Company Registration number: 02912016

PORTLAND STONE FIRMS LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

PORTLAND STONE FIRMS LIMITED

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COMPANY INFORMATION

Directors	M Stewkesbury M J Smith
Company secretary	E Smith
Registered office	Leanne House 6 Avon Close Weymouth Dorset DT4 9UX
Auditors	Albert Goodman LLP Leanne House 6 Avon Close Weymouth Dorset DT4 9UX

The directors present their strategic report for the year ended 31 March 2021.

Principal activity

The principal activity of the company is the quarrying, mining and manufacture of Portland Stone from its landholdings.

Fair review of the business

The group maintained its strong order intake, however due delays in the year caused by Covid, turnover fell from the prior year which showed an increase of 25% from 2019. The increase in 2020 sales was primarily in block sales, which reduced in 2021 due to the covid impact. The group has maintained a healthy gross profit margin of 33.1% compared to 34.7% reflecting the change in mix of sales.

The order intake has remained strong which is promising for the future and turnover has rebounded in 2022.

The group continued to invest in quarry, mining and factory plant with total fixed asset expenditure of £840k. This will allow the group to continue to deliver quality product to its customers, providing the ability to increase turnover as demand returns following the initial drop due to Covid-19. The resultant increase in block stock is also readily available to meet any surge.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2021	2020
Turnover	£	3,373,715	4,814,536
Gross profit	£	927,460	1,592,076
(Loss)/Profit before tax	£	(509,789)	534,102

The balance sheet remains strong with net assets of £7.5m.

Future developments

The group has continued to trade throughout the Covid-19 pandemic. With the health and safety of our committed staff as a priority, we have put in place measures to make our workplace Covid-19 secure. The impact of Covid-19 on the construction industry has meant a delay in some of our contracts and we have seen a dip in turnover in the year to 31 March 21. Our order book is strong and our turnover has shown a strong recovery in 21/22. We have also completed the disposal of some surplus land, held within investment properties, in 2021/22.

The cash position of the group remains strong and taking into account the order book, banking facilities available and the potential for additional borrowing based on the investment property and other assets held by the group, the Directors have concluded that the group is a going concern for a period of at least the next 12 months from the approval of these accounts and have prepared these accounts on that basis.

Principal risks and uncertainties
The main risk that we see is a potential for a slow recovery in the construction industry as the economy recovers from the uncertainties of Brexit and Covid-19. However, we do not believe this will affect us to any significant degree as Portland Stone is unique throughout the world and continues to be used in prestigious buildings where cost is not always the dominant factor.

We continue to place great emphasis on staff training and the health and safety of our employees to not only meet our legal obligations but as part of our retention policies for our skilled workforce.

Approved by the Board on 18 April 2022 and signed on its behalf by:

M J Smith
Director

The directors present their report and the consolidated financial statements for the year ended 31 March 2021.

Directors of the group
The directors who held office during the year were as follows:

M Stewkesbury

M J Smith

Financial instruments

Objectives and policies
The company manages its working capital requirements by constant review and by using long term funding for fixed assets where appropriate.

Price risk, credit risk, liquidity risk and cash flow risk
The company has funding in place with substantial share capital and loans from shareholders. These, together with specific asset backed finance, provide the working capital and finance for capital investment.

Trade debtors are managed by policies concerning the credit offered to customers and regular monitoring of amounts outstanding.

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

Future Developments
The future developments of the business are included within the strategic report.

Approved by the Board on 18 April 2022 and signed on its behalf by:

....
M J Smith
Director

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

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

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

Qualified opinion

We have audited the financial statements of Portland Stone Firms Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section 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 2021 and of the group's 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.

