			
Revaluation of tangible fixed assets		-	445,000
Tax relating to other comprehensive income		(275,598)	(85,747)
Total comprehensive income for the year		(181,231)	985,093

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

Albion Stone Plc

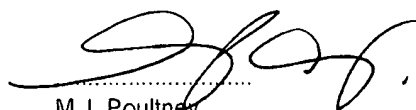
Balance Sheet

As at 31 March 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	11	7,625,776		7,588,945	
Investment properties	12	175,000		175,000	
Investments	13	1		1	
		<u>7,800,777</u>		<u>7,763,946</u>	
Current assets					
Stock	16	6,029,312		5,360,899	
Debtors	17	846,675		863,141	
Cash at bank and in hand		1,492,261		2,302,011	
		<u>8,368,248</u>		<u>8,526,051</u>	
Creditors: amounts falling due within one year	18	<u>(1,591,997)</u>		<u>(1,890,375)</u>	
Net current assets		<u>6,776,251</u>		<u>6,635,676</u>	
Total assets less current liabilities		<u>14,577,028</u>		<u>14,399,622</u>	
Creditors: amounts falling due after more than one year	19	(683,299)		(647,158)	
Provisions for liabilities					
Deferred tax liability	22	<u>(1,673,771)</u>		<u>(1,239,475)</u>	
		<u>(1,673,771)</u>		<u>(1,239,475)</u>	
Net assets		<u>12,219,958</u>		<u>12,512,989</u>	
Capital and reserves					
Called up share capital	24	51,470		51,470	
Revaluation reserve		3,545,021		3,820,619	
Capital redemption reserve		3,040		3,040	
Profit and loss reserves		<u>8,620,427</u>		<u>8,637,860</u>	
Total equity		<u>12,219,958</u>		<u>12,512,989</u>	

The financial statements were approved by the board of directors and authorised for issue on and are signed on its behalf by:

30th August 2022



M.J. Poultney
Director

Company Registration No. 01767530

Albion Stone Plc

Statement of Changes in Equity For the year ended 31 March 2022

	Notes	Share capital £	Revaluation reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2020		51,470	3,461,366	3,040	8,012,020	11,527,896
Year ended 31 March 2021:						
Profit for the year		-	-	-	625,840	625,840
Other comprehensive income:						
Revaluation of tangible fixed assets		-	445,000	-	-	445,000
Tax relating to other comprehensive income		-	(85,747)	-	-	(85,747)
Total comprehensive income for the year		-	359,253	-	625,840	985,093
Balance at 31 March 2021		51,470	3,820,619	3,040	8,637,860	12,512,989
Year ended 31 March 2022:						
Profit for the year		-	-	-	94,367	94,367
Other comprehensive income:						
Tax relating to other comprehensive income		-	(275,598)	-	-	(275,598)
Total comprehensive income for the year		-	(275,598)	-	94,367	(181,231)
Dividends	10	-	-	-	(111,800)	(111,800)
Balance at 31 March 2022		51,470	3,545,021	3,040	8,620,427	12,219,958

Albion Stone Plc

Statement of Cash Flows

For the year ended 31 March 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	29		(14,696)		1,346,807
Interest paid			(21,839)		(21,331)
Income taxes paid			(163,075)		(52,326)
Net cash (outflow)/inflow from operating activities			(199,610)		1,273,150
Investing activities					
Purchase of tangible fixed assets		(6,950)		(314,175)	
Proceeds on disposal of tangible fixed assets		1,400		8,100	
Net cash used in investing activities			(5,550)		(306,075)
Financing activities					
Proceeds of new bank loans		-		500,000	
Repayment of bank loans		(75,000)		(37,720)	
Payment of finance leases obligations		(417,790)		(285,146)	
Dividends paid		(111,800)		-	
Net cash (used in)/generated from financing activities			(604,590)		177,134
Net (decrease)/increase in cash and cash equivalents			(809,750)		1,144,209
Cash and cash equivalents at beginning of year			2,302,011		1,157,802
Cash and cash equivalents at end of year			1,492,261		2,302,011

