

Company Registration No. 01781765 (England and Wales)

Burlington Slate Limited

**Annual report and
group financial statements
for the year ended 31 March 2017**



Burlington Slate Limited

Company information

Directors

Lord Cavendish
Lady Cavendish
Allen Gibb
The Hon Miss Lucy Cavendish
David Sarti
Thomas Felix

Company number 01781765

Registered office

Cavendish House
Kirkby-in-Furness
Cumbria
LA17 7UN

Independent auditors

Saffery Champness LLP
Mitre House
North Park Road
Harrogate
North Yorkshire
HG1 5RX

Bankers

Barclays Commercial Bank
PO Box 195
Barclays House
Oxenholve Road
Kendal
Cumbria
BX3 2BB

Burlington Slate Limited

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Burlington Slate Limited

Strategic report

For the year ended 31 March 2017

The directors present the strategic report for the year ended 31 March 2017.

Fair review of the business

The principal activity of the company continued to be the manufacture and sale of natural British stone products.

The Profit and Loss report for the business is set out on page 9 and reports a 9.5% reduction in Turnover from £8.3m in the 12 months to March 2016 to £7.5m in the year to March 2017. However, it is noted that the business made sales of £622k on a consignment basis to a customer in the US which will be reported in the results for the year to March 2018. The business reported a Loss after Taxation for the financial year of (£200,076), compared to a Loss after Taxation in the prior year of (£785,962). Whilst disappointing to have reported a loss, financial performance has improved overall and this trend is expected to continue.

The reduction in revenue and the improved net loss position arise as a direct consequence of the strategic decision to enter a two-year period of comprehensive quarry development and investment during which extraction volumes were limited to allow quarry improvement. As previously noted, Management installed a broad support framework to maximise investment funds and work through this development period.

Prime influencing factors were the decision by the Board to invest significant resources in developing the quarries at Kirkby, Elterwater and Broughton Moor whilst continuing to support the progress of sister operation, Burlington Aggregates Limited.

Phase 1 of the development programme for Kirkby Quarry commenced at the beginning of the 2015/16 financial year and completed as projected in October 2016. During this period, output from the quarry at Kirkby reduced to approximately 60% of normal annual tonnage, placing pressure on both lead times for the core roofing and architectural markets and on Burlington's ability to continue the development of new product ranges for the developing landscaping market. Constrained raw material in the first half of the 2016/17 financial year decreased the efficiency of the quarrying and manufacturing operations, with the result being an adverse impact on Comprehensive Income during that six month period.

Following completion of development Phase 1, raw material output from Kirkby increased as forecast during the second half year, resulting in significant revenue and margin growth in line with plan.

A further significant event during the 2016/17 year was the November 2016 attainment of planning consent for the future development of Kirkby Quarry. This consent secures the Kirkby Quarry asset and allows Burlington to focus on the future development strategy for one of its key quarry resources.

The launch of Burlington Aggregates Limited in April 2015 saw Burlington Slate Limited divest its aggregate operations into Cavendish 1959 Settlement's joint venture operation with Neil Price Construction Services Limited. This move diluted Burlington Slate revenues by £2.5m in 2015/16 whilst creating a new joint venture operation that achieved £6m revenues in its first year, rising to over £8m in its second year of operation in 2016/17. This explains the variation in Burlington Slate's turnover when compared with 2014/15 and previous years.

Burlington Slate Limited continues to be completely focused on identifying new sectors and markets for natural Cumbrian stone products and in developing value through every element of the unique resource at its disposal. The portfolio displays the best of British natural stone, with unique and esoteric heritage and bespoke offers.

Burlington Slate Limited

Strategic report (continued)

For the year ended 31 March 2017

Alongside the established local and national markets, we are extremely proud of our export achievements to markets such as the United States. Burlington's commercial footprint is extremely well established and our position as one of the most respected British heritage stone suppliers is highly respected in all corners of the globe.

Burlington is as proud of its people as it is of both its stone and heritage, and much work has taken place to further strengthen the bond between the business and our extremely valuable and highly skilled workforce. Burlington has taken positive steps to introduce formal training programmes in transferable skills for staff members who are keen to become involved. The business strategy continues to develop and long-term cash flow projections show a forecast improvement in the years ahead.

Established extraction and production methods are constantly challenged and a number of practices and processes were modernised with unique solutions as part of the ongoing drive to improve efficiency and support long-term margin. The ERP system is now in its third year of operation and the business is benefiting from enhanced CRM, control, reporting and mechanisation of data gathering.

Plans are being developed to modernise production facilities and promote more of the unique range of stones available to the business. Burlington continues to look forward and future success will be built on our ability to react and develop in highly competitive markets that are heavily influenced by the cost of capital, international trading uncertainties and economic instability.

Principal risks and uncertainties

Price competition from low cost overseas imports remains a key risk for Burlington however the superior quality of the Lake District product, coupled with an absolute focus on service and delivery significantly enhances the value for money which customers receive. Burlington Directors remain confident that demand for our premium grade products offered at a competitive price will continue and that our legacy of quality and value will reduce the impact of price based risk from cheaper, inferior quality imported stones.