Basis for qualified opinion on financial statements

Due to the Covid-19 lockdown we were not able to observe the counting of physical stock at the 31 March 2020 year end. We were unable to satisfy ourselves by alternative means concerning the stock quantities held at 31 March 2020, which are included in the comparative balance sheet and in opening stock at £968,015, by other audit procedures. Consequently we were unable to determine whether any adjustment to this amount was necessary.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves with regard to the existence of stock at the year end. We have concluded that where the other information refers to gross profit, profit before tax or profit after tax, it may be materially misstated for the same reason.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

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

Matters on which we are required to report by exception
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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the quarrying sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators including the Health and Safety Executive, and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

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

Alison Kerr

Alison Kerr FCA (Senior Statutory Auditor)
For and on behalf of Albert Goodman LLP, Statutory Auditor

Leanne House
6 Avon Close
Weymouth
Dorset
DT4 9UX

Date: 19 April 2022

PORTLAND STONE FIRMS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
Turnover	3	3,373,715	4,814,536
Cost of sales		(2,446,255)	(3,222,460)
Gross profit		927,460	1,592,076
Administrative expenses		(1,565,807)	(1,135,779)
Other operating income	4	199,095	101,222
Operating (loss)/profit	5	(439,252)	557,519
Other interest receivable and similar income		139	-
Interest payable and similar charges	7	(70,679)	(23,417)
(Loss)/profit before tax		(509,792)	534,102
Taxation	11	81,694	(230,525)
(Loss)/profit for the financial year		(428,098)	303,577
Profit/(loss) attributable to:			
Owners of the company		(428,098)	303,577

PORTLAND STONE FIRMS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
(Loss)/profit for the year	(428,098)	303,577
Total comprehensive income for the year	(428,098)	303,577
Total comprehensive income attributable to:		
Owners of the company	(428,098)	303,577

PORTLAND STONE FIRMS LIMITED

(REGISTRATION NUMBER: 02912016)

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	5,376,494	5,618,967
Investment property	14	3,846,653	3,806,164
Investments	15	2	2
		9,223,149	9,425,133
Current assets			
Stocks	16	1,279,373	968,015
Debtors	17	642,090	752,145
Cash at bank and in hand		449,365	785,245
		2,370,828	2,505,405
Creditors: Amounts falling due within one year	19	(2,796,003)	(2,799,075)
Net current liabilities		(425,175)	(293,670)
Total assets less current liabilities		8,797,974	9,131,463
Creditors: Amounts falling due after more than one year	19	(421,624)	(245,321)
Provisions for liabilities	20	(856,122)	(937,816)
Net assets		7,520,228	7,948,326
Capital and reserves			
Called up share capital		511,000	511,000
Revaluation reserve		2,750,647	2,750,647
Profit and loss account		4,258,581	4,686,679
Equity attributable to owners of the company		7,520,228	7,948,326
Total equity		7,520,228	7,948,326

Approved and authorised by the Board on 18 April 2022 and signed on its behalf by:

M Stewkesbury
Director

M J Smith
Director

PORTLAND STONE FIRMS LIMITED
(REGISTRATION NUMBER: 02912016)
BALANCE SHEET AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	5,376,494	5,618,967
Investment property	14	3,846,653	3,806,164
Investments	15	3	3
		9,223,150	9,425,134
Current assets			
Stocks	16	1,279,373	968,015
Debtors	17	642,488	752,543
Cash at bank and in hand		449,212	785,092
		2,371,073	2,505,650
Creditors: Amounts falling due within one year	19	(2,796,003)	(2,799,075)
Net current liabilities		(424,930)	(293,425)
Total assets less current liabilities		8,798,220	9,131,709
Creditors: Amounts falling due after more than one year	19	(421,624)	(245,321)
Provisions for liabilities	20	(856,122)	(937,816)
Net assets		7,520,474	7,948,572
Capital and reserves			
Called up share capital		511,000	511,000
Revaluation reserve		2,750,647	2,750,647
Profit and loss account		4,258,827	4,686,925
Shareholders' funds		7,520,474	7,948,572

The company made a loss after tax for the financial year of £428,098 (2020 - profit of £303,992).

