

Cambrian Stone Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2021



Cambrian Stone Limited

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Cambrian Stone Limited

Strategic Report for the Year Ended 31 December 2021

The Directors present their strategic report for Cambrian Stone Limited (the "Company") for the year ended 31 December 2021.

The Company is a wholly owned indirect subsidiary of Tarmac Holdings Limited. Tarmac Holdings Limited is part of the CRH Group. Tarmac Holdings Limited and its subsidiaries are referred to throughout as Tarmac, and CRH plc and its subsidiaries are referred to as the Group.

Fair review of the business

During the year, the Company generated turnover of £48.8 million (2020: £53.1 million) and an operating profit of £1.5 million (2020: £2.2 million). EBITDA (being earnings before interest, tax and depreciation) was £4.2 million (2020: £4.4 million).

Volume demand decreased between 2020 and 2021 due to the completion of a number of major external one-off jobs. To mitigate the adverse impact of high inflation within hydrocarbon-based cost lines, sales prices were moved forward in the year, whilst operating costs were reviewed to deliver efficiencies across the business.

The Company continued to be a leading supplier of aggregates (both crushed and slag based) and granulated slag.

The Company's profit before tax was £1.5 million, a decrease in performance from last year's profit before tax of £2.1 million.

At 31 December 2021, the Company had net assets of £23.4 million (2020: £21.8 million) and net current assets of £16.2 million (2020: £12.9 million).

In order to realise its strategic aims, the Company has identified areas of particular focus and has put into place a number of Key Performance Indicators (KPIs) to measure and assess progress against them. The following indicators are calculated for the continuing operations of the Company and before exceptional items:

	Unit	2021	2020
Turnover	£m	48.8	53.1
Operating profit	£m	1.5	2.2
EBITDA (as defined above)	£m	4.2	4.4
Capital additions as a % of depreciation	%	47.5	24
LTIFR (Lost time injuries frequency rate defined as the number of accidents per 1,000,000 hours worked)*		0.96	0.88
Average number of employees		65	75

*This is measured across Tarmac.

Turnover, operating profit and EBITDA are deemed to be KPIs as they provide insight as to the level of activity and levels of profitability for each financial year.

Capital additions as a % of depreciation is deemed to be a relevant KPI for the entity as it shows the level of capital activity in the business and allows comparison between years of levels of investment in owned and leased assets.

LTIFR is a KPI due to the level of focus the entity has on health and safety (see section later in Strategic report).

Average number of employees is a KPI as it provides an indication as to the size of the business and allows any changes in employee base to be monitored.

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Strategic Report for the Year Ended 31 December 2021 (continued)

COVID-19 pandemic

The Directors have considered the continued COVID-19 pandemic and national lockdowns within the UK during the early part of 2021 and determined that, based on trading of the Tarmac sub-group and continuation of activities in the construction sector through the 2021 lockdowns, the pandemic is not expected to have a significant impact on the Company's business. The impact seen during 2021 was much less disruptive to the Company than the restrictions seen in the prior year and ONS data showed that total construction output increased 12.7% in 2021 compared with 2020 following a significant fall in 2020 due to the pandemic.

There remains a level of uncertainty around the short-term impact of any future outbreaks of COVID-19, however it is hoped any restrictions implemented would be localised and that construction activity could continue with mitigating measures in place. At the date of signing these financial statements, there are currently no restrictions in place within the UK.

Portfolio review

During the year the Company reviewed its site portfolio and made the necessary changes to reshape the business model to meet the changing needs of customers. In 2021 a number of sites across the Tarmac sub-group were in scope of the portfolio review. The focus continues to be on controlling costs and improving operational efficiencies. The directors will continue to assess the future requirements of the business and adapt operations accordingly.

Health and safety

The health, safety and wellbeing of employees and contractors is fundamental to the Tarmac business and Tarmac continued to embed its commitment to Work Safe Home Safe during 2021 with an emphasis on ensuring nobody should be adversely affected by Tarmac activities as a result.

2021 continued to present several health and safety challenges with a continued focus on COVID-19. Tarmac continued to actively engage in all areas of its business to ensure controls to mitigate the risk to the wellbeing of all stakeholders were suitable and sufficient.

The Tarmac health and safety strategy, reviewed annually, continued in 2021 to be built on the principles of Leadership, Assurance and Communication and the 2022 review will further support the risk-based approach to operational management enabling the business to actively identify and manage its core health and safety risks.

In 2021 there were zero fatalities (2020: 0) and 32 Lost Time Injuries (2020: 25) and the consequent Lost Time Injury Frequency Rate was 0.96 (2020: 0.88) (defined as the number of accidents per 1,000,000 hours worked).

Employee engagement continues to be a primary focus area for Tarmac. Encouraging employees and contractors to report incidents and safety observations is an essential indicator of engagement. Tarmac continues to see the benefits of active senior leadership interaction across its sites with engagement activities targeted throughout the year towards business risk areas in order to drive improvement.

In 2021 there were 19 Medical Treatment Cases (2020: 21), 15 Modified Work Duty cases (2020: 1), 92 First Aid Cases (2020: 53) and 117 Non-Treatment Injuries (2020: 72). The Total Recordable Case Frequency Rate was 1.97 (2020: 1.65), based on 66 incidents (2020: 47). Total Recordable Cases include Lost Time Injuries, Medical Treatment Cases and Modified Work Duty cases.

A total of 80 high potential incidents were recorded for 2021 (defined as incidents that had a realistic chance of fatal or life-changing consequences) (2020: 57).

For all incidents, each is investigated to an appropriate level of detail and learning points are cascaded throughout the organisation.

Cambrian Stone Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are considered to be:

Brexit - operations may continue to face operational, regulatory and market challenges resulting from the UK's withdrawal from the European Union, potentially impacting supply chain norms, construction labour availability and the general economic performance of the UK. Failure to manage the continued uncertainties posed by Brexit could result in adverse financial performance. Whilst some of these challenges have been experienced to date, the current direct impact on the business has not been material. The Directors currently believe that the uncertainty will continue to have a limited direct impact on the Company and its related activities. However they continue to monitor the economic situation in the UK and receive reports on the ongoing impacts associated with Brexit, given the withdrawal from the EU only took place in the prior year and there remains some uncertainty around the longer term impact of Brexit;

COVID-19 pandemic - public health emergencies, epidemics or pandemics, such as the emergence and spread of the COVID-19 pandemic, have the potential to significantly impact operations through a fall in demand for the Company's products, a reduction in staff availability and business interruption. The emergence and spread of the COVID-19 pandemic has had a material impact across the construction markets in which the Company operates. The continued uncertainty around the global pandemic could have an adverse effect on the operating results, cash flows, financial condition and/or prospects of the Company. Crisis management structures and protocols are in place to enable swift decision-making at times of crisis. Business continuity management structures and plans have been enacted with new working protocols implemented to safeguard our people and business;

Climate change and policy - the impact of climate change may over time affect the operations of the Company and the markets in which it operates. This could include physical risks, such as acute and chronic changes in weather and/or transitional risks such as technological development, policy and regulation change and market and economic responses. Should the Company not reduce its greenhouse gases (GHGs) emissions by its identified targets, it may be subject to increased costs, adverse financial performance and reputational damage. However to date no such items of financial significance have occurred and there is deemed to be limited risk in the short term. The longer term impact continues to be monitored and the Company continues to focus on developing sustainable construction solutions and meet regularly with government to ensure adherence to the relevant regulations and policy changes;

External market outlook - aside from the uncertainty around the economic impact of the Coronavirus pandemic and the UK's withdrawal from the European Union, the ongoing geopolitical conflict in Ukraine and the heightened levels of inflation have also contributed to heightened economic uncertainty. In addition, the nature of operations being based outdoors and certain optimal weather conditions being required for a number of key operational activities, means that adverse weather conditions across all seasons can have a significant short-term impact on both the Company's performance and the wider market. The Company continues to monitor the market and government policy to mitigate external risks where possible;

Competitive environment - increased competition could impact the Company's volumes and margins. The Company benefits from being part of a vertically integrated business and is therefore able to leverage on other Tarmac companies in order to differentiate itself from its competitors. The Company's principal objective is to develop sustainable building solutions for its customers;

Health & safety - the Company operates in an industry where health and safety risks are inherently prominent. Further, the Company is subject to stringent regulations from a health and safety perspective. A serious health and safety incident could have a significant impact on the Company's operational and financial performance, as well as its reputation. This is managed through ensuring that a robust health and safety framework is implemented throughout the Company's operations requiring all employees to complete formal health and safety training on a regular basis. The Company monitors the performance of its health and safety framework, and takes immediate and decisive action if non adherence is identified. The development of a strong safety culture is driven by management and employees at every level and is a core part of doing business with integrity; and

Finance risk management - see Finance risk management objectives and policies section in the Directors' Report.