Uncertainty in the domestic building market continues to impact Burlington's activities in the specification led roofing market and high end dimensional stone sectors. Credit management is important, as is the ability to manage price elasticity in highly competitive sectors.

Burlington enjoys a strong positive relationship with its banking partners and the successful planning consent process has underpinned the breadth of security at Burlington's disposal.

Uncertainty in the currency markets will not have an adverse impact on the business. Burlington buys very little from outside of the UK, Euro zone exports are not overly significant and we have long and well-established export trade links with the USA. Nonetheless, management actively monitor currency movements, acting accordingly when the need arises.

Burlington Slate Limited

Strategic report (continued)

For the year ended 31 March 2017

Position of the Company at the Year End

Burlington invested significant value in replacing quarry and excavating equipment in the financial year, resulting in a £1.1m value increase in Tangible Assets, of which Additions totalled £1.9m. Finance lease commitments increased in relation to this investment and Burlington's preferred approach is to pay reasonable levels of deposits with short agreement periods.

Net Current Assets have decreased due to an increase in intercompany creditors and lease finance activity to strengthen the business.

Despite reporting a Loss, Burlington enjoys the support of the wider Holker Group and increases in creditors are primarily in relation to inter-company loans. With the completion of the development phase in October 2016 and access to greater levels of raw material, Directors are confident the business will soon return to profitability.

Key performance indicators

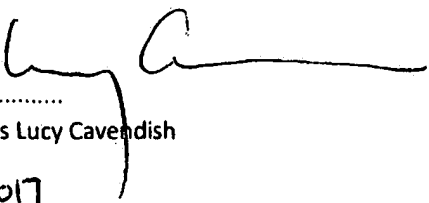
Burlington is relatively unique in creating product from a raw material which it sources from nature therefore business KPIs are not always readily comparable with a specific industry norm. The directors consider that the most appropriate KPI is Gross Margin which has increased from 26% in 2016 to 29% in 2017 as a direct result of the completion of Phase 1 of the quarry development and efficiencies. Further progress is expected in the 2017/18 financial year.

Future developments

The Burlington Board of Directors continues to explore opportunities for new markets and products. Planning consent and the completion of Phase 1 development at Kirkby should restore the business to a profitable footing in the next financial year. This is reflected in cash flow projections.

Burlington remains focused on utilising 100% of extracted stone, whilst creativity, service, quality and efficiency will always be key to the protection of Burlington's heritage and the development of potential. With exciting plans for quarry development at a number of our other quarries, investment in production, development of our people, and the objective of increasing beyond the thirty-two countries we currently export to, the future for Burlington holds significant potential.

On behalf of the board



.....
The Hon Miss Lucy Cavendish

Director

7/12/2017

Burlington Slate Limited

Directors' report

For the year ended 31 March 2017

The directors present their annual report and financial statements for the year ended 31 March 2017.

Principal activities

The principal activity of the company and the group continued to be that of the manufacture and sale of natural British stone products.

Directors

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

Lord Cavendish

Lady Cavendish

Duncan Peake

(Resigned 26 May 2017)

Allen Gibb

Nicholas Williams

(Resigned 3 October 2016)

The Hon Miss Lucy Cavendish

David Sarti

Thomas Felix

Results and dividends

The results for the year are set out on page 9.

A dividend of £30,000 was paid during the year (2016: £50,000).

Financial instruments

Financial Risk

The business' principal financial instruments comprise bank balances, bank overdrafts, trade debtors, trade creditors, loans to the business and finance lease agreements. The main purpose of these instruments is to finance the business' operations.

In respect of the bank balance, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. The business makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Loans comprise interest-free loans from the group companies and connected entities and from financial institutions with variable interest rates. The business manages the liquidity risk by ensuring that there are sufficient funds to meet the repayments.

Burlington Slate Limited

Directors' report (continued)
For the year ended 31 March 2017

The business is a lessee in respect of finance leased assets. The liquidity risk in respect of these is managed by ensuring that there are sufficient funds to meet the payments.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.


Auditors

Saffery Champness have expressed their willingness to remain in office as auditors of the company.

Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditors of the company are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditors of the company are aware of that information.

On behalf of the board


.....
The Hon Miss Lucy Cavendish
Director
7/12/2017

Burlington Slate Limited

Directors' responsibilities statement For the year ended 31 March 2017

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Burlington Slate Limited

Independent auditors' report

To the members of Burlington Slate Limited

We have audited the financial statements of Burlington Slate Limited for the year ended 31 March 2017 set out on pages 9 to 42. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 auditors' 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Burlington Slate Limited

Independent auditors' report (continued)
To the members of Burlington Slate Limited

Matters on which we are required to report by exception


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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Martin Holden (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

Chartered Accountants
Statutory Auditors


18/12/17

Mitre House
North Park Road
Harrogate
North Yorkshire
HG1 5RX

Burlington Slate Limited**Group statement of comprehensive income
For the year ended 31 March 2017**