Approved and authorised by the Board on 18 April 2022 and signed on its behalf by:

M Stewkesbury
Director

M J Smith
Director

PORTLAND STONE FIRMS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Ordinary share capital	Revaluation reserve	Profit and loss reserve	Total	Total equity
	£	£	£	£	£
At 1 April 2020	511,000	2,750,647	4,686,679	7,948,326	7,948,326
Movement in year:					
Loss for the year	-	-	(428,098)	(428,098)	(428,098)
Total comprehensive income	-	-	(428,098)	(428,098)	(428,098)
At 31 March 2021	511,000	2,750,647	4,258,581	7,520,228	7,520,228

	Ordinary share capital	Revaluation reserve	Profit and loss reserve	Total	Total equity
	£	£	£	£	£
At 1 April 2019	511,000	2,750,647	4,383,102	7,644,749	7,644,749
Movement in year:					
Profit for the year	-	-	303,577	303,577	303,577
Total comprehensive income	-	-	303,577	303,577	303,577
At 31 March 2020	511,000	2,750,647	4,686,679	7,948,326	7,948,326

PORTLAND STONE FIRMS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Ordinary share capital £	Revaluation reserve £	Profit and loss reserve £	Total £
At 1 April 2020	511,000	2,750,647	4,686,925	7,948,572
Movement in year:				
Loss for the year	-	-	(428,098)	(428,098)
Total comprehensive income	-	-	(428,098)	(428,098)
At 31 March 2021	511,000	2,750,647	4,258,827	7,520,474

	Ordinary share capital £	Revaluation reserve £	Profit and loss reserve £	Total £
At 1 April 2019	511,000	2,750,647	4,382,933	7,644,580
Movement in year:				
Profit for the year	-	-	303,992	303,992
Total comprehensive income	-	-	303,992	303,992
At 31 March 2020	511,000	2,750,647	4,686,925	7,948,572

PORTLAND STONE FIRMS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
(Loss)/profit for the year		(428,098)	303,577
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	1,020,116	770,457
Profit on disposal of tangible assets		(27,728)	(7,021)
Finance income		(139)	-
Finance costs	7	70,679	23,417
Income tax expense	11	(81,694)	230,525
		553,136	1,320,955
Working capital adjustments			
(Increase)/decrease in stocks	16	(311,358)	12,465
Decrease in trade debtors	17	110,055	272,331
(Decrease)/increase in trade creditors	19	(1,103)	1,969
Cash generated from operations		350,730	1,607,720
Income taxes paid	11	-	(3,291)
Net cash flow from operating activities		350,730	1,604,429
Cash flows from investing activities			
Interest received		139	-
Acquisitions of tangible assets		(401,915)	(597,390)
Proceeds from sale of tangible assets		52,000	39,000
Acquisition of investment properties	14	(40,489)	(19,472)
Net cash flows from investing activities		(390,265)	(577,862)
Cash flows from financing activities			
Interest paid	7	(70,679)	(23,417)
Proceeds from bank borrowing draw downs		76,541	-
Repayment of bank borrowing		(5,262)	(83,361)
Payments to finance lease creditors		(296,945)	(274,911)
Net cash flows from financing activities		(296,345)	(381,689)
Net (decrease)/increase in cash and cash equivalents		(335,880)	644,878
Cash and cash equivalents at 1 April 2020		785,245	140,367
Cash and cash equivalents at 31 March 2021		449,365	785,245

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:
Leanne House
6 Avon Close
Weymouth
Dorset
DT4 9UX

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.

Statement of compliance
These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation
These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

These financial statements are presented in Sterling (£).

Basis of consolidation
The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2021.

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

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Judgements
As set out in the Strategic Report, the directors have concluded that the group is a going concern for a period of at least 12 months from the date of approval of these accounts. This assessment takes into account the cash resources of the company, the potential for additional borrowing based on the investment property and other assets held by the group and the known orders in place for the year ahead.

The EBITDA, and therefore the cash generated from operations of the group, is significantly ahead of the operating loss for the year due to the level of depreciation charged and this is also taken into account by the directors in their assessment. The net current liabilities figure of £425k includes a loan balance of £1.7m from a related party which has been settled post year end on the completion of a sale of some of the group's investment property. This transaction has the effect of improving the net current liabilities position of the group post year end.

