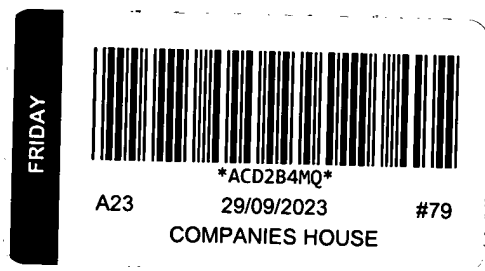


Cambrian Stone Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022



Cambrian Stone Limited

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Cambrian Stone Limited

Strategic Report for the Year Ended 31 December 2022

The Directors present their strategic report for Cambrian Stone Limited (the "Company") for the year ended 31 December 2022.

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 £47.8 million (2021: £48.8 million) and an operating profit of £3.2 million (2021: £1.5 million).

EBITDA (being earnings before interest, tax, income from shares in group undertakings and joint ventures and associates, impairment of investments in group and joint venture companies and depreciation and amortisation) was £5.4 million (2021: £4.2 million).

Volume demand decreased between 2021 and 2022 predominantly driven by a reduced demand for primary aggregate material from Cornelly quarry and sinter plant. Blast furnace and steel Slag sales were broadly in line however reduced Granulate sales also contributed ultimately as a result of lower market demand. Continued focus on cost base particularly in light of high hydro carbon costs delivered efficiencies which helped support the overall performance for the year.

The Company's profit before tax was £3.2 million, a increase in performance from last year's profit before tax of £1.5 million.

At 31 December 2022, the Company had net assets of £26.7 million (2021: £23.4 million) and net current assets of £20.5 million (2021: £16.2 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	2022	2021
Turnover	£m	47.8	48.8
Operating profit	£m	3.2	1.5
EBITDA (as defined above)	£m	5.4	4.2
Capital additions as a % of depreciation	%	42.9	47.5
LTIFR (Lost time injuries frequency rate defined as the number of accidents per 1,000,000 hours worked)*		0.51	0.96
Average number of employees		62	65

*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.

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 2022 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.

Cambrian Stone Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

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 2022 with an emphasis on ensuring nobody should be adversely affected by Tarmac activities as a result. 2022 continued to present health and safety challenges and 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 plan was reviewed and updated in 2022 placing an emphasis on 4 key pillars namely, Leading, Learning, Behaving and Planning for Safety. Each pillar has a small number of initiatives designed to support the business with mitigation of risks in the business and improvement of health, safety and wellbeing as a whole. The key initiative for 2022 was titled Step In and is a programme to empower employees and contractors to challenge unsafe behaviours with the support of Tarmac leadership and to encourage and promote example of Step In across the organisation.

In 2022 there were zero fatalities (2021: 0) and 17 Lost Time Injuries (2021: 32) and the consequent Lost Time Injury Frequency Rate was 0.06 (2021: 0.10) (defined as the number of accidents per 100,000 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 safety leadership interaction across its sites with engagement activities targeted throughout the year towards business risk areas in order to drive improvement.

In 2022 there were 12 Medical Treatment Cases (2021: 19), 15 Modified Work Duty cases (2021: 15) and 111 First Aid Cases (2021: 92). The Total Recordable Case Frequency Rate was 0.15 (2021: 0.20), based on 44 incidents (2021: 66). Total Recordable Cases include Lost Time Injuries, Medical Treatment Cases and Modified Work Duty cases.

A total of 27 high potential incidents were recorded for 2022 (defined as incidents that had a realistic chance of fatal or life-changing consequences) (2021: 80).