Albion Stone Plc

Notes to the Financial Statements

For the year ended 31 March 2022

1 Accounting policies

Company information

Albion Stone Plc is a private company limited by shares incorporated in England and Wales. The registered office is Robert Denholm House, Bletchingley Road, Nutfield, Surrey, RH1 4HW.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of freehold properties at fair value. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 405 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company operations suffered a little due to the elongated effects of the covid-19 pandemic but now the directors have considered the company activities are unaffected and operations are successfully moving forward. This has enabled the directors to reinstate a capital program to offer increased production in the coming months. The directors have a reasonable expectation that the company can meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements. Consequently the financial statements have been prepared on a going concern basis.

1.3 Turnover

Turnover represents amounts receivable for goods 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 (usually 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.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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:

Land and buildings leasehold	see below
Plant and machinery	10%, 20%, 25% straight line

Albion Stone Plc

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

1 Accounting policies

(Continued)

Leasehold properties, that are not quarries are amortised over the period of the lease.

No amortisation is provided in respect of freehold or leasehold quarries. They were revalued on an existing use basis as at 31 March 2021 and that valuation is reflected in these financial statements. The directors continue to monitor this value regularly at each subsequent year end, and obtain an independent opinion every 5 years.

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.

1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

The cumulative surplus on revaluation whilst recognised in profit or loss, is not distributable. The company transfers such revaluation surplus to a separate revaluation reserve within retained earnings together with the associated deferred tax annually.

Although this accounting policy is in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), it is a departure from the general requirements of the Companies Act 2006 for all tangible fixed assets to be depreciated. In the opinion of the directors compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

1.8 Stock

Stock is valued at the lower of cost and net realisable value. Cost is calculated by applying the annual production cost applicable at the time the stock items were extracted.

Albion Stone Plc

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

1 Accounting policies

(Continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stock 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.

1.9 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.

1.10 Financial instruments

The company only had financial instruments classified as basic and measured at amortised cost. The company has no financial instruments that are classified as 'other' or financial instruments measured at fair value.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

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.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Albion Stone Plc

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.11 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.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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

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.

1.13 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.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

The company operates a money purchase pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund.

Albion Stone Plc

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

1 Accounting policies

(Continued)

1.15 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 balance sheet 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.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.16 Foreign exchange

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 in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

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.

The 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Freehold and leasehold quarry valuations

The company uses the valuation performed by its independent valuers as the fair value of its freehold and leasehold quarries. The valuation is based upon the key assumptions of estimated annual income and mineral yields.

Management consider the significant assumptions to the valuation of freehold and leasehold quarries to be annual mineral yields.

Albion Stone Plc

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2022 £	2021 £
Turnover analysed by class of business		
Sale of goods	5,822,086	6,162,442
	<u>5,822,086</u>	<u>6,162,442</u>
	2022 £	2021 £
Turnover analysed by geographical market		
United Kingdom and Channel Islands	4,664,196	5,691,569
EC	1,154,020	464,311
USA	3,870	6,562
	<u>5,822,086</u>	<u>6,162,442</u>

4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(18,007)	(11,132)
Depreciation of owned tangible fixed assets	374,179	418,783
Depreciation of tangible fixed assets held under finance leases	126,685	106,797
Profit on disposal of tangible fixed assets	(1,400)	(733)
	<u>361,557</u>	<u>402,715</u>

5 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	15,000	13,950
	<u>15,000</u>	<u>13,950</u>

Albion Stone Plc

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Factory	29	33
Administration	16	17
Mine	25	28
Total	70	78

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	2,644,284	2,624,606
Social security costs	268,106	253,007
Pension costs	122,085	162,044
	3,034,475	3,039,657

7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	363,813	266,766
Company pension contributions to defined contribution schemes	9,584	5,166
	373,397	271,932

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2021 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration for qualifying services	165,903	160,638