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Strategic Report for the Year Ended 31 December 2021 (continued)

Section 172(1) statement

Set out below is the Company's section 172 report as required by the Miscellaneous Reporting Regulations 2018 (the "Regulations"). The Regulations require Cambrian Stone Limited to report how the Directors of the Company (Cambrian Stone Limited being "the Company"), have considered their duties under section 172 (of the Companies Act 2006 (the "Act")) ("Section 172"), to promote the success of the Company for the benefit of the sole member, and in doing so have regard (amongst other matters) to:

- 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.

In giving due regard to their section 172 duty the Directors are mindful of the Company's principal activities and its purpose and function with the group. The principal activities of the Company are organised into two business units:

- quarrying; and
- the handling and marketing of slag based products in the United Kingdom.

Given these principal activities of the Company, the Directors are particularly focused on the impact of the Company's operations on the community and the environment.

The Company is part of the Tarmac sub-group of companies in the UK and is ultimately owned by CRH plc ("CRH"). CRH and its subsidiaries are referred to as the Group. In the management of its subsidiaries, the Group defines the measurement of success as long term value creation for the benefit of each CRH entity and the wider Group with consideration to the Company's immediate stakeholders and those of the Group also.

The Group recognises the need to have appropriate levels of corporate governance across its subsidiaries as part of its approach to risk mitigation and wider stakeholder engagement strategy. The Group maintains strong levels of corporate governance at both an enterprise wide and legal entity level, and as a result of increased regulation, CRH and its UK subsidiary boards ("CRH UK") recognised the need to move to a more structured approach and formalise key governance standards across its UK subsidiaries. Underpinning this approach to corporate governance is the CRH UK Corporate Governance Policy (the "Policy"). This Policy is applicable to all CRH UK entities, including the Tarmac sub-group of companies, and sets out clear corporate governance controls and processes and provides detailed guidance for directors and management on the application and execution of Section 172 duties.

Decision making and corporate governance process

Decision making within Tarmac is undertaken by the Company's board of Directors (the "Board"), Tarmac executive management committee ("ExCom") or CRH in accordance with the reserved matters and delegations set out in the Policy. Due to the cross-membership between the Board and ExCom, a flow of information to the statutory Directors is ensured.

ExCom meets regularly, and throughout the COVID-19 pandemic as it developed through 2021 with resulting national lockdowns, ExCom met frequently to discuss and decide on matters as they were happening. The Company's Board meets regularly through the year as appropriate to confirm and ratify any decisions made on its behalf by CRH and/or ExCom that impact the Company's stakeholders or that are classified as principal decisions. Decision making is guided by the principles set out in the Policy; Group policies; training received on Section 172 duties and other directors' statutory duties under the Act and wider regulatory responsibilities; and Tarmac's values.

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Strategic Report for the Year Ended 31 December 2021 (continued)

Directors' training

The Group's Legal, including company secretarial, team support the Group in operating sustainably and consistently with its values. The Group's Legal team provides advice, guidance and support to the Group's management teams in order that they can effectively support the Board in the critical matters and regulatory issues which they must consider in making their decisions. This support ranges from matters, including establishing policies and procedures, providing compliance training, issuing communications to legal advice on compliance and business issues.

Employees and directors of the Group, which include the directors of the Company, are provided with regular Code of Business Conduct training. Certain employees, determined according to the risk profile of their role, undertake annual advanced compliance training covering Modern Slavery, Anti-Bribery, Anti-trust, Anti-Fraud and Anti-Theft. The training provided enables the Directors to be committed to operating the business and making decisions to the highest ethical, moral and legal standards and putting the Group's values into practice in their daily duties.

Under the Policy, all newly appointed Directors will receive director training within three months of being appointed and all Directors will refresh their training regularly. The provision of training will be facilitated by the Company's Legal Department.

Board and Executive Committee Composition

The Company has two Directors. The composition of the Board provides a broad range of skills, knowledge and industry experience, including general management, finance, engineering and operations, to enable the Company to meet the needs of its business and for the Directors to each carry out their role and statutory duties to a high standard which reflects the material operations and risks of the business.

In accordance with the Policy, individual Directors must have sufficient capacity to make a valuable contribution to their role as a statutory Director. In addition, and in line with Tarmac's regional operational structure, several Directors of the Board are tasked with overseeing and managing Tarmac's business in certain geographical locations. This balance of skills and experience and oversight provides the Board with an understanding of the local areas and communities within which Tarmac operates and the needs of the businesses within it. The Board's collective experience enables them to consider a broad range of stakeholders in their deliberations and decision making.

The Board:

B Coggan: Director

Tarmac Directors (UK) Limited

It is noted that M K Riley was also a Director during the period, however resigned as of 4 May 2021.

Before any Director is appointed to the Board, both the Group and the composition principles in the Policy are consulted to ensure the composition of the Board is appropriate, taking into consideration the company categorisation, the skills and experience of the appointee and the overall diversity mix of the existing Board. Tarmac has an Inclusion and Diversity Policy which ensures critical roles and directorships consider and promote a diverse succession pipeline.

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Strategic Report for the Year Ended 31 December 2021 (continued)

Principal decisions

The Board, ExCom and the board of CRH have the necessary skills and experience required to identify the impacts of their decisions on the Company's stakeholders, and where relevant, the likely consequences of the decisions in the long-term. Where a principal decision is being made the Policy should be consulted to determine the corporate governance processes and controls that should be followed.


Under the Policy, responsibility for making principal decisions is delegated to the board of CRH or members of ExCom except for decisions that cannot be delegated under the Act. A principal decision can include the following:

- all matters that require CRH board approval;
- development of a new business service or product line;
- decisions that lead to a structural change in Tarmac's business operating model, requiring consultation with employees and or external stakeholders;
- significant divestments of property / business;
- material change in, or adoption of, a policy that dictates stakeholder considerations/engagement; and/or
- a significant obligation that would result in Tarmac undertaking legal risk and liability that would be out of the ordinary course of business.

In line with the Regulations and FRC guidance, and in accordance with the approach taken during the financial year under review, having considered the Company's principal risks and uncertainties as detailed in the Strategic Report, the Company made no principal decisions during the year ended 31 December 2021.

29-Sep-2022

Approved by the Board on and signed on its behalf by:

DocuSigned by:

.....9AC6FE4CCC8B465.....
B Coggan
Director

Cambrian Stone Limited

Directors' Report for the Year Ended 31 December 2021

The Directors present their annual report and the financial statements of Cambrian Stone Limited (the "Company") for the year ended 31 December 2021.

Directors of the Company

The Directors, who held office during the year and to the date of this report, except where otherwise stated, were as follows:

B Coggan

M K Riley (resigned 4 May 2021)

Tarmac Directors (UK) Limited

Principal activity

The principal activities of the Company are quarrying and the handling and marketing of slag based products in the United Kingdom.

Dividends

The Company did not pay any dividends in the year (2020: £nil).

The Directors did not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: £nil).

Political donations

The Company did not make any political donations in the year (2020: £nil).

Charitable donations

The Company did not make any charitable donations in the year (2020: £nil).