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 2022 (continued)

Principal risks and uncertainties

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

COVID-19 pandemic - public health emergencies, epidemics or pandemics, such as the COVID-19 pandemic, have presented and continue to present additional health and safety challenges. They 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. Uncertainty around future global pandemics 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 - like many other industries, the global building materials industry has been adversely impacted by disruptions and threats to supply chains caused by the conflict in Ukraine. Significant levels of inflation have also contributed to increased costs and reduced availability of some key inputs as well as general economic uncertainty. We expect demand in 2023 to be resilient, underpinned by a stable infrastructure pipeline but economic conditions may continue to present risks. Economic uncertainty negatively impacts trends in construction activity through postponement of orders and rising interest rates. The Company is exposed to fluctuations in the fuel price and principal energy related raw materials prices such as bitumen. These uncertainties may have some short-term impacts and there is no guarantee that future actions taken by management will be effective in mitigating them however the risk will be managed through constant focus on cost control and disciplined financial management. The Company continues to monitor the market and government policy to mitigate external risks where possible. 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;

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.

Cambrian Stone Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Section 172(1) statement

Set out below is the Company's section 172 report as required by the Regulations. The Regulations require Cambrian Stone Limited to report how the directors of 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 its 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 Directors are particularly focused on the impact of the company's operations on its workforce, 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"). 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. Underpinning this approach to corporate governance is the CRH UK Corporate Governance 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 Board, 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 to discuss and decide on matters pertinent to the business. The Company's Board meets as appropriate 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.

Cambrian Stone Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Directors' training

The Tarmac Legal, including company secretarial, team support Tarmac in operating sustainably and consistently with its values. The Tarmac Legal team provides advice, guidance and support to the Tarmac'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 on appointment and all directors will refresh their training regularly. The provision of training is facilitated by the Company's Legal Department. Recent Board training delivered digitally has focused on directors' duties, in particular those under the Companies Act 2006.

Board and Executive Committee Composition

As a key entity of the Tarmac business, and in accordance with the Policy, the Company must have a minimum of three directors with representatives from the finance team and ExCom. The Company has three 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.

During, and after the end of, the reporting period, changes were made to the Board's composition to strengthen and align legal entity and executive governance. The current directors are as follows:

The Board:

S J Grey: Director (Appointed 21 November 2022)
P C Jackson: Director (Appointed 21 November 2022)
Tarmac Directors (UK) Limited

It is noted that B Coggan was also a Director during the period, however resigned as of 21 November 2022.

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.

Cambrian Stone Limited

Strategic Report for the Year Ended 31 December 2022 (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 2022.

15 Aug

Approved by the board on 2023..... and signed on its behalf by:

DocuSigned by:

Phil Jackson

GDE09869578B470.....

P C Jackson
Director

Cambrian Stone Limited

Directors' Report for the Year Ended 31 December 2022

The Directors present their annual report and the financial statements of Cambrian Stone Limited (the "Company") for the year ended 31 December 2022.

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 (resigned 21 November 2022)

Tarmac Directors (UK) Limited

S J Grey (appointed 21 November 2022)

P C Jackson (appointed 21 November 2022)

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 (2021: £nil).

The Directors did not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: £nil).

Political donations

The Company did not make any political donations in the year (2021: £nil).

Charitable donations

The Company did not make any charitable donations in the year (2021: £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 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, 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 2022 (continued)

Customers

Stakeholders' interests

- Focused on minimising the impact on the environment, including the provision of low carbon solutions;
- Expected responsible and sustainable sourcing of materials;
- Projects that maximise sustainability, including the health, safety and wellbeing of workers, lower carbon and 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
- Engage with customers to promote product innovation.

How we have fostered relationships

Customer sustainability or Environmental Social and Governance (“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 how Tarmac’s sustainability strategy and journey complements their sustainability ambitions. Our sustainability strategy, Act, sets out Tarmac's goals to secure long-term success for our business, our customers and communities by continually improving environmental, social and economic performance throughout the whole lifecycle of our products, services and solutions. enabling the transition to a sustainable, resilient built environment.

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;
- Ethical behaviour (including anti-bribery and corruption and anti-slavery); and
- To embrace innovation.

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.

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.

Cambrian Stone Limited

Directors' Report for the Year Ended 31 December 2022 (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. We demonstrate our commitment through certification to BES 6001 - responsible sourcing, and 6002 - ethical labour. 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.

Our annual Supplier Sustainability Week and Supplier Innovation Challenge highlight our commitment to working with our supply chain stakeholders to enhance our supply chains and deploy innovations at pace.