Albion Stone Plc

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

8 Interest payable and similar expenses

	2022 £	2021 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	7,668	246
Other finance costs:		
Interest on finance leases and hire purchase contracts	14,171	21,085
	<u>21,839</u>	<u>21,331</u>

9 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	-	163,060
Adjustments in respect of prior periods	(22,129)	-
Total current tax	<u>(22,129)</u>	<u>163,060</u>
Deferred tax		
Origination and reversal of timing differences	158,698	(7,655)
Total tax charge	<u>136,569</u>	<u>155,405</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	<u>230,936</u>	<u>781,245</u>
<i>Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)</i>	43,878	148,437
Tax effect of expenses that are not deductible in determining taxable profit	1,747	221
Permanent capital allowances in excess of depreciation	(97,117)	14,541
Profit on disposal of fixed assets	(791)	(139)
Capital items expensed	30,154	-
Deferred tax adjustment in respect of future change in corporation tax rate	158,698	(7,655)
Taxation charge for the year	<u>136,569</u>	<u>155,405</u>

Albion Stone Plc

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

9 Taxation

(Continued)

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2022 £	2021 £
Deferred tax arising on: Revaluation of property	275,598	85,747

10 Dividends

	2022 £	2021 £
Final paid	111,800	-

11 Tangible fixed assets

	Land and buildings Freehold £	Land and buildings leasehold £	Plant and machinery £	Total £
Cost				
At 1 April 2021	226,700	5,220,620	6,283,580	11,730,900
Additions	-	-	537,695	537,695
Disposals	-	-	(151,494)	(151,494)
At 31 March 2022	226,700	5,220,620	6,669,781	12,117,101
Depreciation and impairment				
At 1 April 2021	-	400,977	3,740,978	4,141,955
Depreciation charged in the year	-	16,798	484,066	500,864
Eliminated in respect of disposals	-	-	(151,494)	(151,494)
At 31 March 2022	-	417,775	4,073,550	4,491,325
Carrying amount				
At 31 March 2022	226,700	4,802,845	2,596,231	7,625,776
At 31 March 2021	226,700	4,819,643	2,542,602	7,588,945

Albion Stone Plc

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

11 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £126,685 (2021 - £106,797) for the year.

	2022 £	2021 £
Plant and machinery	<u>1,464,055</u>	<u>1,046,569</u>

The quarry was revalued as at the 31 March 2021 by Avison Young, a professional real estate advisory business.

12 Investment property

	2022 £
Fair value	
At 1 April 2021 and 31 March 2022	<u>175,000</u>

The company's investment properties were valued by the directors as at 31 March 2022.

Historical cost of the investment properties is £175,000.

Albion Stone Plc

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

13 Fixed asset investments

	Notes	2022 £	2021 £
Investments in subsidiaries	14	1	1

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 April 2021 & 31 March 2022	1
Carrying amount	
At 31 March 2022	1
At 31 March 2021	1

14 Subsidiaries

These financial statements are separate company financial statements for Albion Stone plc.

Details of the company's subsidiaries at 31 March 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct	Indirect
Bath and Portland Limited	England and wales	Ordinary	100.00	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves £	Profit/(Loss) £
Bath and Portland Limited	1	-

15 Financial instruments

	2022 £	2021 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	590,624	659,975
Equity instruments measured at cost less impairment	1	1
Carrying amount of financial liabilities		
Measured at amortised cost	2,112,583	2,131,998

Albion Stone Plc

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

		(Continued)	
15	Financial instruments		
16	Stock		
		2022	2021
		£	£
	Raw materials and consumables	6,029,312	5,360,899
17	Debtors		
		2022	2021
		£	£
	Amounts falling due within one year:		
	Trade debtors	539,736	627,356
	Corporation tax recoverable	22,129	-
	Other debtors	50,888	32,619
	Prepayments and accrued income	233,922	203,166
		846,675	863,141
18	Creditors: amounts falling due within one year		
		2022	2021
		£	£
	Notes		
	Bank loans	20	97,863
	Obligations under finance leases	21	354,833
	Payments received on account		126,513
	Trade creditors		464,271
	Corporation tax		-
	Other taxation and social security		162,713
	Other creditors		132,263
	Accruals and deferred income		253,541
		1,591,997	1,890,375
19	Creditors: amounts falling due after more than one year		
		2022	2021
		£	£
	Notes		
	Bank loans and overdrafts	20	327,137
	Obligations under finance leases	21	356,162
		683,299	647,158