Employment of disabled persons

It is Company and Tarmac group wide policy to treat all employees and potential employees equally and to give full consideration to suitable applications for employment from disabled persons where they have the necessary abilities and skills for the position and, wherever possible, to re-train employees who become disabled so that they can continue their employment.

Stakeholder Engagement Statement

The Group's UK corporate governance policy provides detailed guidance for directors and management on their accountability, statutory responsibilities and the process for stakeholder mapping across the Group.

The Board recognises the importance of considering and having regard to key stakeholders and their interests when making decisions. By thoroughly understanding the Company's key stakeholder groups, the Board can successfully factor in and address the needs of these stakeholders and foster good business relationships with them. The Company's key stakeholders are its shareholder, employees, customers, suppliers and the local communities in which it operates (the "Stakeholders").

Regularly engaging with the Stakeholders is a priority for the Company and the following information describes how, at a Tarmac level, which included the Company, the Group Directors had regard to the need to foster relationships with its Stakeholders, how outcomes were considered and how concerns were identified and addressed, including on the decisions taken by the Group at a Tarmac level, during the reporting period:

Cambrian Stone Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

Customers

Stakeholders' interests

- Focused on minimising the impact on the environment, including the provision of low carbon solutions;
- Responsible and sustainable sourcing of materials;
- Projects that maximise sustainability and the health and safety of workers and reduce environmental impact;
- Excellent and reliable service;
- Transparency through the supply chain, committed to respecting human and labour rights and preventing modern slavery; and
- Engaging with customers to promote product innovation.

How we have fostered relationships

Customer ESG requirements often form an integral part of the pre-qualification questionnaire for tender processes, especially for larger customers and tenders. In recent years, there has been a steadily increasing weighting applied to ESG aspects in assessing tenders. In engaging with customers, either through tender submissions or outside of the formal tender process, the Company positively takes into account their sustainability ambitions and how these should complement Tarmac's sustainability strategy. The sustainability strategy sets out Tarmac's commitments to becoming a more sustainable and responsible business and to the delivery of a more sustainable built environment. The strategy is built upon three key themes of people, planet and solutions with commitments, objectives and goals to drive continuous improvement through our business.

Tarmac has a user-friendly website as part of its ongoing commitment to putting the customer journey first and enhancing the business' digital infrastructure. Designed to enhance user experience, the mobile-compatible site makes it quicker for customers to identify the products and solutions they need with improved location functionality and easier-to-access case studies and information. The website also makes it easier to access the Tarmac Connect customer portal which enables customers to request quotes and orders, track deliveries and pay invoices online. The customer portal is just one of Tarmac's digital innovations in the Connect programme of activity aimed at improving customer experience. The improvements to Tarmac's digital infrastructure are part of a wider pledge to deliver a smooth and effective customer journey.

As our products and services are considered to be of strategic national importance, and as part of our approach to 'public policy', the Group input into, advise and support a wide range of governmental departments, functions and agencies (such as the Health & Safety Executive and the Environment Agency) on matters such as road construction, carbon reduction strategies and industry regulation. This also includes hosting MP visits to our sites, commenting on public consultations, proposed legislation and lobbying the government on key business issues. The health and safety of our people and those who we work alongside remains our absolute priority on customers' sites.

By considering the needs of our clients, the Company helps them deliver better outcomes, faster and more efficiently. Our professional, collaborative approach combined with our expertise adds value whilst minimising disruption and other adverse impacts. This ensures the Company consistently delivers successful frameworks and award-winning projects on time and to budget.

Suppliers

Stakeholders' interests

- Sustainable, long term success of the Company;
- Prompt payment;
- Fair terms and conditions; and
- Ethical behaviour (including anti-bribery and corruption and anti-slavery).

How we have fostered relationships

The Company reports to the government on its payment practices, processes and performance every six months under the Reporting on Payment Practices and Performance Regulations. The board takes payment practice commitments to suppliers seriously, seeks to ensure prompt payment of invoices and has actively reviewed payment statistics during the year. Suppliers can search for our published payment practices report.

Tarmac works with its suppliers to identify and mitigate risks throughout the supply chain. Supply chain risks are forefront to the Group and more information can be found on our commitment to human rights through our Modern Slavery Statement.

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Directors' Report for the Year Ended 31 December 2021 (continued)

Tarmac places business ethics and sustainability at the forefront of all business interactions, including those with its suppliers, recognising they are key stakeholders in the success of the Tarmac business. The Company expects our suppliers to share our unwavering commitment to ethical business practices and meet our standards including in respect of human rights, health & safety and environmental stewardship. As a globally responsible business, we ensure our supply chain matches our business ethics by ensuring all suppliers sign up to the CRH Code of Conduct prior to being approved as a Tarmac supplier.

Tarmac aims to engage all suppliers in a fair and consistent manner. Ownership of supplier management activity is assigned to a dedicated Category Manager within the central Procurement team. The method of engagement required is determined by an assessment of spend and risk. The Company supports the growth of local micro businesses, small and medium sized enterprises and third sector organisations, removing barriers faced during procurement and paying them promptly.

Local communities

Stakeholders' interests

- Reduced impact on the local community and the environment caused by construction projects;
- The provision of a safe place of work for the communities in which the Company works;
- Supporting local and national safety initiatives to raise awareness of the dangers of the industries in which the Company operates in;
- Embracing innovation to boost efficiency of the construction industry;
- Commitment to working with local communities and supporting the development of a highly skilled workforce for the future; and
- Compliance with all relevant legal, regulatory and tax obligations.

How we have fostered relationships

Tarmac is a leading contributor on a wide range of trade associations, including Construction Products Association, UK Green Building Council, British Precast and Mineral Products Associations (MPA).

Tarmac continued to support the MPA's 'Stay Safe' campaign, to raise awareness of the importance of quarry safety and the danger of swimming in quarry lakes during the summer months. Stay Safe is part of an ongoing industry focus on improving site safety and protecting local communities around quarry sites, by educating people on this important issue. The campaign also supports the UK Drowning Prevention Strategy, which has an objective to achieve a 50% reduction in accidental drowning by 2026, saving over 200 lives per year.

Tarmac engages with schools in our local communities. In 2021 Tunstead Quarry donated to school children in Buxton, Derbyshire to enable them to buy compost bins, trugs, trowels, spades, and other gardening items. The Buxton Junior School pupils were able to use these items to plant and grow their own vegetable gardens helping them better understand where our food comes from.

Tarmac employees continue to support communities through charity initiatives. In 2021 this included participation in the annual Movember campaign supporting men's health which raised £50,000 across the CRH group.

Through the Tarmac Landfill Communities Fund, Tarmac donates around £1m each year to community projects throughout the UK. In 2021 this included Lutterworth Athletic Football Club in Leicestershire who received a £50,000 grant from the Tarmac Landfill Communities Fund. The fund will be used by the local club to support the building of new changing rooms for female players and match officials, enabling the club to extend its offering and encourage more girls and women to get involved in the game.

Tarmac operates under the CRH UK Tax Objectives, Strategy & Governance Framework. As a large global organisation, CRH acknowledges its responsibilities with respect to taxation in the multiple communities and jurisdictions in which it operates. CRH seeks a constructive and cooperative working relationship with the UK tax authorities through discussions and updates between the in-house tax team and the HM Revenue & Customs Customer Compliance Manager.

Cambrian Stone Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

Tarmac became the first company in its sector to sign up to the EV100, a global initiative bringing together businesses committed to accelerating the transition to electric vehicles ("EV"), as part of its ongoing commitment to sustainability. Tarmac committed to upgrading its 2,000-strong fleet of corporate cars and vans to EVs by 2030, as well as installing EV charging points and infrastructure in key business locations across the country. Enrolment to the EV100 scheme is Tarmac's latest procurement initiative in its continued drive towards carbon reduction and follows a company-wide switch to 100 percent clean electricity which allows all of Tarmac's sites across the country to use electricity supplied entirely through clean UK-based wind and solar sources.