Key sources of estimation uncertainty
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period. If the revision affects both current and future periods then it is recognised in both the current and future periods.

The group has significant holdings of land in a relatively small area on the Island or Portland and with comparatively little market data available on which to base the valuation of investment property. The valuation of the investment property takes into account information that is available, including from previous independent valuations and also prices obtained when land has been disposed of.

The group also depreciates its mineral holdings, held within land and buildings, based on the volume of stone that is extracted from its holdings. This is an estimate only as there is no certainty over the size and quality of the mineral holdings not yet extracted with the estimate based on survey reports.

Turnover recognition
Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods provided to customers.

Turnover is recognised on despatch of goods.

Government grants
Government grants are recognised under the accruals model resulting in income being recognised on a systematic basis over the period in which the related costs are incurred for which the grant is compensating. The income from the scheme is recognised as other income in the profit and loss and timing differences present as other debtors or deferred income within the balance sheet.

Tax
The tax expense for the period comprises deferred tax. Tax is recognised in the profit and loss account, 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 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 group operates and generates taxable income.

Deferred tax is recognised on timing differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the group. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Deferred tax liabilities are presented within provisions for liabilities on the balance sheet.

Tangible assets
Tangible assets are stated at cost, less accumulated depreciation and 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:

Asset class	**Depreciation method and rate**
Freehold land	In proportion to the minerals extracted during the year
Short leasehold land and buildings	Over the term of the lease
Plant and machinery	20% reducing balance
Motor vehicles	25% reducing balance

Investment property
Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually by external valuers. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

Business combinations
Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Goodwill
Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

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:

Asset class	**Amortisation method and rate**
Goodwill	Fully written off

Investments
Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

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.

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 group will not be able to collect all amounts due according to the original terms of the receivables.

Stocks
Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Creditors
Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the group 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.

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 group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Assets held under hire purchase agreements are capitalised as tangible fixed assets with the future obligation being recognised as a liability. Finance costs are recognised in the Profit and Loss Account calculated at a constant periodic rate of interest over the term of the liability.

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.

Defined contribution pension obligation
The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payments obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

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

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

Revaluation reserve is the surplus or deficit arising on the revaluation of an asset of a company.

3 Turnover

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

	2021	2020
	£	£
Sale of goods	3,332,495	4,766,184
Other revenue	41,220	48,352
	3,373,715	4,814,536

4 Other operating income

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

	2021	2020
	£	£
Government grants	97,340	-
Rental income	101,755	101,222
	199,095	101,222

5 Operating (loss)/profit

Arrived at after charging/(crediting):

	2021 £	2020 £
Depreciation expense	1,020,116	770,457
Profit on disposal of tangible fixed assets	(27,728)	(7,021)

6 Government grants

During the year other income of £97,340 was received from the government through coronavirus support schemes.

7 Interest payable and similar expenses

	2021 £	2020 £
Interest on bank overdrafts and borrowings	-	345
Interest on obligations under finance leases and hire purchase contracts	16,268	16,223
Interest expense on other finance liabilities	52,963	910
Foreign exchange (gains) / losses	1,448	5,939
	70,679	23,417

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021 £	2020 £
Wages and salaries	1,631,074	1,802,830
Social security costs	159,036	171,175
Pension costs, defined contribution scheme	44,528	38,280
Other employee expense	73	1,146
	1,834,711	2,013,431

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2021 No.	2020 No.
Production	52	56
Administration and support	8	9
	60	65

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021 £	2020 £
Remuneration	37,116	58,117
Contributions paid to money purchase schemes	1,116	-
	38,232	58,117

10 Auditors' remuneration

	2021 £	2020 £
Audit of these financial statements	12,000	12,000

11 Taxation

Tax charged/(credited) in the profit and loss account:

	2021 £	2020 £
Deferred taxation		
Arising from origination and reversal of timing differences	(81,694)	230,525

