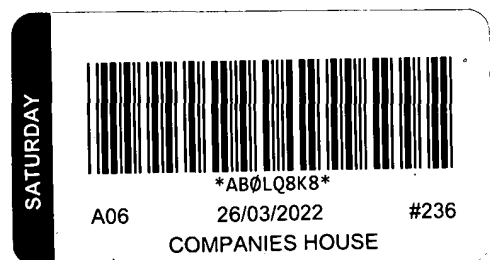


Registration number: 07349632

# Maen Karne Concrete Products Limited

Annual Report and Financial Statements

for the Period from 1 July 2020 to 31 January 2021



# **Maen Karne Concrete Products Limited**

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# **Maen Karne Concrete Products Limited**

## **Company Information**

<b>Directors</b>	J W Chenoweth R Facey J G Fisher M P Reid A C Beamish D J Galbraith M L Gosling
<b>Registered office</b>	Melbur Works Summercourt Newquay Cornwall TR8 5UA
<b>Solicitor</b>	Keystone Law 48 Chancery Lane London WC2A 1JF
<b>Auditor</b>	KPMG LLP Chartered Accountants One Snow Hill Snowhill Queensway Birmingham B4 6GH

## **Maen Karne Concrete Products Limited**

### **Directors' Report for the Period from 1 July 2020 to 31 January 2021**

The Directors present their report and the financial statements for the period from 1 July 2020 to 31 January 2021.

#### **Directors of the Company**

The Directors who held office during the period and up to the date of signing of these financial statements were as follows:

J W Chenoweth

R Facey

J G Fisher

M P Reid

A C Beamish

D J Galbraith

M L Gosling

#### **Principal activity**

The principal activity of the Company is the manufacture and supply of concrete products, Maen Flow concrete screed and readymix to construction companies along with the provision of materials and logistic services to the construction sector.

#### **Fair review of the business**

The Directors of the business are pleased with the result of the Company in what has been an extraordinary year for the UK and rest of the world.

The Company has performed strongly over the 7-month period to January 2021, when taking into account operating challenges as a result of COVID-19. We took the decision to slowly phase up operations post April 2020, as the market suffered from a reduction of new housing starts in Cornwall. However, as we end the financial year, there has been a large shift in this market as the pandemic has resulted in an increased demand for UK staycations and therefore, increased investment being made in the region.

Not only this but there are two significant infrastructure projects in the region which the Company should benefit from (the A30 dualling and the St. Austell link road, linking St. Austell to the A30).

#### **Change in accounting period**

During this period, the Company changed the year-end to January so that the year-end is not co-terminus with those of the Company's major customers and suppliers. This also allows the Company to publish a set of financial statements showing the Company's performance following the initial COVID-19 period within a relatively short timeframe.

## **Maen Karne Concrete Products Limited**

### **Directors' Report for the Period from 1 July 2020 to 31 January 2021 (continued)**

#### **Going concern**

During this period, the GRS Group was able to access the Coronavirus Large Business Interruption Loan Scheme ('CLBILS'). As part of this, the Group evidenced that the business was viable proposition, with the business plan and forecasts being subject to an IBR (independent business review). The additional £15 million of term debt has resulted in the Group having more than sufficient headroom in its facilities and to be able to continue to grow through the large infrastructure projects that it has secured as well as make strategic capital investments. The existing facilities were extended from December 2022 to June 2023, providing the Group with a strong foundation to continue to take advantage of the market opportunities that it finds itself with.

The financial statements are prepared on a going concern basis, with the Company reporting a loss before tax of £0.1 million for the 7 months to 31 January 2021 (June 2020: break even), has net current liabilities of £1.3 million (June 2020: £0.8 million) and net assets of £0.4 million (June 2020: £0.6 million). The Company meets its day-to-day working capital requirements from Group cash pooling arrangements. The Group has access to funding through long-term loans and an invoice discounting facility from their banking syndicate and where appropriate may seek specific asset financing.