Albion Stone Plc

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

20 Loans and overdrafts

	2022 £	2021 £
Bank loans	425,000	500,000
Payable within one year	97,863	65,229
Payable after one year	327,137	434,771

The bank loans are secured by a fixed and floating charge over the assets of the company, and a legal charge over the Drill Hall at Portland.

21 Finance lease obligations

	2022 £	2021 £
Future minimum lease payments due under finance leases:		
Within one year	354,833	371,543
In two to five years	384,335	247,955
	739,168	619,498
Less: future finance charges	(28,173)	(21,458)
	710,995	598,040

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. Net obligations under finance leases are secured on the assets concerned.

22 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2022 £	Liabilities 2021 £
Balances:		
ACAs	525,446	366,738
Revaluations	1,148,325	872,737
	1,673,771	1,239,475

Albion Stone Plc

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

22 Deferred taxation

(Continued)

	2022 £
Movements in the year:	
Liability at 1 April 2021	1,239,475
Charge to profit or loss	158,698
Charge to other comprehensive income	275,598
Liability at 31 March 2022	<u>1,673,771</u>

23 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>122,085</u>	<u>162,044</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

24 Share capital

	2022 £	2021 £
Ordinary share capital		
Issued and fully paid		
49,900 Ordinary 'A' shares of £1 each	49,900	49,900
70 Ordinary 'B' shares of £1 each	70	70
1,500 Ordinary 'C' shares of £1 each	1,500	1,500
	<u>51,470</u>	<u>51,470</u>

The ordinary 'A' shares have full voting, dividend and capital distribution rights. The ordinary 'B' shares have full dividend and capital distribution rights. The ordinary 'C' shares have full dividend and capital distribution rights.

Albion Stone Plc

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

25 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	9,409	8,403
Between two and five years	26,529	11,108
In over five years	4,966	-
	<u>40,904</u>	<u>19,511</u>

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2022 £	2021 £
Aggregate compensation	<u>418,167</u>	<u>305,424</u>

Transactions with related parties

During the year the company entered into the following transactions with related parties:

During the year dividends totalling £107,800 (2021: £nil) were paid to the directors and connected parties.

Included in other debtors is £9,342 (2021: £12,777) owed from Albion Stone Restoration Limited, a company in which two of the directors are directors and shareholders. During the year the company invoiced £69,384 (2021: £152,733) for work done by it and was invoiced £17,640 (2021: £17,135) by Albion Stone Restoration Limited.

27 Ultimate controlling party

The controlling party is M.J. Poultney.

Albion Stone Plc

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

28 Analysis of changes in net funds

	1 April 2021	Cash flows	New finance leases	31 March 2022
	£	£	£	£
Cash at bank and in hand	2,302,011	(809,750)	-	1,492,261
Borrowings excluding overdrafts	(500,000)	75,000	-	(425,000)
Obligations under finance leases	(598,040)	417,790	(530,745)	(710,995)
	<u>1,203,971</u>	<u>(316,960)</u>	<u>(530,745)</u>	<u>356,266</u>

29 Cash (absorbed by)/generated from operations

	2022	2021
	£	£
Profit for the year after tax	94,367	625,840
Adjustments for:		
Taxation charged	136,569	155,405
Finance costs	21,839	21,331
Gain on disposal of tangible fixed assets	(1,400)	(733)
Depreciation and impairment of tangible fixed assets	500,864	525,580
Movements in working capital:		
Increase in stock	(668,413)	(361,769)
Decrease in debtors	38,595	276,662
(Decrease)/increase in creditors	(137,117)	104,491
Cash (absorbed by)/generated from operations	<u>(14,696)</u>	<u>1,346,807</u>