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
(Loss)/profit before tax	(509,792)	534,102
Corporation tax at standard rate	(96,860)	101,479
Effect of expense not deductible in determining taxable profit (tax loss)	633	189
UK deferred tax expense relating to changes in tax rates or laws	-	106,743
Tax increase from effect of capital allowances and depreciation	14,533	22,114
Total tax (credit)/charge	(81,694)	230,525

12 Intangible assets

Group

	Goodwill £	Total £
Cost or valuation		
At 1 April 2020	2,076,029	2,076,029
At 31 March 2021	2,076,029	2,076,029
Amortisation		
At 1 April 2020	2,076,029	2,076,029
At 31 March 2021	2,076,029	2,076,029
Carrying amount		
At 31 March 2021	-	-

13 Tangible assets

Group

	Land and buildings £	Motor vehicles £	Plant and machinery £	Total £
Cost or valuation				
At 1 April 2020	3,425,783	93,518	6,538,879	10,058,180
Additions	142,645	-	659,270	801,915
Disposals	-	-	(355,249)	(355,249)
At 31 March 2021	3,568,428	93,518	6,842,900	10,504,846
Depreciation				
At 1 April 2020	680,568	30,032	3,728,613	4,439,213
Charge for the year	346,860	12,698	660,558	1,020,116
Eliminated on disposal	-	-	(330,977)	(330,977)
At 31 March 2021	1,027,428	42,730	4,058,194	5,128,352
Carrying amount				
At 31 March 2021	2,541,000	50,788	2,784,706	5,376,494
At 31 March 2020	2,745,215	63,486	2,810,266	5,618,967

Included within the net book value of land and buildings above is £2,299,837 (2020 - £2,418,545) in respect of freehold land and buildings and £241,163 (2020 - £326,670) in respect of short leasehold land and buildings.

Restriction on title and pledged as security
Plant and machinery with a carrying amount of £1,288,101 (2020 - £1,507,657) has been pledged as security as finance lease liabilities.

14 Investment properties

Group

	2021
	£
At 1 April 2020	3,806,164
Additions	40,489
At 31 March 2021	3,846,653

The investment properties were revalued on 9 August 2012 by Hull Gregson Hull, Chartered Surveyors, who are external to the company, on an open market basis and updated as appropriate annually by the directors.

15 Investments

Group

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held 2021	2020
Subsidiary undertakings				
Cladding Consultants UK Limited*	Same as company	Ordinary shares	100%	100%
Stone Firms Limited*	Same as company	Ordinary	100%	100%

* indicates direct investment of the company

Subsidiary undertakings

Cladding Consultants UK Limited
The principal activity of Cladding Consultants UK Limited is dormant

Stone Firms Limited
The principal activity of Stone Firms Limited is subject to bank charges, dormant

16 Stocks

	Group 2021	2020	Company 2021	2020
	£	£	£	£
Raw materials and consumables	3,092	3,420	3,092	3,420
Work in progress	80,440	37,000	80,440	37,000
Finished goods and goods for resale	1,195,841	927,595	1,195,841	927,595
	1,279,373	968,015	1,279,373	968,015

17 Debtors

	Group 2021	Group 2020	Company 2021	Company 2020
	£	£	£	£
Trade debtors	556,441	631,314	556,441	631,314
Amounts owed by group undertakings	-	-	500	500
Other debtors	34,202	102	34,100	-
Prepayments	50,157	120,729	50,157	120,729
Accrued income	1,290	-	1,290	-
Total current trade and other debtors	642,090	752,145	642,488	752,543

18 Cash and cash equivalents

	Group 2021	Group 2020	Company 2021	Company 2020
	£	£	£	£
Cash on hand	3,904	2,913	3,904	2,913
Cash at bank	445,461	782,332	445,308	782,179
	449,365	785,245	449,212	785,092