The company is part of the GRS Roadstone Group Limited Group (the 'Group'). The Company is a guarantor company for the Group's borrowing facilities and the Company's ability to operate as a going concern is directly linked to the Group's position.

The Board of GRS Roadstone Group Limited undertook an assessment in March 2022 of the ability of the Group to continue in operation and meet its liabilities as they fall due over a period of not less than 18 months from the date of their assessment. The Group's assessment was made available to the directors of the Company.

The Directors of the Group have prepared forecasts for the period to 31 December 2023, including what they consider to be reasonably possible downside scenarios based on current expectations regarding the impact of COVID-19. Based upon a review of the Group's budget and associated cash flow forecast for the next twelve months after the approval of these financial statements, the cash flow for this period is sufficient to cover the Group's and the Company's commitments during that period. These projections do not forecast a breach in any financial banking covenants, with the covenants being amended during the CLBILS application exercise.

In preparing the forecasts, the Directors have given due consideration to the risks and uncertainties following the UK's departure from the EU ('Brexit'). Their assessment was that the Group should not be adversely impacted, as the Group's and Company's operations are wholly UK based with limited imports from outside of the UK.

The Group has outperformed the CLBILS cash flow forecast submitted to the banks to obtain the further funding, as well as being ahead of their full year budget through to January 2022 (with the budget being significantly better on profit and cash at all points than the CLBILS forecast). The outperformance reflects the fact the construction sector has remained somewhat resilient to COVID-19 following the initial 'lockdown' period with the Government's guidance signalling it expects the sector to continue to operate. This combined with the increased investment committed by the Government on infrastructure projects continues to provide us with opportunities in the market, such as the HS2 contract which has been secured by the Group and underpinning significant growth over the next three to five years.

The Group has provided the Company with an undertaking that for at least 12 months from the date of the approval of these financial statements, it will continue to make available such funds as are needed by the Company and will not seek repayment of the amounts currently made available.

Considering the above, the Directors are satisfied that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of signing these financial statements. For this reason, the Directors continue to adopt the going concern basis of accounting in preparing these financial statements.

## **Maen Karne Concrete Products Limited**

### **Directors' Report for the Period from 1 July 2020 to 31 January 2021 (continued)**

#### **S172 statement**

##### **How the board complied with its Section 172 duty.**

The board welcomes the new reporting requirement as an opportunity to explain how dialogue with stakeholders has informed and helped it to shape its decisions, which will provide long-term benefits to the Company and its stakeholders.

Through working collaboratively with management and listening to feedback from the Company's many stakeholders, the board believes the Company is well-positioned to respond to increasing uncertainty and a changing construction sector.

Where possible, decisions are carefully discussed with affected groups and are, therefore, fully understood and supported when taken. Details of the Company's key stakeholders and how they are engaged with is set out below.

#### **Shareholders**

The Company relies on the support of its shareholders, and their opinions are important to the Company. The Company has an open dialogue with its shareholders through regular shareholder meetings, with most shareholders being represented on the Company board. Discussions cover a wide range of topics including financial performance, strategy, outlook, governance and ethical and diversity practices.

#### **Colleagues**

The Company's people are key to its success and the Company wants them to be successful individually and as a team. The Company works hard to engage with and listen to its people in several different ways, including through colleague listening groups, people surveys, town halls, team meetings and regular communication. Key areas of focus include business updates, new products and services, health and wellbeing, development opportunities, pay and benefits. Regular reports about what is important to colleagues are made to the Board ensuring consideration is given to colleague needs.

#### **Customers**

The Company's customers are key to our business and we aim to provide them with the best product and service offering on the market. We have invested significantly over the last four years in our IT platform and look to keep increasing the quality of the information we provide to our customers. We regularly seek feedback from our customers and have an open and honest dialogue with them throughout the year.