Tarmac's sustainability strategy is a priority for the business with a new strategy being launched in 2021. The new strategy includes goals to protect and enhance the environment and support local communities in which we operate such as through the use of lower carbon fuel and considering biodiversity factors for our sites. The Group has continued to support local charities, clubs and community groups through volunteering, sponsorship and provision of equipment and resources.

By supporting safety initiatives and educating people, Tarmac helps to raise awareness of potential dangers of the industries in which we operate to protect the local communities near to our sites.

We embrace innovation and drive continuous improvements to boost efficiency and productivity, not just of Tarmac operations, but the performance of the construction industry as a whole.

We have enabled Tarmac to reach people outside of our industry and work alongside other organisations in our community to support and nurture the leaders of tomorrow.

Tarmac continued to operate key standards including the third-party certified ISO 50001 energy management standard across the business and ISO 14001 which refers to environmental management systems. Such standards are used to drive continuous improvement in energy and CO2 efficiency. For further information on the energy efficiency actions taken by Tarmac, please refer to the Streamlined Energy and Carbon Reporting in the Directors' Report on page 12.

Shareholders

Stakeholders' interests

- Long term success of the Company;
- The Company's ability to maintain delivering dividends; and
- The Company's commitment to maintaining an appropriate balance between total cash returns to shareholders, investment in the business and maintaining a strong capital position to support capital investment and infrastructure to sustain long term value creation.

How we have fostered relationships

Through its operational functions, the Company reports to CRH on a regular basis in the form of business reviews and strategic plans, risk reporting and financial statements. CRH's Treasury, Tax and Finance functions coordinate with the Company's Treasury, Tax and Finance functions to evaluate the amount of dividends and impact at local level. CRH works collectively with the Board to achieve the Group's objective to create long-term sustainable value. The Company's strategy is to maximise value for CRH, the Company's ultimate parent.

Principal Decisions

For details on the process behind making decisions, including principal decisions, the effect of engagement on those decisions please refer to the section 172(1) statement on page 4 of the Strategic Report.

Cambrian Stone Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

Environmental matters

As the UK's leading construction solutions and building materials business, Tarmac's products and services help to create the fabric of the infrastructure and buildings around us.

Sustainability remains a cornerstone to managing the long-term future of our business and plays a fundamental role in shaping our growth strategy. It also underpins our Group vision of being the world's leading building materials company.

2021 saw the launch of Tarmac's new sustainability strategy setting out the third phase of our sustainability journey, covering the next ten years and beyond. It builds on the significant progress we have made to date and our recognition of the challenges ahead. This new strategy will also set out plans to tackle the climate emergency and our commitment for our business to be 'net zero' before 2050.

Our strategy encompasses how we keep our people safe; how we build a business that people want to work for; and how we foster ever closer relationships with local communities around our sites. As a business we care about building a supportive workplace where everyone can realise their potential, our inclusion and diversity vision is to foster and celebrate a fair and supportive culture that promotes opportunities for all - where everyone feels proud to be themselves. It considers how we manage our operations to optimise environmental, social, and economic performance; and how we ensure strong financial and ethical governance. It is founded on whole life thinking and pushing the boundaries to develop innovative solutions, which help our customers create sustainable buildings and infrastructure.

Our strategy aims to ensure that Tarmac continues to remain well positioned to meet sustainability challenges now and in the future, and to support our customers and communities to do the same.

In 2021 we continued to face challenges due to COVID-19, however we still maintained our focus on the safety and wellbeing of our employees, sustainability and business growth.

Throughout 2021, as well as following public health guidelines, Tarmac operated to its own COVID-19 Roadmap, setting out how we would apply public health guidelines within our business, providing consistency to our employees and contractors. To keep our employees as safe as possible we put protocols in place, such as wearing masks at our sites, social distancing, temperature testing on site and continued hybrid working. Tarmac's COVID-19 protocols worked well to protect our colleagues during the pandemic.

Despite these challenges we have continued to make progress on our sustainability ambitions placing Tarmac in a strong position as the industry began to return to pre-pandemic activity levels, demonstrating the strength and resilience of our business and employees.

Tarmac was awarded a RoSPA gold Health and Safety award for the fourth consecutive year reflecting our commitment to ensuring our employees and contractors get home safely to their families at the end of every working day, supported by the opening of our new occupational health and wellbeing facility at our National Skills and Safety Park. In 2021, all of our senior leadership team (around 200 people) completed inclusion and diversity training and unconscious bias training virtually. The aim of the training is to challenge perceptions and create awareness of implicit bias and eliminate any unconscious discriminatory behaviours in the business.

By the end of 2021 we had achieved a 36% reduction in CO₂ per tonne of product compared to 1990. Whilst this is a strong start on our journey to our new strategy target of a 45% reduction per tonne of product by 2030 and net zero before 2050, we understand the challenges ahead and will continue to commit to our ambitious targets.

We continued our pledge to a circular economy with the reuse and recycling of over 7.2 million tonnes of waste and secondary materials from other businesses, taking a positive step towards our 2030 target of 70 million tonnes, and maximising the efficient use of natural resources. Our sites and offices continued to maintain certification to ISO 14001, Environmental Management Standard, the Occupational Health and Safety Management Standard, ISO45001 and ISO 50001, the Energy Management Standard.

Our strategy of focused growth has continued, highlighted by the signing of a 25-year agreement with Forth Ports to create the UK's largest construction materials terminal at Tilbury 2. The facility is a purpose-built aggregate processing and manufacturing operation, strategically located to serve London and the South East, with multimodal connectivity. The terminal will support our sustainability commitment to reducing emissions and creating a safer environment for other road users, by using rail to deliver construction materials into Central London.

Cambrian Stone Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

In 2022, we look forward to delivering further on our strong start to achieving our new strategy and net zero targets, ensuring that we grow and improve our business in a sustainable and responsible way.

For more information on our approach please see our Sustainability Report 2021: <http://sustainability-report.tarmac.com/>

Streamlined Energy and Carbon Reporting

Methodology

Cambrian Stone Limited, as a large unquoted company, qualifies for completing Streamlined Energy and Carbon Reporting by satisfying two or more of the specified requirements set out in the guidance. In compliance with the regulations energy use from gas, electricity and transport including their associated emissions have been reported, in conjunction with an intensity ratio of emissions per business turnover (tCO₂e/£) and energy efficiency actions taken.

In determining the entity's energy use and emissions the principles of The Greenhouse Gas Protocol have been followed where possible. For Cambrian Stone Limited, energy consumption has been determined from billed data with emissions calculated using UK Government GHG Conversion Factors for Company Reporting. Gross CV and gross carbon factors were used from DEFRA to convert fuel volumes to kWh and kgCO₂e.

For information see: <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021>.

Cambrian Stone Limited, as part of Tarmac Holdings Limited, is subject to ESOS regulations and is certified to ISO 50001. Energy efficiency measures taken by Cambrian Stone Limited have been drawn from the actions and recommendations set out by these schemes. Intensity ratio of emissions per business turnover has been utilised as all businesses are revenue generating and there are inconsistencies in production output units.

Energy Efficiency Actions

In the period covered by the report, Cambrian Stone Limited carried out the following energy efficiency actions:

1. We use our certified ISO 50001 Energy Management System to drive continuous improvement in energy, set specific energy consumption (SEC) and CO₂ targets and to monitor performance at every one of our manufacturing sites. These targets are tightened each year to drive continuous improvement and investment in lower CO₂ plant and operations.
2. In 2021 we launched the Tarmac 2030 Sustainability Strategy to focus our targets for 2030 including a 45% reduction in CO₂ per tonne of product by 2030 (from 1990). This was trained out to the senior leadership population and action plans were made with each business line to achieve these goals.
3. New and updated action plans were created for the business to achieve these goals, including site specific energy and CO₂ targets, with performance monitored quarterly.
4. Each site generated an energy reduction opportunities assessment, to proactively identify energy efficiency solutions. This process was supported by the sharing of best practice energy efficiency measures across operations.