	Notes	2017 £	2016 £
Turnover	3	7,472,960	8,256,549
Cost of sales		(5,312,360)	(6,117,431)
Gross profit		2,160,600	2,139,118
Distribution costs		(1,729,008)	(1,436,545)
Administrative expenses		(832,643)	(1,412,590)
Other operating income		20,243	21,987
Operating loss	4	(380,808)	(688,030)
Interest payable and similar expenses	8	(87,011)	(56,906)
Loss before taxation		(467,819)	(744,936)
Tax on loss	9	267,743	(41,026)
Loss for the financial year	27	(200,076)	(785,962)

Loss for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

Burlington Slate Limited

**Group balance sheet
As at 31 March 2017**

			2017	2016
	Notes	£	£	£
Fixed assets				
Intangible assets	11		376,888	463,162
Tangible assets	12		5,849,403	4,747,331
			<u>6,226,291</u>	<u>5,210,493</u>
Current assets				
Stocks	16	4,059,673	3,568,285	
Debtors	17	2,412,190	1,127,374	
Cash at bank and in hand		135,568	143,689	
		<u>6,607,431</u>	<u>4,839,348</u>	
Creditors: amounts falling due within one year	18	(6,310,904)	(3,139,823)	
Net current assets			<u>296,527</u>	<u>1,699,525</u>
Total assets less current liabilities			<u>6,522,818</u>	<u>6,910,018</u>
Creditors: amounts falling due after more than one year	19	(875,831)	(885,915)	
Provisions for liabilities	22	(202,749)	(464,065)	
Net assets			<u><u>5,444,238</u></u>	<u><u>5,560,038</u></u>
Capital and reserves				
Called up share capital	26	26,002	26,002	
Share premium account	27	1,245,920	1,245,920	
Revaluation reserve	27	1,398,609	1,418,609	
Profit and loss reserves	27	2,772,496	2,868,296	
Equity attributable to owners of the parent company			<u>5,443,027</u>	<u>5,558,827</u>
Non-controlling interests			<u>1,211</u>	<u>1,211</u>
			<u><u>5,444,238</u></u>	<u><u>5,560,038</u></u>

Burlington Slate Limited

Group balance sheet (continued)

As at 31 March 2017

The financial statements were approved by the board of directors and authorised for issue on 7/12/2017 and are signed on its behalf by:



.....
The Hon Miss Lucy Cavendish
Director

Burlington Slate Limited

**Company balance sheet
As at 31 March 2017**

			2017		2016
	Notes	£	£	£	£
Fixed assets					
Intangible assets	11		376,888		463,162
Tangible assets	12		5,849,398		4,747,326
Investments	13		17,392		17,392
			<u>6,243,678</u>		<u>5,227,880</u>
Current assets					
Stocks	16	4,025,761		3,538,432	
Debtors	17	2,409,140		1,121,020	
Cash at bank and in hand		105,384		140,881	
		<u>6,540,285</u>		<u>4,800,333</u>	
Creditors: amounts falling due within one year	18	(6,457,687)		(3,883,983)	
Net current assets			<u>82,598</u>		<u>916,350</u>
Total assets less current liabilities			<u>6,326,276</u>		<u>6,144,230</u>
Creditors: amounts falling due after more than one year	19		(875,831)		(885,915)
Provisions for liabilities	22		(209,468)		(470,784)
Net assets			<u><u>5,240,977</u></u>		<u><u>4,787,531</u></u>
Capital and reserves					
Called up share capital	26		26,002		26,002
Revaluation reserve	27		1,398,609		1,418,609
Profit and loss reserves	27		3,816,366		3,342,920
Total equity			<u><u>5,240,977</u></u>		<u><u>4,787,531</u></u>

Burlington Slate Limited

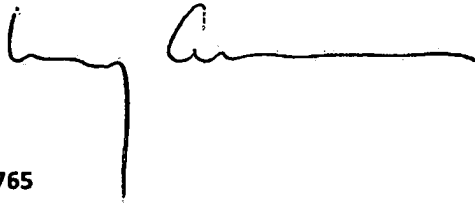
Company balance sheet (continued)

As at 31 March 2017

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £483,446 (2016 - £2,012,029 profit).

The financial statements were approved by the board of directors and authorised for issue on 7/12/2017 and are signed on its behalf by:

.....
The Hon Miss Lucy Cavendish
Director



Company Registration No. 01781765

Burlington Slate Limited

**Group statement of changes in equity
For the year ended 31 March 2017**

		Share capital	Share premium account	Revaluation reserve	Profit and loss reserves	Total controlling interest	Non- controlling Interest	Total
Notes		£	£	£	£	£	£	£
Balance at 1 April 2015		26,002	1,245,920	1,438,609	3,647,714	6,358,245	1,211	6,359,456
Year ended 31 March 2016:								
Loss and total comprehensive income for the year		-	-	-	(785,962)	(785,962)	-	(785,962)
Dividends	10	-	-	-	(50,000)	(50,000)	-	(50,000)
Transfers		-	-	(20,000)	20,000	-	-	-
Foreign currency translation differences		-	-	-	36,544	36,544	-	36,544
Balance at 31 March 2016		26,002	1,245,920	1,418,609	2,868,296	5,558,827	1,211	5,560,038
Year ended 31 March 2017:								
Loss and total comprehensive income for the year		-	-	-	(200,076)	(200,076)	-	(200,076)
Dividends	10	-	-	-	(30,000)	(30,000)	-	(30,000)
Transfers		-	-	(20,000)	20,000	-	-	-
Foreign currency translation differences		-	-	-	114,276	114,276	-	114,276
Balance at 31 March 2017		26,002	1,245,920	1,398,609	2,772,496	5,443,027	1,211	5,444,238