#### **Suppliers**

The Company works with a large number of suppliers based throughout the UK. The Company undertakes risk assessments on all its suppliers as recognises the importance of its role in the Company's continued success. If an assessment deems a supplier to be high-risk, a higher level of monitoring and scrutiny is required to manage the relationship and supply. The Company works closely with all of its suppliers to ensure the integrity of the products the Company supplies.

## **Maen Karne Concrete Products Limited**

### **Directors' Report for the Period from 1 July 2020 to 31 January 2021 (continued)**

#### **Communities and the environment**

The Company engages with the communities in which it operates to build trust and understand the local issues, which are important to the Company. Key areas of focus include how the Company can support local causes, create opportunities to recruit and develop local people and help to look after the environment. The Company partners with a number of local charities across the country. The impact of decisions on the environment both locally and nationally is considered with plans to reduce the carbon footprint of our activities in the coming years. We supply recycled material, are reviewing our vehicle fleet and the fleet of our suppliers with a view to phase in electric vehicles through the renewal process, are considering the practicalities of utilising electric plant and machinery on site, and we are considering various other carbon reduction projects and opportunities across the Company.

#### **Government and regulators**

The company engages with the Government and regulators through a range of industry consultations. The Group's CEO sits on the CBI board and is involved in forums to communicate the Group's views to policy makers relevant to our business. Key areas of focus are compliance with laws and regulations, health and safety and product safety. The business works closely with HMRC in relation to all tax matters including on claims made through the Coronavirus Job Retention Scheme and other payment deferrals. The Board is updated on legal and regulatory developments and takes these into account when considering future actions.

#### **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's are aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor's are unaware.

#### **Small companies provision statement**

This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements were approved by the Board on 21 March 2022 and signed on its behalf by:



.....  
J G Fisher  
Director

## **Maen Karne Concrete Products Limited**

### **Statement of Directors' Responsibilities**

The Directors acknowledge their responsibilities 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 applicable law and Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



## **Maen Karne Concrete Products Limited**

### **Independent Auditor's Report to the Members of Maen Karne Concrete Products Limited**

#### **Opinion**

We have audited the financial statements of Maen Karne Concrete Products Limited (the 'Company') for the period ended 31 January 2021, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2021 and of its loss for the period then ended;
- have been properly prepared in accordance with UK accounting standards applicable to smaller entities, including Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Going concern**

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

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

Our conclusions based on this work:

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

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

#### **Fraud and breaches of laws and regulations – ability to detect**

##### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures include:

## **Maen Karne Concrete Products Limited**

### **Independent Auditor's Report to the Members of Maen Karne Concrete Products Limited.(continued)**

- Enquiring of Directors' and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, and whether they have knowledge of any actual, suspected, or alleged fraud.
- Reading board meeting minutes
- Considering remuneration incentive schemes and performance targets for management, Directors and staff
- Using analytical procedures to identify any unusual or unexpected relationships

We communicated identified fraud risks throughout the audit team and remained alert to any indication of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management and unexpected revenue account combinations during the financial year.

#### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

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

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit

The potential effect of these laws and regulations on the financial statements varies considerably.

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

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, and employment law recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence an audit will not detect that breach.

## **Maen Karne Concrete Products Limited**

### **Independent Auditor's Report to the Members of Maen Karne Concrete Products Limited (continued)**

#### *Context of the ability of the audit to detect fraud or breaches of laws or regulation*

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

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

#### **Directors' Report**

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

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

- we have not identified material misstatements in the Directors' Report for the financial period;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

#### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

We have nothing to report in these respects.