GHG emissions and energy data	Unit of Measure	2021	2020
Energy consumption used to calculate emissions	kWh	30,423,238	35,272,985
Emissions from combustion of gas (Scope 1)	tCO ₂ e	4,640	5,112
Emissions from combustion of fuel (Scope 1 & Scope 3)*	tCO ₂ e	-	-
Emissions from purchased electricity (Scope 2, location-based)	tCO ₂ e	1,607	1,738
Emissions from purchased electricity (Scope 2, market-based factor)	tCO ₂ e	-	-
Total gross CO ₂ e based on above (location-based Scope 2)	tCO ₂ e	13,098	6,850
Total gross CO ₂ e based on above (market-based Scope 2)	tCO ₂ e	4,641	5,112
Intensity ratio	Gross tCO ₂ e per £million turnover	269	129

Cambrian Stone Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

* Emissions from combustion of fuel for transport purposes (Scope 1) & from business travel in rental cars or employee-owned vehicles where the Company is responsible for purchasing the fuel (Scope 3)

Local communities and partnerships

Local communities and partnership arrangements are managed on a Tarmac wide basis. Tarmac has a Sustainability Strategy in place which commits to delivering a net positive contribution to the communities that Tarmac operates in. Along with the contribution that Tarmac makes as a major employer and buyer of goods and services, Tarmac works hard to build local partnerships with community organisations to enhance biodiversity, support employment and education, and to build stronger community relations. As part of the commitment to deliver a net positive contribution, Tarmac actively seeks out engagement opportunities with local communities to explain Tarmac's activities, along with encouraging feedback. This includes a continued commitment to involving, engaging and consulting local communities in connection with plans for new operations or alterations to existing operations, prior to formal planning permission being sought. As such, a range of communication methods are in place for each operational site including community liaison groups, websites, site visits, newsletters and social media.

Future developments

The UK government has signalled their continued intention to invest in infrastructure to assist with the economic recovery from coronavirus through the National Infrastructure and Construction Pipeline policy paper published in 2021. This includes over £650bn of investment over a 10 year time horizon and in excess of 500 planned projects. Therefore, the medium to long term prospects remain positive for the Company given the level of investment required and the commencement of key infrastructure projects such as HS2.

Management remain focused on what can be controlled as a business and will continue to work towards investing in construction solutions for the future.

Finance risk management objectives and policies

Liquidity and cash flow risk - in order to maintain liquidity, the Company's funding requirements are under constant review.

Credit risk - the Company's credit risk is primarily attributable to its amounts owed by group companies and receivables. The Company has no significant concentration of credit risk;

Interest rate risk - the Company has interest rate exposure primarily on its amounts owed to Group undertakings. The Company has no significant further exposure to interest rate risk; and

Price risk - the Company seeks to mitigate its exposure to commodity price risk through using relevant pricing mechanisms in the course of business with its customers.

Finance risk policies are included in note 2.

Cambrian Stone Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

Going concern

The Directors have considered going concern in preparing these financial statements.

Detailed forecasts including the Company are prepared on a Tarmac Group basis for a period of at least 12 months from the date of approval of these financial statements. The Tarmac Group as a whole is profitable and cash-generative. These forecasts show that there is sufficient cash headroom in each individual month across the period, allowing the Tarmac companies to continue to operate with significant cash headroom whilst meeting daily cash flow requirements over this period.

Given that these forecasts are not prepared by statutory entity, and should the need arise, a signed letter of support, confirming ongoing support throughout an equivalent period has been obtained from the Company's ultimate parent company, CRH plc, for which forward looking plans have also been prepared to reflect severe but plausible downside scenarios. Even considering plausible downside scenarios, there are sufficient funds to allow the Company to continue in operational existence for the foreseeable future.

Taking account of the detailed forecast of the Tarmac group of companies and having received confirmation of ongoing support of CRH plc for the next 12 months from the date of approval of these financial statements, and their willingness and ability to provide financial support to the Company if needed, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Post balance sheet events

The Directors have considered all post-year end transactions, information received and events, up to the date these accounts are signed, for anything that may be either an adjusting or non-adjusting post balance sheet event. There was nothing identified requiring adjustment to, or disclosure in the current year financial statements.

Directors indemnities

The Articles of Association of the Company contain an indemnity in favour of all of the Directors of the Company that, subject to law, indemnifies the Directors, out of the assets of the Company, from any liability incurred by them in defending any proceedings in which judgement is given in their favour (or otherwise disposed of without any finding or admission of any material breach of duty on their part).

Disclosure of information to the auditors


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

Auditors

Deloitte LLP have indicated their willingness to be reappointed as auditor. No notice in accordance with s488 of the Companies Act 2006 (which would operate to prevent the deemed reappointment of auditors under s487(2) of that Act) has been or is expected to be received and accordingly the necessary conditions are in place for the deemed reappointment of the auditors to take place in the absence of an Annual General Meeting.

29-Sep-2022

Approved by the Board on and signed on its behalf by:

DocuSigned by:

.....9AC6FE4CCC86465.....
B Coggan
Director

Cambrian Stone Limited

Statement of Directors' Responsibilities

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), 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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Independent Auditor's Report to the Members of Cambrian Stone Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Cambrian Stone Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Profit and Loss Account;
- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the Statement of Accounting Policies; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Independent Auditor's Report to the Members of Cambrian Stone Limited (continued)

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which 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.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and Tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation and to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Independent Auditor's Report to the Members of Cambrian Stone Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 respect of these matters.

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.

DocuSigned by:



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Sukhpal Kaur Gill ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom

29-Sep-2022
Date:.....

Cambrian Stone Limited

Profit and Loss Account for the Year Ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Turnover	4	48,780	53,112
Cost of sales		<u>(39,090)</u>	<u>(41,908)</u>
Gross profit		9,690	11,204
Distribution costs		(7,788)	(8,726)
Administrative expenses		(359)	(430)
Other income	5	<u>-</u>	<u>123</u>
Operating profit	6	1,543	2,171
Interest payable and similar expenses	7	<u>(18)</u>	<u>(26)</u>
Profit before tax		1,525	2,145
Tax on profit	9	<u>13</u>	<u>31</u>
Profit for the year		<u><u>1,538</u></u>	<u><u>2,176</u></u>

The above results were derived from continuing operations.

Cambrian Stone Limited

Statement of Comprehensive Income for the Year Ended 31 December 2021


	2021	2020
	£ 000	£ 000
Profit for the year	1,538	2,176
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u><u>1,538</u></u>	<u><u>2,176</u></u>

Cambrian Stone Limited
(Registration number: 01579754)
Balance Sheet as at 31 December 2021

	Note	31 December 2021 £ 000	31 December 2020 £ 000
Non current assets			
Tangible assets	10	7,967	9,278
Right of use assets	11	<u>484</u>	<u>951</u>
		<u>8,451</u>	<u>10,229</u>
Current assets			
Stocks	12	4,883	4,744
Debtors	13	<u>12,636</u>	<u>8,400</u>
		<u>17,519</u>	<u>13,144</u>
Creditors: Amounts falling due within one year	14	(1,279)	(249)
Net current assets		<u>16,240</u>	<u>12,895</u>
Total assets less current liabilities		<u>24,691</u>	<u>23,124</u>
Creditors: Amounts falling due after more than one year	15	<u>(515)</u>	<u>(734)</u>
Deferred tax liabilities	9	(518)	(531)
Provisions for liabilities	17	<u>(280)</u>	<u>(19)</u>
Total liabilities		<u>(2,592)</u>	<u>(1,533)</u>
Net assets		<u>23,378</u>	<u>21,840</u>
Capital and reserves			
Called up share capital	18	3,000	3,000
Profit and loss account	19	<u>20,378</u>	<u>18,840</u>
Shareholders' funds		<u>23,378</u>	<u>21,840</u>

29-Sep-2022

Approved by the Board and authorised for issue on They were signed on its behalf by:

DocuSigned by:

9AC6FE4CCC86465.....
 B Coggan
 Director

Cambrian Stone Limited

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

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2020	3,000	16,664	19,664
Profit for the year	-	2,176	2,176
Total comprehensive income	-	2,176	2,176
At 31 December 2020	<u>3,000</u>	<u>18,840</u>	<u>21,840</u>

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2021	3,000	18,840	21,840
Profit for the year	-	1,538	1,538
Total comprehensive income	-	1,538	1,538
At 31 December 2021	<u>3,000</u>	<u>20,378</u>	<u>23,378</u>

Cambrian Stone Limited

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

1 General information

The Company is a private company limited by share capital, incorporated and domiciled in England and Wales, operating under the Companies Act 2006.