Burlington Slate Limited

**Company statement of changes in equity
For the year ended 31 March 2017**

		Share capital	Revaluation reserve	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 April 2015		26,002	1,438,609	1,360,891	2,825,502
Year ended 31 March 2016:					
Profit and total comprehensive income for the year		-	-	2,012,029	2,012,029
Dividends	10	-	-	(50,000)	(50,000)
Transfers		-	(20,000)	20,000	-
Balance at 31 March 2016		26,002	1,418,609	3,342,920	4,787,531
Year ended 31 March 2017:					
Profit and total comprehensive income for the year		-	-	483,446	483,446
Dividends	10	-	-	(30,000)	(30,000)
Transfers		-	(20,000)	20,000	-
Balance at 31 March 2017		26,002	1,398,609	3,816,366	5,240,977

Burlington Slate Limited**Group statement of cash flows
For the year ended 31 March 2017**

		2017	2016
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	32	2,055,781	1,226,668
Interest paid		(87,011)	(56,906)
Income taxes paid		(10,050)	(991)
Net cash inflow from operating activities		<u>1,958,720</u>	<u>1,168,771</u>
Investing activities			
Purchase of tangible fixed assets	(1,224,746)	(885,884)	
Proceeds on disposal of tangible fixed assets	52,600	26,573	
Net cash used in investing activities		<u>(1,172,146)</u>	<u>(859,311)</u>
Financing activities			
Repayment of bank loans	(187,219)	(175,327)	
Payment of finance leases obligations	(555,398)	(501,068)	
Dividends paid to equity shareholders	(30,000)	(50,000)	
Net cash used in financing activities		<u>(772,617)</u>	<u>(726,395)</u>
Net increase/(decrease) in cash and cash equivalents		<u>13,957</u>	<u>(416,935)</u>
Cash and cash equivalents at beginning of year		(424,701)	(44,310)
Effect of foreign exchange rates		105,205	36,544
Cash and cash equivalents at end of year		<u><u>(305,539)</u></u>	<u><u>(424,701)</u></u>
Relating to:			
Cash at bank and in hand		135,568	143,689
Bank overdrafts included in creditors payable within one year		<u><u>(441,107)</u></u>	<u><u>(568,390)</u></u>

Burlington Slate Limited

Notes to the financial statements For the year ended 31 March 2017

1 Accounting policies

Company information

Burlington Slate Limited ("the company") is a limited company incorporated in England and Wales. The registered office is Cavendish House, Kirkby-In-Furness, Cumbria, LA17 7UN.

The group consists of Burlington Slate Limited and all of its subsidiaries.

1.1 Accounting convention

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

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

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

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £483,446 (2016 - £2,012,029 profit).

1.2 Basis of consolidation

In the group company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The group financial statements incorporate those of Burlington Slate Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2017. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Burlington Slate Limited

Notes to the financial statements (continued) **For the year ended 31 March 2017**

1 Accounting policies (continued)

1.3 Going concern

Having prepared forecasts and confirmed the continuing financial support of associated entities, the directors have formed the judgment that, at the time of approving the financial statements, there is a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

1.4 Turnover

Turnover represents the invoiced amount of slate sold (stated net of value added tax) during the year. Revenue is recognised when the slate has been despatched to the customer. The turnover and pre-tax profit is attributable to the principal activity.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leases are amortised over the remaining period of the lease.

1.6 Tangible fixed assets

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

Assets under construction represents costs incurred for capital projects undertaken by the group. Where the directors consider that the project is no longer financially viable, the costs are written off.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	Freehold buildings are not depreciated as the directors believe that the residual value is not less than the cost
Land and buildings Leasehold	2% to 20% straight line
Plant and vehicles	10% to 50% straight line
Fixtures, fittings & equipment	20% to 30% straight line

1 Accounting policies (continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1 Accounting policies (continued)

1.9 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include short term cash balances and trade debtors are initially measured at transaction price including transaction 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. Financial assets classified as receivable within one year are not amortised.

Other financial assets

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

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

1 Accounting policies (continued)

Derecognition of financial assets

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

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised 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. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Other financial liabilities, including debt instruments that do not meet the definition of a basic financial instrument, are measured at fair value through profit or loss.

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

Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1 Accounting policies (continued)

1.11 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.12 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group 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 reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Burlington Slate Limited

Notes to the financial statements (continued)

For the year ended 31 March 2017

1 Accounting policies (continued)

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

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

1.15 Retirement benefits

The Group operates a defined contribution pension scheme for the benefit of its directors and employees. The assets of the scheme are administered by trustees in funds independent from those of the group.