#### **Director's responsibilities**

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Maen Karne Concrete Products Limited**

### **Independent Auditor's Report to the Members of Maen Karne Concrete Products Limited (continued)**

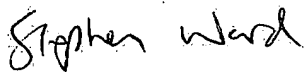
#### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

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



.....  
Stephen Ward (Senior Statutory Auditor)  
For and on behalf of KPMG LLP, Statutory Auditor

One Snow Hill  
Snowhill Queensway  
Birmingham  
B4 6GH

Date: 22 March 2022

## Maen Karne Concrete Products Limited

### Profit and Loss Account for the Period from 1 July 2020 to 31 January 2021

		7 months ended 31 January 2021 £	18 months ended 30 June 2020 £
	Note		
Turnover		5,503,896	9,594,550
Other operating income		95,687	69,756
Raw materials and consumables used		(2,084,370)	(4,413,193)
Employee benefits expense		(1,371,132)	(910,698)
Depreciation and amortisation expense		(159,084)	(236,318)
Other operating expenses		<u>(2,084,228)</u>	<u>(4,031,263)</u>
Operating (loss)/profit		(99,231)	72,834
Interest payable and similar expenses		<u>(31,680)</u>	<u>(43,253)</u>
(Loss)/profit before tax	5	(130,911)	29,581
Taxation		<u>(72,261)</u>	<u>31,878</u>
(Loss)/profit for the period		<u><u>(203,172)</u></u>	<u><u>61,459</u></u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the period other than the results above.

**Maen Karne Concrete Products Limited**

**Statement of Comprehensive Income for the Period from 1 July 2020 to 31 January  
2021**

	<b>7 months ended 31 January 2021 £</b>	<b>18 months ended 30 June 2020 £</b>
(Loss)/profit for the period	<u>(203,172)</u>	<u>61,459</u>
Total comprehensive income for the period	<u><u>(203,172)</u></u>	<u><u>61,459</u></u>

# Maen Karne Concrete Products Limited

(Registration number: 07349632)  
Balance Sheet as at 31 January 2021

	Note	As at 31 January 2021 £	As at 30 June 2020 £
<b>Fixed assets</b>			
Intangible assets	6	70,800	3,736
Tangible assets	7	<u>2,284,422</u>	<u>1,995,846</u>
		<u>2,355,222</u>	<u>1,999,582</u>
<b>Current assets</b>			
Stocks	8	31,905	33,326
Debtors	9	2,246,177	1,345,320
Cash at bank and in hand		<u>133,982</u>	<u>307,091</u>
		2,412,064	1,685,737
<b>Creditors: Amounts falling due within one year</b>	10	<u>(3,713,999)</u>	<u>(2,463,705)</u>
<b>Net current liabilities</b>		<u>(1,301,935)</u>	<u>(777,968)</u>
<b>Total assets less current liabilities</b>		1,053,287	1,221,614
<b>Creditors: Amounts falling due after more than one year</b>	10	(401,551)	(480,148)
<b>Provisions for liabilities</b>		<u>(229,663)</u>	<u>(116,221)</u>
<b>Net assets</b>		<u>422,073</u>	<u>625,245</u>
<b>Capital and reserves</b>			
Called up share capital		1,200	1,200
Share premium reserve		139,700	139,700
Profit and loss account		<u>281,173</u>	<u>484,345</u>
<b>Total equity</b>		<u>422,073</u>	<u>625,245</u>

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements were approved and authorised by the Board on 21 March 2022 and signed on its behalf by:



J G Fisher  
Director

## Maen Karne Concrete Products Limited

### Statement of Changes in Equity for the Period from 1 July 2020 to 31 January 2021

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 January 2019	1,200	139,700	422,886	563,786
Profit for the period	-	-	61,459	61,459
Total comprehensive income	-	-	61,459	61,459
At 30 June 2020	1,200	139,700	484,345	625,245

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 July 2020	1,200	139,700	484,345	625,245
Loss for the period	-	-	(203,172)	(203,172)
Total comprehensive income	-	-	(203,172)	(203,172)
At 31 January 2021	1,200	139,700	281,173	422,073

The notes on pages 15 to 27 form an integral part of these financial statements.



## **Maen Karne Concrete Products Limited**

### **Notes to the Financial Statements for the Period from 1 July 2020 to 31 January 2021**

#### **1 General information**

The Company is a private company limited by share capital, incorporated in United Kingdom.