The address of its registered office is:

Ground Floor
T3 Trinity Park
Bickenhill Lane
Birmingham
B37 7ES
United Kingdom

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

These financial statements were prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101') and in accordance with applicable accounting standards. The financial statements are prepared on the historical cost basis.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Going concern

The Directors have considered going concern in preparing these financial statements.

Detailed forecasts including the Company are prepared on a Tarmac Group basis for a period of at least 12 months from the date of approval of these financial statements. The Tarmac Group as a whole is profitable and cash-generative. These forecasts show that there is sufficient cash headroom in each individual month across the period, allowing the Tarmac companies to continue to operate with significant cash headroom whilst meeting daily cash flow requirements over this period.

Given that these forecasts are not prepared by statutory entity, and should the need arise, a signed letter of support, confirming ongoing support throughout an equivalent period has been obtained from the Company's ultimate parent company, CRH plc, for which forward looking plans have also been prepared to reflect severe but plausible downside scenarios. Even considering plausible downside scenarios, there are sufficient funds to allow the Company to continue in operational existence for the foreseeable future.

Taking account of the detailed forecast of the Tarmac group of companies and having received confirmation of ongoing support of CRH plc for the next 12 months from the date of approval of these financial statements, and their willingness and ability to provide financial support to the Company if needed, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Cambrian Stone Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard including:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a)(iv) of IAS 1 and (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraphs 130(f) (ii), 130(f) (iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases; and
- the requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total.

Where required, equivalent disclosures are given in the group accounts of CRH plc. The group accounts of CRH plc are available to the public and can be obtained as set out in note 22.

Changes in accounting policy

New standards, interpretations and amendments effective

The following have been applied for the first time from 1 January 2021 and did not have a material effect on the financial statements:

- Amendments to IFRS 17 and IFRS 4, 'Insurance contracts', deferral of IFRS 9;
- Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2;
- Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities;
- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;
- IFRS 17, 'Insurance contracts';
- Amendments to FRS 104 - Going concern; and
- Amendment to FRS 101 Reduced disclosure framework on the effective date of IFRS 17.

Revenue recognition

The Company recognises revenue in the amount of the price expected to be received for goods and services supplied at a point in time or over time, as contractual performance obligations are fulfilled and control of goods and services passes to the customer. It excludes trade discounts and value added tax/sales tax.

Cambrian Stone Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Recognition

Sale of goods

The Company earns revenue from the sale of goods. Recognition of revenue from the sale of goods is at the point in time when control is deemed to pass to the customer upon delivery/dispatch to a customer depending on the terms of the sale, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when onselling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised when the goods are delivered to the customer as this is the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. Contracts do not contain multiple performance obligations (as defined by IFRS 15).

Goods are sometimes sold with discounts or rebates based on cumulative sales over a period. This variable consideration is only recognised when it is highly probable that it will not be subsequently reversed and is recognised using the most likely amount or expected value methods, depending on the individual contract terms. In the application of appropriate revenue recognition, judgement is exercised by management in the determination of the likelihood and quantum of such items based on experience and historical trading patterns. This revenue is recognised in the accounting period when control of the product has been transferred, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

Tax

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also recognised in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and 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.

Cambrian Stone Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Tangible assets

Tangible fixed assets are stated at cost or deemed cost less accumulated depreciation and any impairment in value.

All tangible assets (which includes land and buildings, plant and machinery and assets under construction) are initially recognised at cost. This applies to both owned and constructed assets. The cost of an item would include the purchase price of the item and any direct costs necessary to bring the item to the location and condition in which is it capable of operating as intended.

An item of property, plant and machinery is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss account.

Depreciation

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Consideration is given to climate change when determining the useful lives of assets. The determination of useful lives also considers the Group's carbon emissions targets. There were no significant changes in the estimates of useful lives during the current financial year.

Depreciation is not provided on freehold land.

Asset class	Depreciation method and rate
Land and buildings	2% - 50% straight-line
Plant and machinery	5% - 33.3% straight-line

Assets under construction are not depreciated until they come into use.

Stock

Stocks are stated at the lower of cost and net realisable value. Cost is based on weighted average and includes all expenditure incurred in acquiring the stocks and bringing them to their present location and condition. Raw materials are valued on the basis of purchase cost on a weighted average basis. In the case of finished goods and work-in-progress, cost includes direct materials, direct labour and attributable overheads based on normal operating capacity. Net realisable value is the estimated proceeds of sale less all further costs to completion, and less all costs to be incurred in marketing, selling and distribution.

Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, taking into consideration fluctuations of price or cost directly relating to events occurring after the end of the period, the likelihood of short-term changes in buyer preferences, product obsolescence or perishability (all of which are generally low given the nature of the products) and the purpose for which the stock is held. Materials and other supplies held for use in the production of stocks are not written down below cost if the finished goods, in which they will be incorporated, are expected to be sold at or above cost.

Consideration is given to any impact of climate change on stock at the balance sheet date. There was no impact noted on stock during the current financial year.

Cambrian Stone Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Consideration is given to any impact of climate change on provisions at the balance sheet date. There was no impact noted on provisions during the current financial year.

Restoration and decommissioning

Provision is made for the net present value of the total estimated cost of restoring land where quarrying activities have been undertaken and there is an obligation to restore those sites. Where this provision gives access to future economic benefits, an asset is recognised, within tangible fixed assets, which is charged to the profit and loss account through depreciation over the life of the site. This provision is held within Tarmac Trading Limited.

Other provisions

Restructuring

A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Leases

The Company enters into leases for a range of assets, principally relating to property. These property leases have varying terms, renewal rights and escalation clauses, including periodic rent reviews linked with a consumer price index and/or other indices. The Company also leases plant and machinery, vehicles and equipment. The terms and conditions of these leases do not impose significant financial restrictions on the Company.

A contract contains a lease if it is enforceable and conveys the right to control the use of a specified asset for a period of time in exchange for consideration, which is assessed at inception. A right-of-use asset and lease liability are recognised at the commencement date for contracts containing a lease, with the exception of leases with a term of 12 months or less which do not contain a purchase option, leases where the underlying asset is of low value and leases with associated payments that vary directly in line with usage or sales. The commencement date is the date at which the asset is made available for use by the Company.

The lease liability is initially measured at the present value of the future minimum lease payments, discounted using the incremental borrowing rate or the interest rate implicit in the lease, if this is readily determinable, over the remaining lease term. Lease payments include fixed payments less any lease incentives receivable, variable payments that are dependent on a rate or index known at the commencement date, amounts expected to be paid under residual value guarantees and any payments for an optional renewal period and purchase and termination option payments, if the Company is reasonably certain to exercise those options. The lease term is the non-cancellable period of the lease adjusted for any renewal or termination options which are reasonably certain to be exercised. Variable lease payments that do not depend on an index or a rate and rentals relating to low value or short-term leases are recognised as an expense in the period in which they are incurred. Management applies judgement in determining whether it is reasonably certain that a renewal, termination or purchase option will be exercised.

Cambrian Stone Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Incremental borrowing rates are calculated using a portfolio approach, based on the risk profile of the entity holding the lease and the term and currency of the lease.