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

The Group has provided for its obligations to pay pensions to former employees not covered by the defined contribution schemes.

1.16 Leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

1 Accounting policies (continued)

1.18 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account, except exchange differences arising in the consolidated accounts on the retranslation of the group's net investment in the foreign subsidiary, which are shown as a movement on the Statement of Total Recognised Gains and Losses.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

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

Provisions

Provision is made for bad and doubtful debts and obsolete stock. These provisions require management's best estimate of the recoverability of trade debtors and the expected future use of stock.

Clog stock

Management apply their judgement in determining the amount of clog stock to be recognised in the financial statements based on the amounts that are expected to be utilised by the company in the short to medium term.

Burlington Slate Limited**Notes to the financial statements (continued)**
For the year ended 31 March 2017**3 Turnover and other revenue**

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

	2017	2016
	£	£
Turnover		
Sale of goods	7,472,960	8,256,549
	<u>7,472,960</u>	<u>8,256,549</u>

Turnover analysed by geographical market

	2017	2016
	£	£
United Kingdom	5,859,677	6,306,698
Europe	336,383	177,776
USA	1,175,870	1,568,515
Middle East/ Far East	101,030	203,560
	<u>7,472,960</u>	<u>8,256,549</u>

4 Operating loss

	2017	2016
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange losses	28,903	51,820
Government grants	(12,936)	(6,468)
Depreciation of owned tangible fixed assets	349,418	338,496
Depreciation of tangible fixed assets held under finance leases	413,274	185,527
Profit on disposal of tangible fixed assets	(10,996)	(26,574)
Amortisation of intangible assets	86,274	86,274
Cost of stocks recognised as an expense	375,678	842,386
Operating lease charges	<u>139,921</u>	<u>139,796</u>

Burlington Slate Limited**Notes to the financial statements (continued)****For the year ended 31 March 2017****5 Auditors' remuneration**

	2017	2016
	£	£
Fees payable to the company's auditors and associates:		
For audit services		
Audit of the financial statements of the group and company	<u>14,535</u>	<u>14,250</u>

6 Employees

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

	2017	2016
	Number	Number
Office and management	15	18
Sales	9	13
Production	114	110
	<u>138</u>	<u>141</u>

Their aggregate remuneration comprised:

	2017	2016
	£	£
Wages and salaries	3,297,124	3,624,057
Social security costs	303,902	345,962
Pension costs	134,405	158,382
	<u>3,735,431</u>	<u>4,128,401</u>

Burlington Slate Limited**Notes to the financial statements (continued)**
For the year ended 31 March 2017**7 Directors' remuneration**

	2017	2016
	£	£
Remuneration for qualifying services	229,466	531,747
Company pension contributions to defined contribution schemes	28,091	11,631
	<u>257,557</u>	<u>543,378</u>

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

Remuneration for qualifying services	<u>96,676</u>	<u>273,041</u>
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8 Interest payable and similar expenses

	2017	2016
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	42,698	26,471
Interest on finance leases and hire purchase contracts	42,743	30,435
	<u>85,441</u>	<u>56,906</u>
Other finance costs:		
Other interest	1,570	-
	<u>87,011</u>	<u>56,906</u>

9 Taxation

	2017	2016
	£	£
Current tax		
Adjustments in respect of prior periods	(16,931)	-
Foreign current tax on profits for the current period	-	3,196
Adjustments in foreign tax in respect of prior periods	9,071	-
	<u>(7,860)</u>	<u>3,196</u>
Deferred tax		
Origination and reversal of timing differences	(259,883)	37,830
	<u>(267,743)</u>	<u>41,026</u>

Burlington Slate Limited**Notes to the financial statements (continued)****For the year ended 31 March 2017****9 Taxation (continued)**

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

	2017 £	2016 £
(Loss) / Profit on ordinary activities before taxation	(467,819)	(744,936)
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	(93,564)	(148,987)
Tax effect of expenses that are not deductible in determining taxable profit	481	(6,143)
Unutilised tax losses carried forward	-	155,131
Change in unrecognised deferred tax assets	(217,302)	-
Permanent capital allowances in excess of depreciation	-	74,905
Depreciation on assets not qualifying for tax allowances	36,464	-
Other non-reversing timing differences	14,038	(37,075)
Under/(over) provided in the year	(7,860)	-
Foreign tax adjustments	-	3,196
Tax expense for the year	(267,743)	41,027

10 Dividends

	2017 £	2016 £
Interim and final paid	30,000	50,000

Burlington Slate Limited**Notes to the financial statements (continued)**
For the year ended 31 March 2017**11 Intangible fixed assets**

Group	Lease £
Cost	
At 1 April 2016 and 31 March 2017	846,171
Amortisation and impairment	
At 1 April 2016	383,009
Amortisation charged for the year	86,274
At 31 March 2017	469,283
Carrying amount	
At 31 March 2017	376,888
At 31 March 2016	463,162
Company	Lease £
Cost	
At 1 April 2016 and 31 March 2017	846,171
Amortisation and impairment	
At 1 April 2016	383,009
Amortisation charged for the year	86,274
At 31 March 2017	469,283
Carrying amount	
At 31 March 2017	376,888
At 31 March 2016	463,162

Burlington Slate Limited

Notes to the financial statements (continued)
For the year ended 31 March 2017

11 Intangible fixed assets (continued)

The Company has paid The Holker Estate Trust, the lessor, a capital amount to permit an amendment to the lease, to allow the processing at Burlington Slate Quarries of minerals quarried elsewhere, and to allow the construction of office premises at the Kirkby Quarry. This amount is being amortised over the remaining period of the lease.