The address of its registered office is:

Melbur Works

Summercourt

Newquay

Cornwall

TR8 5UA

These financial statements were authorised for issue by the Board on 21 March 2022.

#### **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. The Company has adopted FRS102 in these financial statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates of assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However, there are no significant estimates or assumptions used on these financial statements that the Directors expect will have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The Directors also consider the key areas of estimation are;

- Trade debtors provision covering recoverability of trade debt as at the period end;
- Deferred tax asset / provisions; and
- Cost of sales reserve and sales reserve is based on Directors best estimate of outstanding invoices.

##### **Statement of compliance**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

## **Maen Karne Concrete Products Limited**

### **Notes to the Financial Statements for the Period from 1 July 2020 to 31 January 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Basis of preparation**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies.

The Company's ultimate parent undertaking, GRS Roadstone Group Limited includes the Company in its consolidated financial statements. The consolidated financial statements of GRS Roadstone Group Limited are prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006, and are available to the public and may be obtained from Unit 10, Goldsmith Way, Eliots Business Park, Nuneaton, CV10 7RJ . In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of GRS Roadstone Group Limited include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

## **Maen Karne Concrete Products Limited**

### **Notes to the Financial Statements for the Period from 1 July 2020 to 31 January 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Going concern**

During this period, the GRS Group was able to access the Coronavirus Large Business Interruption Loan Scheme ('CLBILS'). As part of this, the Group evidenced that the business was viable proposition, with the business plan and forecasts being subject to an IBR (independent business review). The additional £15 million of term debt has resulted in the Group having more than sufficient headroom in its facilities and to be able to continue to grow through the large infrastructure projects that it has secured as well as make strategic capital investments. The existing facilities were extended from December 2022 to June 2023, providing the Group with a strong foundation to continue to take advantage of the market opportunities that it finds itself with.

The financial statements are prepared on a going concern basis, with the Company reporting a loss before tax of £0.1 million for the 7 months to 31 January 2021 (June 2020: break even), has net current liabilities of £1.3 million (June 2020: £0.8 million) and net assets of £0.4 million (June 2020: £0.6 million). The Company meets its day-to-day working capital requirements from Group cash pooling arrangements. The Group has access to funding through long-term loans and an invoice discounting facility from their banking syndicate and where appropriate may seek specific asset financing.

The company is part of the GRS Roadstone Group Limited Group (the 'Group'). The Company is a guarantor company for the Group's borrowing facilities and the Company's ability to operate as a going concern is directly linked to the Group's position.

The Board of GRS Roadstone Group Limited undertook an assessment in March 2022 of the ability of the Group to continue in operation and meet its liabilities as they fall due over a period of not less than 18 months from the date of their assessment. The Group's assessment was made available to the directors of the Company.

The Directors of the Group have prepared forecasts for the period to 31 December 2023, including what they consider to be reasonably possible downside scenarios based on current expectations regarding the impact of COVID-19. Based upon a review of the Group's budget and associated cash flow forecast for the next twelve months after the approval of these financial statements, the cash flow for this period is sufficient to cover the Group's and the Company's commitments during that period. These projections do not forecast a breach in any financial banking covenants, with the covenants being amended during the CLBILS application exercise.

In preparing the forecasts, the Directors have given due consideration to the risks and uncertainties following the UK's departure from the EU ('Brexit'). Their assessment was that the Group should not be adversely impacted, as the Group's and Company's operations are wholly UK based with limited imports from outside of the UK.

The Group has outperformed the CLBILS cash flow forecast submitted to the banks to obtain the further funding, as well as being ahead of their full year budget through to January 2022 (with the budget being significantly better on profit and cash at all points than the CLBILS forecast). The outperformance reflects the fact the construction sector has remained somewhat resilient to COVID-19 following the initial 'lockdown' period with the Government's guidance signalling it expects the sector to continue to operate. This combined with the increased investment committed by the Government on infrastructure projects continues to provide us with opportunities in the market, such as the HS2 contract which has been secured by the Group and underpinning significant growth over the next three to five years.