After initial recognition, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future minimum lease payments or when the Company changes its assessment of whether it is reasonably certain to exercise an option within the contract. A corresponding adjustment is made to the carrying amount of the right-of-use asset. Modifications to a lease agreement beyond the original terms and conditions are either treated as a re-measurement of the lease liability and asset or treated as a separate lease, depending on the nature of the modification. Generally any modifications that increase the scope of the lease or that increase the lease payment by the market price of the increased asset are accounted for as a separate new lease.

The right-of-use asset is initially measured at cost, which comprises the lease liability adjusted for any payments made at or before the commencement date, initial direct costs incurred, lease incentives received and an estimate of the cost to dismantle or restore the underlying asset or the site on which it is located at the end of the lease term. The right-of-use asset is depreciated over the lease term or, where a purchase option is reasonably certain to be exercised, over the useful economic life of the asset in line with depreciation rates for owned property, plant and equipment. The right-of-use asset is tested for impairment if an impairment indicator is considered to exist.

Non-lease components in a contract such as maintenance and other service charges are separated from minimum lease payments and are expensed as incurred.

Regarding the comparatives, leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease rentals are charged to the Profit and Loss Account on a straight-line basis over the lease term.

Pensions

Payments to defined contributions retirement benefit schemes are recognised as an expense when the employees have rendered service entitling them to contributions. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Financial instruments

Classification and measurement

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

The Company's classes of financial assets are amounts owed by group companies. Amounts owed by fellow group companies have no fixed repayment date and no interest is charged on these balances.

Financial liabilities

The Company has financial liabilities that are classified as 'other financial liabilities', these relate to lease liabilities under IFRS 16. See Leases policy above.

Derecognition

Financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Cambrian Stone Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Impairment of financial assets

Financial assets

Financial assets are assessed for indicators of impairment at each balance sheet 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 of the investment have been affected.

Climate change

As noted on page 11, in 2021, Tarmac launched its new sustainability strategy including new strategy and net zero targets. Climate change risks including the impact of achieving this target have been considered and assessed in the preparation of the Financial Statements for the year ended 31 December 2021. In line with the application of our accounting policies, estimates and underlying assumptions are reviewed on an ongoing basis as we continue to develop and implement our strategy to meet these targets.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Directors believe that the following accounting policies are critical due to the degree of estimation required and / or the potential material impact they may have on the Company's financial position and performance.

The following are areas of judgement:

Provisions

Judgement is required in determining whether the Company has a present obligation and whether it is probable that an outflow of economic benefits will be required to settle this obligation. This judgement is applied to information available at the time of determining the liability including but not limited to judgements around interpretations of legislation, regulations, case law and insurance contracts depending on the nature of the provision.

Cambrian Stone Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Impairment of tangible assets and right of use assets

At each reporting date, or where decisions are made to alter the industrial footprint of the Company's operations (such that sites are either closed, mothballed or identified for sale), the Company reviews the carrying amounts of its tangible assets, right of use assets and investments to determine whether there is any indication that those assets require impairment. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment required (if any). No indicators of impairment have been identified during 2021.

Recoverable amount is the higher of fair value less costs of disposal and value in use. Any impairment loss is recognized by writing down the asset to its recoverable amount.

The impairment testing process requires management to make significant judgements and estimates regarding the future cash flows expected to be generated. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. Other key estimates include growth rates and assumptions around cost management. The estimates of future cash flows exclude cash inflows or outflows attributable to financing activities and income tax. Management periodically evaluates and updates the estimates based on the conditions which influence these variables. The assumptions and conditions for determining impairments reflect management's best assumptions and estimates, but these items involve inherent uncertainties described above, many of which are not under management's control. As a result, the accounting for such items could result in different estimates or amounts if management used different assumptions or if different conditions occur in future accounting periods.

Leases

Incremental borrowing rate used to measure lease liabilities

Where the interest rate implicit in the lease is not readily determinable, lease liabilities are discounted at the incremental borrowing rate. This is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. This involves assumptions and estimates, which would affect the carrying value of the lease liabilities note and the corresponding right-of-use assets.

Renewal, termination and purchase options

As part of the IFRS 16 transition process and ongoing lease accounting, management have applied judgement in determining whether it is reasonably certain that any renewal, termination or purchase options within the lease will be exercised. This is taken into consideration when measuring the value of the lease liability. In making this judgement, management considers all facts and circumstances that create an economic incentive to exercise, or not exercise, a renewal, termination or purchase option. Options are only included in the lease term if they are reasonably certain to be exercised. The lease term is reassessed if an option is actually exercised (or not exercised) or the company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company.

4 Turnover

The analysis of the Company's turnover for the year from continuing operations is as follows:

	2021	2020
	£ 000	£ 000
Sale of goods	48,780	53,112

Turnover is wholly attributable to the United Kingdom market.

Cambrian Stone Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

5 Other operating income

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

	2021	2020
	£ 000	£ 000
Insurance proceeds for storm damages	-	123
	-	123

6 Operating profit

Arrived at after charging/(crediting)

	2021	2020
	£ 000	£ 000
Depreciation expense	2,372	1,968
Depreciation on right of use assets	252	228
Cost of stock recognised as an expense	11,850	17,709
Profit on sale of tangible fixed assets	(30)	(75)
Profit on sale of right of use assets	(7)	-
Restructuring costs	387	-
	387	-

Restructuring costs relate to the portfolio review that was carried out during the year.

Auditor's remuneration of £4,200 (2020: £4,100) for the auditing of the financial statements is borne by a fellow group company. There were no non audit services provided in either year.

7 Interest payable and similar expenses

	2021	2020
	£ 000	£ 000
Interest expense on leases	18	26
	18	26

8 Staff costs

The aggregate payroll costs were as follows:

	2021	2020
	£ 000	£ 000
Wages and salaries	2,880	3,145
Social security costs	294	307
Pension and other post-employment benefit costs (see note 21)	116	119
	3,290	3,571

The average number of persons employed by the Company during the year, analysed by category was as follows:

	2021	2020
	No.	No.
Production and distribution	65	75
	65	75

Cambrian Stone Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

8 Staff costs (continued)

All Directors were employed and paid on behalf of the Company by a fellow group undertaking. The remuneration of the Directors is disclosed in the financial statements of that fellow group undertaking, which has made no recharge to the Company in respect of these payments. The services provided to this Company are incidental to their services provided to other fellow group undertakings and it is not practical to split their services or remuneration between the group undertakings.

9 Tax on profit

Tax credited in the profit and loss account

	2021	2020
	£ 000	£ 000
Current taxation	-	-
Deferred taxation		
Arising from origination and reversal of temporary differences	(137)	(107)
Arising from changes in tax rates and laws	124	67
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	-	9
Total deferred taxation	(13)	(31)
Tax credit in the profit and loss account	<u>(13)</u>	<u>(31)</u>

The differences between the total tax for the year and the amount calculated by applying the standard rate of UK corporation tax of 19% (2020: 19%) to the profit before tax are as follows:

	2021	2020
	£ 000	£ 000
Profit before tax	<u>1,525</u>	<u>2,145</u>
Tax at the standard UK corporation tax rate of 19% (2020: 19%)	290	408
Adjustment in respect of prior years	-	9
Income not taxable	(21)	-
Group relief claimed for nil payment	(406)	(515)
Impact of changes in tax laws and rates	<u>124</u>	<u>67</u>
Total tax credit	<u>(13)</u>	<u>(31)</u>

Cambrian Stone Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

9 Tax on profit (continued)

Group relief within Tarmac is surrendered free of charge.

Group relief claimed from other Group companies registered within the UK is paid for at the prevailing rate of corporation tax for the year at 19% (2019: 19%).

Finance No.2 Bill 2015 enacted the rate of corporation tax to 19% with effect from 1 April 2017, resulting in a current tax rate for the year of 19%. On 3 March 2021, the Chancellor of the Exchequer announced that legislation will be introduced in Finance Bill 2021 to increase the main rate of Corporation Tax for all non-ring fence profits to 25% for the financial year 2023. This change was substantively enacted on 24 May 2021.