During 2005 the Company acquired the lease for Baycliffe Quarry. The lease is being amortised over the remaining period of the lease, which expires in 2023.

In August 2012 the Company acquired the leases for the Petts and Brathay Quarries. The leases are being amortised over the remaining period of the leases which expire in 2020.

Burlington Slate Limited

Notes to the financial statements (continued)
For the year ended 31 March 2017

12 Tangible fixed assets

Group	Land and buildings Freehold	Land and buildings Leasehold	Assets under construction	Plant and vehicles	Fixtures, fittings & equipment	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 April 2016	1,569,520	1,782,823	734,894	7,556,551	132,122	11,775,910
Additions	-	9,669	1,174,886	721,813	-	1,906,368
Disposals	-	-	-	(524,501)	-	(524,501)
Transfers	-	564,421	(564,421)	-	-	-
At 31 March 2017	1,569,520	2,356,913	1,345,359	7,753,863	132,122	13,157,777
Depreciation and impairment						
At 1 April 2016	40,000	1,335,124	-	5,522,857	130,598	7,028,579
Depreciation charged in the year	20,000	82,191	-	659,690	811	762,692
Eliminated in respect of disposals	-	-	-	(482,897)	-	(482,897)
Transfers	-	-	261,605	(261,605)	-	-
At 31 March 2017	60,000	1,417,315	261,605	5,438,045	131,409	7,308,374
Carrying amount						
At 31 March 2017	1,509,520	939,598	1,083,754	2,315,818	713	5,849,403
At 31 March 2016	1,529,520	447,699	734,894	2,033,694	1,524	4,747,331

Burlington Slate Limited

Notes to the financial statements (continued)
For the year ended 31 March 2017

12 Tangible fixed assets (continued)

Company	Land and buildings Freehold £	Land and buildings Leasehold £	Assets under construction £	Plant and vehicles £	Fixtures, fittings & equipment £	Total £
Cost or valuation						
At 1 April 2016	1,569,520	1,782,823	734,894	7,543,508	125,863	11,756,608
Additions	-	9,669	1,174,886	721,813	-	1,906,368
Disposals	-	-	-	(524,501)	-	(524,501)
Transfers	-	564,421	(564,421)	-	-	-
At 31 March 2017	1,569,520	2,356,913	1,345,359	7,740,820	125,863	13,138,475
Depreciation and impairment						
At 1 April 2016	40,000	1,335,124	-	5,509,815	124,343	7,009,282
Depreciation charged in the year	20,000	82,191	-	659,690	811	762,692
Eliminated in respect of disposals	-	-	-	(482,897)	-	(482,897)
Transfers	-	-	261,605	(261,605)	-	-
At 31 March 2017	60,000	1,417,315	261,605	5,425,003	125,154	7,289,077
Carrying amount						
At 31 March 2017	1,509,520	939,598	1,083,754	2,315,817	709	5,849,398
At 31 March 2016	1,529,520	447,699	734,894	2,033,693	1,520	4,747,326

Burlington Slate Limited

Notes to the financial statements (continued)

For the year ended 31 March 2017

12 Tangible fixed assets (continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Plant and vehicles	<u>1,498,190</u>	<u>1,220,364</u>	<u>1,498,190</u>	<u>1,220,364</u>
Depreciation charge for the year in respect of leased assets	<u>413,274</u>	<u>185,527</u>	<u>413,274</u>	<u>185,527</u>

Assets with a net book value of £1,498,190 (2016: £1,220,364) have been used as security for the net obligations under finance lease and hire purchase contracts which they relate to.

13 Fixed asset investments:

		Group		Company	
		2017	2016	2017	2016
	Notes	£	£	£	£
Investments in subsidiaries	14	<u>-</u>	<u>-</u>	<u>17,392</u>	<u>17,392</u>

Movements in fixed asset investments

Company	Shares in group undertakings
	£
Cost or valuation	
At 1 April 2016 and 31 March 2017	<u>17,392</u>
Carrying amount	
At 31 March 2017	<u>17,392</u>
At 31 March 2016	<u>17,392</u>

Burlington Slate Limited**Notes to the financial statements (continued)
For the year ended 31 March 2017****14 Subsidiaries**