## **Maen Karne Concrete Products Limited**

### **Notes to the Financial Statements for the Period from 1 July 2020 to 31 January 2021 (continued)**

#### **2 Accounting policies (continued)**

The Directors have indicated that it is the Group's intention to continue to make available such funds as are needed by the Company, and will not seek repayment of the amounts currently made available, for at least 12 months from the date of the approval of these financial statements.

Considering the above, the Directors are satisfied that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of signing these financial statements. For this reason, the Directors continue to adopt the going concern basis of accounting in preparing these financial statements.

#### **Turnover**

Turnover comprises sales to customers recognised upon dispatch of the goods, net of rebates and discounts, and excluding value-added and other sales taxes. Turnover is derived entirely from the Company's continuing principal activity.

#### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

#### **Tangible assets**

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Plant and machinery	at variable rates on a straight line basis
Computer equipment	33% straight line basis
Motor vehicles	20 or 25% straight line basis

## **Maen Karne Concrete Products Limited**

### **Notes to the Financial Statements for the Period from 1 July 2020 to 31 January 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Goodwill**

Positive goodwill is capitalised as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicated that the carrying value may not be recoverable.

Goodwill relates to the amount paid in connection with the acquisition of a lease in 2010.

##### **Intangible assets**

Internally generated software relates to fleet management system costs capitalised at cost.

##### **Amortisation**

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

<b>Asset class</b>	<b>Amortisation method and rate</b>
Goodwill	15 years straight line
Internally generated software	3 years straight line

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

##### **Trade debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

##### **Stocks**

Stocks are valued at the lower of cost and net realisable value (net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation) using the average cost method. Cost includes all costs incurred in bringing each product to its present location and condition on an average cost basis. Provision is made for obsolete and slow moving items.

##### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

## **Maen Karne Concrete Products Limited**

### **Notes to the Financial Statements for the Period from 1 July 2020 to 31 January 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

##### **Provisions**

Provisions are recognised when the Company has an obligation at the reporting date 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.

##### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### **Dividends**

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

##### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

## Maen Karne Concrete Products Limited

### Notes to the Financial Statements for the Period from 1 July 2020 to 31 January 2021 (continued)

#### 2 Accounting policies (continued)

##### Financial instruments

###### *Classification*

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments" of FRS102 to all of its financial instruments.

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

Financial assets and liabilities are classified into specific categories. The classification depends on the nature and purpose of the financial asset or liability and is determined at the time of recognition.

###### *Recognition and measurement*

Basic financial assets, which include trade and other receivables, including staff loans and cash and bank balances, are initially measured at transaction price including costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Basic financial liabilities, which include trade and other payables are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Other financial assets and / or liabilities are initially measured at their fair value, which is normally the transaction price and are subsequently carried at fair value with all changes being recognised in the profit or loss.

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled or they expire.

#### 3 Staff numbers

The average number of persons employed by the company (including directors) during the period, was 73 (12 months ended 30 June 2020 - 23).

#### 4 Auditor's remuneration

	7 months ended 31 January 2021 £	18 months ended 30 June 2020 £
Audit of the financial statements	<u>10,681</u>	<u>1,500</u>

# Maen Karne Concrete Products Limited

## Notes to the Financial Statements for the Period from 1 July 2020 to 31 January 2021 (continued)

### 5 Loss/profit before tax

Arrived at after charging/(crediting)

	7 months ended 31 January 2021 £	18 months ended 30 June 2020 £
Depreciation expense	161,273	235,299
Amortisation expense	6,692	1,019
Depreciation cross charged to other members of the group	(8,881)	-
Operating lease expense - property	67,100	125,170
Operating lease rentals and spot hire plant and machinery	534,515	2,586,935
Exceptional administration expense	30,000	-