Deferred tax assets and liabilities are measured at tax rates that are enacted or substantively enacted at the balance sheet date. The timing of the reversal of the Company's deferred tax items has been considered, and accordingly at 31 December 2021 deferred tax has been calculated at the tax rates that are expected to apply when the related asset is realised or liability is settled. This review concluded amounts forecast to reverse before the change in tax rate takes effect in March 2023 would be immaterial for the Company, and therefore all deferred tax assets and liabilities have been measured at 25% being the rate enacted at the balance sheet date.

On 23 September 2022, the Chancellor of the Exchequer announced that the planned tax rate change to 25% would no longer be implemented and that the main rate would remain at 19%. Because the enacted rate at the balance sheet date was 25% this announcement does not represent an adjusting event and the company's deferred tax balances as at 31 December 2021 are still calculated at that higher rate. When recalculated at the lower 19% rate the deferred tax liability will reduce. The reduction in rate is not expected to be material and will be recognised in 2022.

Deferred tax

Deferred tax movement during the year:

	At 1 January 2021 £ 000	Recognised in income £ 000	At 31 December 2021 £ 000
Accelerated tax depreciation	531	(13)	518

Cambrian Stone Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

10 Tangible assets

	Land and buildings £ 000	Assets in course of construction £ 000	Plant and machinery £ 000	Total £ 000
Cost or valuation				
At 1 January 2021	131	1,482	42,031	43,644
Additions	-	372	712	1,084
Disposals	-	-	(72)	(72)
Transfers from assets in course of construction	-	(1,528)	1,528	-
Intercompany transfers	-	-	(63)	(63)
At 31 December 2021	<u>131</u>	<u>326</u>	<u>44,136</u>	<u>44,593</u>
Depreciation				
At 1 January 2021	131	-	34,235	34,366
Charge for the year	-	-	2,372	2,372
Eliminated on disposal	-	-	(71)	(71)
Intercompany transfers	-	-	(41)	(41)
At 31 December 2021	<u>131</u>	<u>-</u>	<u>36,495</u>	<u>36,626</u>
Carrying amount				
At 31 December 2021	<u>-</u>	<u>326</u>	<u>7,641</u>	<u>7,967</u>
At 31 December 2020	<u>-</u>	<u>1,482</u>	<u>7,796</u>	<u>9,278</u>

The depreciation charge for the year includes £237,000 of accelerated depreciation as a result of the portfolio review that took place during the year.

Cambrian Stone Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

11 Right of use assets

	Land and buildings £ 000	Plant and machinery £ 000	Vehicles £ 000	Total £ 000
Cost				
At 1 January 2021	748	331	296	1,375
Additions	162	-	-	162
Disposals	(239)	-	-	(239)
Intercompany transfers	-	(328)	(120)	(448)
Reclassifications of assets	-	150	(150)	-
At 31 December 2021	<u>671</u>	<u>153</u>	<u>26</u>	<u>850</u>
Depreciation				
At 1 January 2021	199	48	177	424
Charge for the year	216	30	6	252
Eliminated on disposal	(105)	-	-	(105)
Intercompany transfers	-	(143)	(62)	(205)
Reclassifications of assets	-	102	(102)	-
At 31 December 2021	<u>310</u>	<u>37</u>	<u>19</u>	<u>366</u>
Carrying amount				
At 31 December 2021	<u>361</u>	<u>116</u>	<u>7</u>	<u>484</u>
At 31 December 2020	<u>549</u>	<u>283</u>	<u>119</u>	<u>951</u>

Note 16 includes further information on the lease liabilities for these right of use assets.

12 Stock

	31 December 2021 £ 000	31 December 2020 £ 000
Raw materials and consumables	451	433
Finished goods and goods for resale	4,432	4,311
	<u>4,883</u>	<u>4,744</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

13 Debtors

	31 December 2021 £ 000	31 December 2020 £ 000
Amounts owed by group companies	<u>12,636</u>	<u>8,400</u>

Amounts owed by fellow group companies have no fixed repayment date and are repayable on demand. No interest is charged on these balances. There is a right of set off with certain group companies and these balances are presented net within either the debtors or creditors note as appropriate.

Cambrian Stone Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

14 Creditors: Amounts due in less than one year

	31 December 2021 £ 000	31 December 2020 £ 000
Amounts due to related parties	1,160	-
Current portion of long-term lease liabilities	119	249
	1,279	249

Amounts owed to group companies have no fixed repayment date and are repayable on demand. No interest is charged on these balances.

15 Creditors - amounts falling due after more than one year

	31 December 2021 £ 000	31 December 2020 £ 000
Long term lease liabilities	515	734

16 Leases

Leases liabilities on the balance sheet

		31 December 2021 £ 000	31 December 2020 £ 000
Current portion of long term lease liabilities	14	119	249
Long term lease liabilities	15	515	734
		634	983

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

		31 December 2021 £ 000	31 December 2020 £ 000
Less than one year		121	252
1 - 2 years		118	176
2 - 3 years		116	163
3 - 4 years		105	144
4 - 5 years		83	103
Between 5 and 10 years		147	231
Total lease liabilities (undiscounted)		690	1,069

Cambrian Stone Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

16 Leases (continued)

Lease costs charged to the Profit and Loss Account

Tarmac avails of the exemption from capitalising lease costs for short-term leases and low-value assets where the relevant criteria are met. Variable lease payments directly linked to sales or usage are also expensed as incurred. The following lease costs have been charged to the Profit and Loss Account as incurred:

	2021 £ 000	2020 £ 000
Short term leases	1	1

Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

	31 December 2021 £ 000	31 December 2020 £ 000
Lease liabilities		
At 1 January	983	739
Intercompany transfers	(260)	204
Addition of right of use assets	162	173
Disposals	(141)	-
Remeasurements	-	69
Payments	(128)	(228)
Discount unwinding	18	26
At 31 December	<u>634</u>	<u>983</u>

Other lease items

No sublease income or gains or losses arising from sale and leaseback transactions were recognised during the period (2020: £nil).

17 Provisions for liabilities

	Restructuring £ 000	Other provisions £ 000	Total £ 000
At 1 January 2021	-	19	19
Additional provisions	467	-	467
Provisions used	(107)	-	(107)
Unused provision reversed	<u>(80)</u>	<u>(19)</u>	<u>(99)</u>
At 31 December 2021	<u>280</u>	<u>-</u>	<u>280</u>

Restructuring provisions relate to commitments under various internal restructuring and redundancy programmes, primarily as a result of the portfolio review carried out during the year. These provisions are expected to be utilised within one year of the balance sheet date.

Cambrian Stone Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

18 Called up share capital

Allotted, called up and fully paid shares

	31 December 2021		31 December 2020	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	3,000	3,000	3,000	3,000

19 Reserves

Called up share capital represents the nominal value of shares that have been issued.

Profit and loss account includes all current and prior period retained profits and losses.

Details of all movements in reserves are shown in the Statement of Changes in Equity on page 22.

20 Capital commitments

The total amount contracted for but not provided in the financial statements was £320,000 (2020: £20,000). This relates to planned fixed asset purchases.

21 Retirement benefit schemes

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Company in funds under the control of trustees.

The total cost charged to the profit and loss account of £116,000 (2020: £119,000) represents contributions payable to these schemes by the Company.

22 Parent and ultimate parent undertaking

The Company's immediate parent is Tarmac Trading Limited.

The ultimate parent and controlling party is CRH plc.

Relationship between entity and parents

The parent of the largest and smallest group in which these financial statements are consolidated is CRH plc, incorporated in Ireland.

The address of CRH plc is:
42 Fitzwilliam Square,
Dublin,
D02 R279,
Ireland

Copies of the financial statements of the ultimate parent company are available from the Company Secretary at the above address.

Cambrian Stone Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

23 Post balance sheet events

The Directors have considered all post-year end transactions, information received and events, up to the date these accounts are signed, for anything that may be either an adjusting or non-adjusting post balance sheet event. There was nothing identified requiring adjustment to, or disclosure in the current year financial statements.