Local communities

Stakeholders' interests

- To conduct operations in a considerate, responsible and responsive way;
- The provision of a safe place of work for the communities in which the Company operates;
- To support local and national safety initiatives to raise awareness of the dangers of the industries in which the Company operates in;
- Commitment to working with local communities and supporting the development of a highly skilled and inclusive 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 sector associations, including the Construction Products Association, UK Green Building Council, the Supply Chain Sustainability School and the Mineral Products Associations (MPA).

Tarmac engages with schools in our local communities. Through our national partnership with Solutions for the Plant, now in its 9th year, we have supported thousands of students to learn how STEM skills and careers can help solve sustainability issues. In 2022 we delivered 724 volunteer hours through 40 mentors across 27 schools near our operations. In 2022, Tarmac started working with its employees and local volunteers to progress the planting of a new jubilee woodland at Panshanger Park, planting trees in memoriam to honour Her Majesty the Queen. We have supported a variety of local causes including several village in bloom initiatives, as well as local football and cricket clubs, and search and rescue operations in North Wales.

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.

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.

Cambrian Stone Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

As part of our continuing commitment to electric vehicles as a means to meet our climate targets, during 2022 Tarmac unveiled the UK's first battery electric concrete mixer. Based out of Tarmac's flagship Washwood Heath site in Birmingham, the 'e-mixer' is the first vehicle in the company's national HGV fleet. Its arrival marks a significant milestone for both the business and wider UK construction industry as part of a continued drive towards net zero. To celebrate the achievement, the e-mixers feature a hand-drawn design by an eight-year-old competition winner from Wolverhampton, in the West Midlands.

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 environmental impacts.

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; 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 maintain long term value creation; and
- Recognition of the need to understand and report on ESG initiatives.

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 2022 (continued)

Environmental matters

Tarmac, a CRH company, is the UK's leading sustainable building products, construction services and solutions business. Our innovative products, services and solutions help to deliver the infrastructure needed to grow the economy today and create a more sustainable built environment to support the future prosperity of the UK.

Our sustainability strategy, launched in 2021, sets out the third phase of our sustainability journey, covering the next 10 years and beyond. It builds on the significant progress we have made to date and our recognition of the challenges ahead. Our strategy 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 Tarmac continues to remain well positioned to meet sustainability challenges now and in the future and support our customers and communities to do the same.

The strategy builds on our previous achievements, prioritises the issues that are most important to our business and our stakeholders and defines long term commitments and goals under 3 key themes; People, Planet and Solutions.

We aim to embed sustainability into everything we do and our sustainability governance hierarchy helps us to do this. Tarmac's Executive Committee is responsible for setting and delivering the strategy, with actions and programmes delegated to business units and functions. We undertake a formal annual review of our strategy working with our Sustainability Steering Group and External Sustainability Panel, to ensure its continuing appropriateness and high level of ambition.

In 2022, our parent company, CRH, unveiled our new shared purpose – “We stand together to reinvent the way our world is built”. As we redefined our purpose, we took the opportunity to refresh our values, pillars, and vision, retaining the underlying meaning of our previous values but making them more stretching and more future-proof. We have also worked with CRH to revise and set new SBTi carbon reduction targets that will come into place in 2023.

We aim to be a safe and inclusive business, employing great people and maintaining strong community relationships. We want to enhance positive wellbeing across our business, and are committed to building a zero-harm culture that prioritises people's health, safety and wellbeing, and targets continuous improvement. Tarmac has been awarded a RoSPA Gold Health and Safety Award for the fifth year running demonstrating our high health and safety standards in 2022.

Tarmac is also committed to being an employer of choice and an organisation with a truly inclusive culture. Our employees underpin the long-term success of our business and our customers, so it is vital that we continue to build an inclusive business that attracts and retains a talented, motivated and diverse workforce. Tarmac is proud to be awarded Gold accredited membership via the 5% Club's 2022-23 Employer Audit Scheme, and Gold Clear Assured status for our work throughout 2022 and into the start of 2023.