### 6 Intangible assets

	Goodwill £	Software costs £	Total £
<b>Cost or valuation</b>			
At 1 July 2020	10,188	-	10,188
Additions acquired separately	-	73,756	73,756
At 31 January 2021	10,188	73,756	83,944
<b>Amortisation</b>			
At 1 July 2020	6,452	-	6,452
Amortisation charge	396	6,296	6,692
At 31 January 2021	6,848	6,296	13,144
<b>Carrying amount</b>			
At 31 January 2021	3,340	67,460	70,800
At 30 June 2020	3,736	-	3,736

Goodwill relates to the amount paid for the acquisition of a lease in 2010 is being amortised over the period of the lease, being 15 years.

Internally generated software development costs relate to fleet management system costs.



## Maen Karne Concrete Products Limited

### Notes to the Financial Statements for the Period from 1 July 2020 to 31 January 2021 (continued)

#### 7 Tangible assets

	Short leasehold £	Plant and machinery and computer equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 July 2020	342,862	2,245,858	53,493	2,642,213
Additions	<u>34,821</u>	<u>322,427</u>	<u>92,601</u>	<u>449,849</u>
At 31 January 2021	<u>377,683</u>	<u>2,568,285</u>	<u>146,094</u>	<u>3,092,062</u>
<b>Depreciation</b>				
At 1 July 2020	85,106	509,174	52,087	646,367
Charge for the period	<u>13,401</u>	<u>139,112</u>	<u>8,760</u>	<u>161,273</u>
At 31 January 2021	<u>98,507</u>	<u>648,286</u>	<u>60,847</u>	<u>807,640</u>
<b>Carrying amount</b>				
At 31 January 2021	<u>279,176</u>	<u>1,919,999</u>	<u>85,247</u>	<u>2,284,422</u>
At 30 June 2020	<u>257,756</u>	<u>1,736,684</u>	<u>1,406</u>	<u>1,995,846</u>

Included within the net book value of land and buildings above is £279,177 (as at 30 June 2020 - £257,757) in respect of short leasehold land and buildings.

#### 8 Stocks

	As at 31 January 2021 £	As at 30 June 2020 £
Raw materials and consumables	<u>31,905</u>	<u>33,326</u>

## Maen Karne Concrete Products Limited

### Notes to the Financial Statements for the Period from 1 July 2020 to 31 January 2021 (continued)

#### 9 Debtors

	Note	As at 31 January 2021 £	As at 30 June 2020 £
Trade debtors		1,411,654	831,127
Amounts owed by group undertakings	13	621,651	475,925
Prepayments		182,402	9,776
Other debtors		30,470	28,492
		<u>2,246,177</u>	<u>1,345,320</u>

Trade debtors are stated after provisions for impairment of £35,962 (as at 30 June 2020: £9,652).

#### 10 Creditors

##### Creditors: amounts falling due within one year

	Note	As at 31 January 2021 £	As at 30 June 2020 £
<b>Due within one year</b>			
Bank loans and overdrafts	12	854,339	251,790
Trade creditors		1,222,075	883,684
Amounts owed to group undertakings	13	1,309,627	501,161
Amounts owed to related parties		456	-
Taxation and social security		117,035	127,435
Accruals and deferred income		204,061	587,079
Other creditors		6,406	112,556
		<u>3,713,999</u>	<u>2,463,705</u>

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

A debenture has been given to Lloyds Bank Plc in respect of the overdraft facility. There is a fixed and floating charge over all assets and property of the Company.

The hire purchase contracts are secured over the assets to which they relate. Additionally, the Company, and another group company, Maen Karne Aggregates Limited, have together provided a cross guarantee and indemnity to Lombard North Central PLC in respect of any hire purchase contracts either company may hold with Lombard North Central Plc.