Details of the company's subsidiaries at 31 March 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Burlington Slate Production Limited	England and Wales	Non trading	Ordinary	100	0
The Broughton Moor Green Slate Quarries Limited	England and Wales	Non trading	Ordinary	100	0
Lakeland Green Slate and Stone Company Limited	England and Wales	Non trading	Ordinary	100	0
Mandall's Slate Company Limited	England and Wales	Dormant	Ordinary	94	0
Burlington Stone Inc	USA	Sale of slate products	Ordinary	100	0

15 Financial Instruments

	Group 2017 £	2016 £	Company 2017 £	2016 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	2,214,051	967,536	2,213,569	962,948
Equity instruments measured at cost less impairment	-	-	17,392	17,392
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Carrying amount of financial liabilities				
Measured at amortised cost	6,798,817	3,751,327	6,949,143	4,498,530
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

16 Stocks

	Group 2017 £	2016 £	Company 2017 £	2016 £
Raw materials and consumables	2,083,224	1,956,536	2,049,312	1,926,683
Finished goods and work in progress	1,976,449	1,611,749	1,976,449	1,611,749
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>4,059,673</u>	<u>3,568,285</u>	<u>4,025,761</u>	<u>3,538,432</u>

Burlington Slate Limited

Notes to the financial statements (continued)

For the year ended 31 March 2017

17 Debtors

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	1,579,498	814,648	1,579,498	810,478
Amounts due from related parties	634,553	152,888	634,071	152,470
Prepayments and accrued income	198,139	159,838	195,571	158,072
	<u>2,412,190</u>	<u>1,127,374</u>	<u>2,409,140</u>	<u>1,121,020</u>

During the year, the company impaired the value of trade debtors and a charge totalling £11,751 (2016: £nil) was recognised in the profit and loss account.

18 Creditors: amounts falling due within one year

		Group		Company	
		2017	2016	2017	2016
	Notes	£	£	£	£
Bank loans and overdrafts	20	590,296	754,676	590,296	754,676
Obligations under finance leases	21	489,379	348,078	489,379	348,078
Trade creditors		997,158	616,597	997,158	616,557
Amounts due to group undertakings		-	-	177,007	778,735
Amounts due to related parties		2,830,374	494,038	2,830,374	494,038
Corporation tax payable		880	18,790	-	18,025
Other taxation and social security		201,205	224,903	198,542	222,625
Other creditors		192,731	232,200	190,777	231,176
Accruals and deferred income		1,008,881	450,541	984,154	420,073
		<u>6,310,904</u>	<u>3,139,823</u>	<u>6,457,687</u>	<u>3,883,983</u>

Burlington Slate Limited

Notes to the financial statements (continued)
For the year ended 31 March 2017

19 Creditors: amounts falling due after more than one year

		Group		Company	
		2017	2016	2017	2016
	Notes	£	£	£	£
Bank loans and overdrafts	20	37,915	188,037	37,915	188,037
Obligations under finance leases	21	652,083	667,160	652,083	667,160
Government grants	24	185,833	30,718	185,833	30,718
		<u>875,831</u>	<u>885,915</u>	<u>875,831</u>	<u>885,915</u>

20 Loans and overdrafts

		Group		Company	
		2017	2016	2017	2016
		£	£	£	£
Bank loans		187,104	374,323	187,104	374,323
Bank overdrafts		441,107	568,390	441,107	568,390
		<u>628,211</u>	<u>942,713</u>	<u>628,211</u>	<u>942,713</u>
Payable within one year		590,296	754,676	590,296	754,676
Payable after one year		37,915	188,037	37,915	188,037

The bank loans and overdraft are secured by a fixed and floating charge over the assets of the company dated 5 February 1996 in the name of Barclays Bank Plc as well as charges over the company's various quarries. The net obligations under finance lease and hire purchase contracts are secured upon the assets they relate to.

21 Finance lease obligations

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Future minimum lease payments due under finance leases:				
Within one year	489,379	348,078	489,379	348,078
In two to five years	652,083	667,160	652,083	667,160
	<u>1,141,462</u>	<u>1,015,238</u>	<u>1,141,462</u>	<u>1,015,238</u>

Burlington Slate Limited**Notes to the financial statements (continued)****For the year ended 31 March 2017****21 Finance lease obligations (continued)**

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

22 Provisions for liabilities

		Group		Company	
		2017	2016	2017	2016
	Notes	£	£	£	£
Pension obligations		52,684	54,117	52,684	54,117
Deferred tax liabilities	23	150,065	409,948	156,784	416,667
		<u>202,749</u>	<u>464,065</u>	<u>209,468</u>	<u>470,784</u>

Movements on provisions apart from deferred tax liabilities:

Group	£
At 1 April 2016	54,117
Contributions paid to pension schemes	(1,433)
At 31 March 2017	<u>52,684</u>
Company	£
At 1 April 2016	54,117
Contributions paid to pension schemes	(1,433)
At 31 March 2017	<u>52,684</u>

Burlington Slate Limited**Notes to the financial statements (continued)
For the year ended 31 March 2017****23 Deferred taxation**

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

	Liabilities 2017 £	Liabilities 2016 £
Group		
Accelerated capital allowances	128,359	158,597
Tax losses	(217,302)	-
Revaluations	247,964	262,550
Other timing differences	(8,956)	(11,199)
	<u>150,065</u>	<u>409,948</u>
	Liabilities 2017 £	Liabilities 2016 £
Company		
Accelerated capital allowances	135,078	165,316
Tax losses	(217,302)	-
Revaluations	247,964	262,550
Other timing differences	(8,956)	(11,199)
	<u>156,784</u>	<u>416,667</u>
	Group 2017 £	Company 2017 £
Movements in the year:		
Liability at 1 April 2016	409,948	416,667
Credit to profit or loss	(259,883)	(259,883)
	<u>150,065</u>	<u>156,784</u>

The deferred tax liability set out above is not expected to reverse within 12 months.