We are committed to outstanding environmental performance, reducing greenhouse gas emissions, optimising the use of resources and making a net positive contribution to biodiversity. The impact of climate change and the transition to a zero-carbon society are arguably the most important challenges for our generation. As society embarks on its journey to net zero emissions, we are fully committed to playing our part in delivering carbon neutrality along our value chains to support the UK's net zero target.

Tarmac is a wholly owned subsidiary of CRH plc, a global leader in sustainable building materials. CRH have set an absolute emissions reduction target for 2030, which compliments their 2050 carbon reduction roadmap, is aligned with the goals of the Paris agreement, and compliments our UK ambitions. At the end of 2022, Tarmac had achieved a 35% reduction in CO2 per tonne of product, compared to a 1990 baseline. We categorise our greenhouse gas emissions into direct and indirect sources in line with the Greenhouse Gas Protocol.

Cambrian Stone Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Tarmac is committed to working towards achieving a circular economy, which means designing out waste at every stage of a product's lifecycle, and developing products with greater durability, extending their useful life. We work to design long-lasting products that can be reused at their end of life, to reduce waste and demand for natural resources, and ensure that the essential materials we need to supply our customers remain available.

We are a net user of waste, meaning we re-use more waste generated by other people than the volume of waste we produce. In 2022 we used over 1 million tonnes of recycled asphalt planings (RAP) in our asphalt products; over 7 million tonnes of waste and secondary materials from other sectors as raw materials for our products and as fuel in the manufacturing process; and over 3.75 million tonnes of construction waste in our recovery and recycling operations.

In 2023, Tarmac will continue to work towards a net zero society. We will launch Tarmac's 'Roadmap to net zero', which details the levers we will use to achieve net zero by 2050, and assist our stakeholders to understand the ways in which Tarmac will reach this goal. We are also looking forward to building on the progress we made in 2022 through collaboration and taking part in new trials and projects to help us further reach our goals.

Further details on our approach will be detailed in our 2022 Sustainability Report: <https://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. (<https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2022>).

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. The processes and procedures that form our ISO 50001:2018-certified Energy Management System ensure we operate at a high standard, and drive continuous improvement (CI) in our energy usage. Specific energy consumption and CO₂ targets are set for all of our manufacturing sites, enabling us to monitor performance and make these targets more stringent each year to support CI efforts and the investment behind these.
2. Throughout 2022, we continued to source 100% clean electricity, supplied entirely through clean UK-based wind and solar, fully traceable to source through REGO certificates. This makes us a leader of our parent company CRH's 100% club, which encourages our sister companies to also make the transition to ensuring 100% of their electricity is from renewable sources.

Cambrian Stone Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

GHG emissions and energy data	Unit of Measure	2022	2021
Energy consumption used to calculate emissions	kWh	26,333,690	30,423,238
Emissions from combustion of gas (Scope 1)	tCO ₂ e	3,677	4,640
Emissions from combustion of fuel (Scope 1 & Scope 3)*	tCO ₂ e	-	-
Emissions from purchased electricity (Scope 2, location-based)	tCO ₂ e	1,196	1,607
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	4,874	13,098
Total gross CO ₂ e based on above (market-based Scope 2)	tCO ₂ e	3,678	4,641
Intensity ratio	Gross tCO ₂ e per £million turnover	102	268

* 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

Following the year end the Company ceased to trade and the directors intend to liquidate the company.

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 principal financial assets are cash and bank balances, trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are stated net of allowances for doubtful 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. These could include hedging and supplier rebates as appropriate. Recent inflation related price increases expose the Company to rises in commodities such as fuel prices and principal energy related raw materials prices like bitumen, as well as having an impact on salaries and recruitment. The Company monitors the market to mitigate price risks where possible.

Finance risk policies are included in note 2.

Cambrian Stone Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Going concern

As the Company has ceased to trade on the 1 January 2023, the Directors have prepared the financial statements on a basis other than a going concern. No adjustments to the financial statements arose as a result of ceasing to apply the going concern basis.