# Maen Karne Concrete Products Limited

## Notes to the Financial Statements for the Period from 1 July 2020 to 31 January 2021 (continued)

### 10 Creditors (continued)

Creditors: amounts falling due after more than one year

	Note	As at 31 January 2021 £	As at 30 June 2020 £
<b>Due after one year</b>			
Loans and borrowings	12	<u>401,551</u>	<u>480,148</u>
Creditors include net obligations under hire purchase contracts which are secured against the assets concerned of £485,469 (as at 30 June 2020 - £480,148).			

### 11 Share capital

Allotted, called up and fully paid shares

	As at 31 January 2021		As at 30 June 2020	
	No.	£	No.	£
Ordinary A shares of £1 each	600	600	600	600
Ordinary B shares of £1 each	600	600	600	600
	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>

### 12 Loans and borrowings

	As at 31 January 2021 £	As at 30 June 2020 £
<b>Non-current loans and borrowings</b>		
Hire purchase liabilities	<u>401,551</u>	<u>480,148</u>

	As at 31 January 2021 £	As at 30 June 2020 £
<b>Current loans and borrowings</b>		
Bank overdrafts	639,674	77,420
Hire purchase liabilities	<u>214,665</u>	<u>174,370</u>
	<u>854,339</u>	<u>251,790</u>

## Maen Karne Concrete Products Limited

### Notes to the Financial Statements for the Period from 1 July 2020 to 31 January 2021 (continued)

#### 13 Related party transactions

##### Directors' remuneration

The Directors' remuneration for the period was as follows:

	7 months ended 31 January 2021 £	18 months ended 30 June 2020 £
Remuneration	95,945	2,854
Contributions paid to money purchase schemes	5,838	19,751
	<u>101,783</u>	<u>22,605</u>

In respect of the highest paid director:

	7 months ended 31 January 2021 £	18 months ended 30 June 2020 £
Remuneration	39,086	-
Company contributions to money purchase pension schemes	<u>3,101</u>	<u>-</u>

##### Summary of transactions with entities with joint control or significant interest

Tarmac Trading Limited owns 25% of the share capital of GRS Roadstone Group Limited.

The company trades on an arms length basis with these related parties.

##### Summary of transactions with all joint ventures

The company trades with the following entities, in which the Group has a 50% share of the share capital and voting rights

WMR Waste Solutions Ltd

As part of the normal trading, the company transacts with these joint venture entities on an arms length basis in the normal course of trade.

##### Summary of transactions with other related parties

Aggregate Industries UK Limited owns 50% of Rail Freight Services (RFS) Limited, a joint venture with GRS Roadstone Group Limited.

The Company trades on an arms length basis with these related parties.

## Maen Karne Concrete Products Limited

### Notes to the Financial Statements for the Period from 1 July 2020 to 31 January 2021 (continued)

#### 13 Related party transactions (continued)

##### Income and receivables from related parties

	Entities with joint control or significant influence	Key management	Other related parties
	£	£	£
<b>31 January 2021</b>			
Sale of goods	517	16,617	165,853
Amounts receivable from related party	-	3,939	44,005
			<b>Key management</b>
			£
<b>30 June 2020</b>			
Sale of goods			93,285
Amounts receivable from related party			10,813

##### Expenditure with and payables to related parties

	Entities with joint control or significant influence	Joint ventures	Other related parties
	£	£	£
<b>31 January 2021</b>			
Purchase of goods	892,405	448	51,818
Amounts payable to related party	177,080	456	15,425
		<b>Entities with joint control or significant influence</b>	<b>Other related parties</b>
		£	£
<b>30 June 2020</b>			
Purchase of goods		2,210,675	666,678
Amounts payable to related party		190,393	10,853

#### 14 Parent and ultimate parent undertaking

The Company's immediate and ultimate parent is GRS Roadstone Group Limited, incorporated in United Kingdom.

These financial statements are available upon request from  
Unit 10 Goldsmith Way  
Eliot Business Park  
Nuneaton  
Warwickshire  
CV10 7RH