19 Creditors

		Group		Company	
	Note	2021 £	2020 £	2021 £	2020 £
Due within one year					
Loans and borrowings	22	2,037,276	2,039,245	2,037,276	2,039,245
Trade creditors		139,453	158,890	139,453	158,890
Social security and other taxes		248,878	202,897	248,878	202,897
Outstanding defined contribution pension costs		-	7,511	-	7,511
Other creditors		281	4,281	281	4,281
Accrued expenses		263,667	279,803	263,667	279,803
Corporation tax	11	106,448	106,448	106,448	106,448
		2,796,003	2,799,075	2,796,003	2,799,075
Due after one year					
Loans and borrowings	22	421,624	245,321	421,624	245,321

20 Deferred tax and other provisions

Group

	Deferred tax £	Total £
At 1 April 2020	937,816	937,816
Increase (decrease) in existing provisions	(81,694)	(81,694)
At 31 March 2021	856,122	856,122

Deferred tax

Group
Deferred tax assets and liabilities

2021	Asset £	Liability £
Accelerated tax depreciation	-	307,319
Revaluation of property	-	682,917
Tax losses carried forward	134,114	-
	134,114	990,236

2020	Asset £	Liability £
Accelerated tax depreciation	-	264,705
Revaluation of property	-	682,917
Tax losses carried forward	9,806	-
	9,806	947,622

21 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £44,528 (2020 - £38,280).

Contributions totalling £Nil (2020 - £7,511) were payable to the scheme at the end of the year and are included in creditors.

22 Loans and borrowings

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Current loans and borrowings				
Bank borrowings	71,279	-	71,279	-
Hire purchase contracts	218,497	291,745	218,497	291,745
Other borrowings	1,747,500	1,747,500	1,747,500	1,747,500
	2,037,276	2,039,245	2,037,276	2,039,245

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Non-current loans and borrowings				
Hire purchase contracts	421,624	245,321	421,624	245,321

Group

Other borrowings

Hire purchase contracts are denominated in £ with a nominal interest rate of 2%. The carrying amount at year end is £640,121 (2020 - £537,066).

Finance leases are secured upon the assets to which they relate.

Other borrowings also include £1.7m due to a related party as set out in note 24.

23 Parent and ultimate parent undertaking

The ultimate controlling party is M Stewkesbury.

24 Financial instruments

Group

Categorisation of financial instruments

	2021	2020
	£	£
Financial assets measured at amortised cost	1,040,010	1,105,387
Financial liabilities measured at amortised cost	3,331,301	3,488,065
	3,331,301	3,488,065

Items of income, expense, gains or losses

	Income	Expense	Net gains	Net losses
2021	£	£	£	£
Financial assets measured at amortised cost	139	-	-	-
Financial liabilities measured at amortised cost	-	70,679	-	-
	139	70,679	-	-

	Income	Expense	Net gains	Net losses
2020	£	£	£	£
Financial liabilities measured at amortised cost	-	17,478	-	-

25 Related party transactions

Group

Key management personnel
During the year, rent of £72,887 (2020 - £70,100) was paid to a director, his family and trusts of which he is a trustee.

Summary of transactions with entities with joint control or significant interest
A company that is owned by one of the shareholders of the company has provided a loan to the group on which interest is payable at 3% on balances over £1.2m, the remaining loan balance of £0.5m is subject to interest. These balances are included in loans and borrowing due within one year.

Interest of £52,963 (2020 - £Nil) was charged in the year and at the year end the amount owed by the group was £1,700,000 (2020 - £1,700,000) and in the year, the group made sales of £3,220 (2020 - £32,123) to that company.

Company

Summary of transactions with all subsidiaries
The comany has not disclosed transactions between two or more wholly owned members of the same group through use of the exemption given by FRS 102 section 33.1A

26 Non adjusting events after the financial period

Since the year end, the Finance Bill 2021 has received royal ascent, and has confirmed the increase in the rate of corporation tax from 19% to 25% for tax years from 1 April 2023.

This will result in an increase to the provision for deferred tax in the balance sheet and will result in an additional tax charge in the profit and loss of approximately £271,000.

Since the year end, the group has sold investment property to a related party that has resulted in the settlement of the loan of £1.7m from that party.