The company has estimated losses of £1,278,249 (2016 - £861,837) available for carry forward against future trading profits.

Burlington Slate Limited**Notes to the financial statements (continued)**
For the year ended 31 March 2017**24 Government grants**

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Non-current liabilities	185,833	30,718	185,833	30,718
	<u>185,833</u>	<u>30,718</u>	<u>185,833</u>	<u>30,718</u>

25 Retirement benefit schemes

	2017	2016
	£	£
Defined contribution schemes		
Charge to profit and loss in respect of defined contribution schemes	<u>134,405</u>	<u>158,382</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

26 Share capital

	Group and company	
	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
26,002 Ordinary shares of £1 each	<u>26,002</u>	<u>26,002</u>

There are no restrictions on the right to distribution of dividends or repayment of capital attached to the Ordinary shares.

27 Profit and loss reserves

Profit and loss reserves represent accumulated profit or loss for the year and prior periods, less dividends paid and foreign exchange translation differences.

28 Financial commitments, guarantees and contingent liabilities

Under the lease of the Baycliffe Quarry there is a restoration bond of £50,000, which the company has agreed with the lessor which will come into affect when the lease expires.

Burlington Slate Limited**Notes to the financial statements (continued)**
For the year ended 31 March 2017**29 Operating lease commitments****Lessee**

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Within one year	120,039	126,472	120,039	126,472
Between two and five years	138,871	180,483	138,871	180,483
	<u>258,910</u>	<u>306,955</u>	<u>258,910</u>	<u>306,955</u>

30 Related party transactions**Remuneration of key management personnel**

The remuneration of key management personnel is as follows.

	2017	2016
	£	£
Aggregate compensation	<u>257,557</u>	<u>543,378</u>

Transactions with related parties

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

	Sale of goods and services		Purchase of goods and services	
	2017	2016	2017	2016
	£	£	£	£
Group				
Other related parties	<u>178,949</u>	<u>405,407</u>	<u>284,377</u>	<u>394,124</u>
	Royalties Paid		Management Charges	
	2017	2016	2017	2016
	£	£	£	£
Group				
Other related parties	<u>77,780</u>	<u>64,479</u>	<u>150,000</u>	<u>225,000</u>

Burlington Slate Limited**Notes to the financial statements (continued)**
For the year ended 31 March 2017**30 Related party transactions (continued)**

The group sells and purchases goods and services to/from various entities under common control. It leases various quarries from the Holker Estates Trust and pays royalties to the trust in respect of stone extracted from those quarries.

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2017	2016
	£	£
Group		
Other related parties	2,830,373	494,038
	<u> </u>	<u> </u>
Company		
Entities over which the company has control, joint control or significant influence	875,297	778,735
Other related parties	2,830,373	494,038
	<u> </u>	<u> </u>
	<u>3,705,670</u>	<u>1,272,773</u>

The group has loans and trading balances due to/from entities under common control. The loans are interest free and repayable on demand.

The company has loans and trading balances due to subsidiary undertakings. The loans are interest free and repayable on demand.

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties	
	2017	2016
	£	£
Group		
Other related parties	634,071	152,471
	<u> </u>	<u> </u>
Company		
Other related parties	634,071	152,471
	<u> </u>	<u> </u>

The group has loans and trading balances due to/from entities under common control. The loans are interest free and repayable on demand.

Burlington Slate Limited**Notes to the financial statements (continued)**
For the year ended 31 March 2017**30 Related party transactions (continued)**

No guarantees have been given or received.

31 Controlling party

The company is under the ultimate control of the Cavendish 1956 Settlement.

32 Cash generated from group operations

	2017	2016
	£	£
Loss for the year after tax	(200,076)	(785,962)
Adjustments for:		
Taxation (credited)/charged	(267,743)	41,026
Finance costs	87,011	56,906
Gain on disposal of tangible fixed assets	(10,996)	(26,574)
Amortisation and impairment of intangible assets	86,274	86,274
Depreciation and impairment of tangible fixed assets	762,692	524,023
Foreign exchange gains on cash equivalents	9,071	-
(Decrease) in provisions	(1,433)	(789)
Movements in working capital:		
(Increase) in stocks	(491,388)	(197,861)
(Increase)/decrease in debtors	(1,284,816)	1,094,785
Increase in creditors	3,212,070	441,308
Increase/(decrease) in deferred income	155,115	(6,468)
Cash generated from operations	2,055,781	1,226,668