Post balance sheet events

On 01 January 2023, as part of a Group reorganisation exercise, the Company transferred its entire trade and assets at net book value to its parent, Tarmac Trading Limited. The Company also reduced its share capital to £1 nominal value through a capital reduction. The Company then declared a dividend for the full amount of its distributable reserves to its parent company, Tarmac Trading Limited. Following the year end the Company ceased to trade and the directors intend to liquidate the company.

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.

15 Aug

Approved by the board on 2023..... and signed on its behalf by:

DocuSigned by:

Phil Jackson

.....CPE099685788476.....

P C Jackson

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 2022 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 ; and
- the related notes 1 to 22.

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.

Emphasis of matter - Financial statements prepared other than on a going concern basis

We draw attention to page 14 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

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.

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.

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

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

Auditor Responsibilities for the audit of the financial statements

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

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 and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

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.

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

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

- 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

15 August

Date: 2023.....

Cambrian Stone Limited

Profit and Loss Account for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Turnover	4	47,779	48,780
Cost of sales		<u>(36,497)</u>	<u>(39,090)</u>
Gross profit		11,282	9,690
Distribution costs		(7,694)	(7,788)
Administrative expenses		<u>(389)</u>	<u>(359)</u>
Operating profit	5	3,199	1,543
Interest payable and similar expenses	6	<u>(16)</u>	<u>(18)</u>
Profit before tax		3,183	1,525
Tax on profit	8	<u>146</u>	<u>13</u>
Profit for the year		<u><u>3,329</u></u>	<u><u>1,538</u></u>

The notes on pages 23 to 39 form an integral part of these financial statements.

Cambrian Stone Limited**Statement of Comprehensive Income for the Year Ended 31 December 2022**

	2022	2021
	£ 000	£ 000
Profit for the year	3,329	1,538
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u><u>3,329</u></u>	<u><u>1,538</u></u>

Cambrian Stone Limited
(Registration number: 01579754)
Balance Sheet as at 31 December 2022

	Note	31 December 2022 £ 000	31 December 2021 £ 000
Non current assets			
Tangible assets	9	6,751	7,967
Right of use assets	10	401	484
		<u>7,152</u>	<u>8,451</u>
Current assets			
Stocks	11	6,192	4,883
Debtors	12	15,561	12,636
		<u>21,753</u>	<u>17,519</u>
Creditors: Amounts falling due within one year	13	(1,282)	(1,279)
Net current assets		<u>20,471</u>	<u>16,240</u>
Total assets less current liabilities		<u>27,623</u>	<u>24,691</u>
Creditors: Amounts falling due after more than one year	14	(414)	(515)
Deferred tax liabilities	8	(373)	(518)
Provisions for liabilities	16	(129)	(280)
Total liabilities		<u>(2,198)</u>	<u>(2,592)</u>
Net assets		<u>26,707</u>	<u>23,378</u>
Capital and reserves			
Called up share capital	17	3,000	3,000
Profit and loss account	18	23,707	20,378
Shareholders' funds		<u>26,707</u>	<u>23,378</u>

15 Aug

Approved by the Board and authorised for issue on 2023..... They were signed on its behalf by:

DocuSigned by:

Phil Jackson

CDE0986957BB470.....

P C Jackson

Director

Cambrian Stone Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	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>

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2022	3,000	20,378	23,378
Profit for the year	-	3,329	3,329
Total comprehensive income	-	3,329	3,329
At 31 December 2022	<u>3,000</u>	<u>23,707</u>	<u>26,707</u>

The notes on pages 23 to 39 form an integral part of these financial statements.

Cambrian Stone Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

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

As the Company has ceased to trade on the 1 January 2023, the Directors have prepared the financial statements on a basis other than a going concern. No adjustments to the financial statements arose as a result of ceasing to apply the going concern basis.

Cambrian Stone Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (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 21.

Changes in accounting policy

New standards, interpretations and amendments effective

The following have been applied for the first time from 1 January 2022 and did not have a material effect on the financial statements:

- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts: Costs of Fulfilling a Contract
- Amendments to IAS 16 Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework
- Annual Improvements 2018 - 2020 Cycle

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 2022 (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 2022 (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 2022 (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 2022 (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 2022 (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

The Company assesses the indicators of impairment at each reporting date and as required recognises a loss allowance for expected credit losses on investments. The amount of expected credit losses is updated to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company recognises lifetime expected credit losses (ECL) based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

In assessing whether the credit risk on a financial instrument has increased significantly, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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 2022. 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 2022 (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 2022.

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 is as follows:

	2022	2021
	£ 000	£ 000
Sale of goods	47,779	48,780

Turnover is wholly attributable to the United Kingdom market.

Cambrian Stone Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

5 Operating profit

Arrived at after charging/(crediting)

	2022	2021
	£ 000	£ 000
Depreciation expense	2,061	2,372
Depreciation on right of use assets	97	252
Cost of stock recognised as an expense	9,335	11,850
Profit on sale of tangible fixed assets	(34)	(30)
Profit on sale of right of use assets	-	(7)
Restructuring costs	-	387
	-	387

Restructuring costs relate to the portfolio review that was carried out in 2021.

Auditor's remuneration of £5,400 (2021: £4,200) for the auditing of the financial statements is borne by a fellow group company. There were no non audit services provided in either year.

6 Interest payable and similar expenses

	2022	2021
	£ 000	£ 000
Interest expense on leases	16	18

7 Staff costs

The aggregate payroll costs were as follows:

	2022	2021
	£ 000	£ 000
Wages and salaries	2,726	2,880
Social security costs	309	294
Pension and other post-employment benefit costs (see note 20)	113	116
	3,148	3,290

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

	2022	2021
	No.	No.
Production and distribution	62	65
	62	65

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.

Cambrian Stone Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

8 Tax on profit

Tax credited in the profit and loss account

	2022	2021
	£ 000	£ 000
Current taxation	<u>-</u>	<u>-</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	(111)	(137)
Arising from changes in tax rates and laws	<u>(35)</u>	<u>124</u>
Total deferred taxation	<u>(146)</u>	<u>(13)</u>
Tax credit in the profit and loss account	<u>(146)</u>	<u>(13)</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% (2021: 19%) to the profit before tax are as follows:

	2022	2021
	£ 000	£ 000
Profit before tax	<u>3,183</u>	<u>1,525</u>
Tax at the standard UK corporation tax rate of 19% (2021: 19%)	605	290
Income not taxable	(16)	(21)
Group relief claimed for nil payment	(700)	(406)
Impact of changes in tax laws and rates	<u>(35)</u>	<u>124</u>
Total tax credit	<u>(146)</u>	<u>(13)</u>

Cambrian Stone Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

8 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% (2021: 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.

Cambrian Stone Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

9 Tangible assets

	Land and buildings £ 000	Assets in course of construction £ 000	Plant and machinery £ 000	Total £ 000
Cost or valuation				
At 1 January 2022	131	326	44,136	44,593
Additions	-	289	594	883
Disposals	-	-	(143)	(143)
Transfers from assets in course of construction	-	(49)	49	-
Intercompany transfers	-	-	(33)	(33)
At 31 December 2022	<u>131</u>	<u>566</u>	<u>44,603</u>	<u>45,300</u>
Depreciation				
At 1 January 2022	131	-	36,495	36,626
Charge for the year	-	-	2,060	2,060
Eliminated on disposal	-	-	(143)	(143)
Intercompany transfers	-	-	6	6
At 31 December 2022	<u>131</u>	<u>-</u>	<u>38,418</u>	<u>38,549</u>
Carrying amount				
At 31 December 2022	<u>-</u>	<u>566</u>	<u>6,185</u>	<u>6,751</u>
At 31 December 2021	<u>-</u>	<u>326</u>	<u>7,641</u>	<u>7,967</u>

Cambrian Stone Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

10 Right of use assets

	Land and buildings £ 000	Plant and machinery £ 000	Vehicles £ 000	Total £ 000
Cost				
At 1 January 2022	671	153	26	850
Disposals	-	-	(62)	(62)
Intercompany transfers	-	-	73	73
At 31 December 2022	<u>671</u>	<u>153</u>	<u>37</u>	<u>861</u>
Depreciation				
At 1 January 2022	310	37	19	366
Charge for the year	50	31	16	97
Eliminated on disposal	-	-	(62)	(62)
Intercompany transfers	-	-	59	59
At 31 December 2022	<u>360</u>	<u>68</u>	<u>32</u>	<u>460</u>
Carrying amount				
At 31 December 2022	<u>311</u>	<u>85</u>	<u>5</u>	<u>401</u>
At 31 December 2021	<u>361</u>	<u>116</u>	<u>7</u>	<u>484</u>

Note 15 includes further information on the lease liabilities for these right of use assets.

11 Stock

	31 December 2022 £ 000	31 December 2021 £ 000
Raw materials and consumables	697	451
Finished goods and goods for resale	<u>5,495</u>	<u>4,432</u>
	<u>6,192</u>	<u>4,883</u>

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

12 Debtors

	31 December 2022 £ 000	31 December 2021 £ 000
Trade and other debtors falling due within one year		
Debtors from related parties	<u>15,561</u>	<u>12,636</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 2022 (continued)

13 Creditors: Amounts due in less than one year

	31 December 2022 £ 000	31 December 2021 £ 000
Amounts owed to group companies	1,163	1,160
Current portion of long term lease liabilities	119	119
	1,282	1,279

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

14 Creditors - amounts falling due after more than one year

	31 December 2022 £ 000	31 December 2021 £ 000
Long term lease liabilities	414	515

15 Leases

Leases liabilities on the balance sheet

		31 December 2022 £ 000	31 December 2021 £ 000
Current portion of long term lease liabilities	13	119	119
Long term lease liabilities	14	414	515
		533	634

Lease liabilities maturity analysis

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

	31 December 2022 £ 000	31 December 2021 £ 000
Less than one year	120	121
1 - 2 years	116	118
2 - 3 years	105	116
3 - 4 years	83	105
4 - 5 years	77	83
Between 5 and 10 years	70	147
Total lease liabilities (undiscounted)	571	690

Cambrian Stone Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

15 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:

	2022	2021
	£ 000	£ 000
Short term leases	-	1

Total cash outflows related to leases

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

	31 December 2022	31 December 2021
	£ 000	£ 000
Lease liabilities		
At 1 January	634	983
Intercompany transfers	14	(260)
Addition of right of use assets	-	162
Disposals	-	(141)
Remeasurements	2	-
Payments	(133)	(128)
Discount unwinding	16	18
At 31 December	<u>533</u>	<u>634</u>

Other lease items

No sublease income or gains or losses arising from sale and leaseback transactions were recognised during the period (2021: £nil).

16 Provisions for liabilities

	Other provisions	Total
	£ 000	£ 000
At 1 January 2022	280	280
Provisions used	(46)	(46)
Unused provision reversed	(106)	(106)
Increase (decrease) due to passage of time or unwinding of discount	1	1
At 31 December 2022	<u>129</u>	<u>129</u>
Non-current liabilities	<u>129</u>	<u>129</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 2022 (continued)

17 Called up share capital

Allotted, called up and fully paid shares

	31 December 2022		31 December 2021	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	3,000	3,000	3,000	3,000

18 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.

19 Capital commitments

The total amount contracted for but not provided in the financial statements was £299,600 (2021: £320,000). This relates to planned fixed asset purchases.

20 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 £113,000 (2021: £116,000) represents contributions payable to these schemes by the Company.

21 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 2022 (continued)

22 Post balance sheet events

On 01 January 2023, as part of a Group reorganisation exercise, the Company transferred its entire trade and assets at net book value to its parent, Tarmac Trading Limited. The Company also reduced its share capital to £1 nominal value through a capital reduction. The Company then declared a dividend for the full amount of its distributable reserves to its parent company, Tarmac Trading Limited. Following the year end the Company ceased to trade and the directors intend to liquidate the company.