

Company Registration No. 02986234 (England and Wales)

HARDSCAPE PRODUCTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019



HARDSCAPE PRODUCTS LIMITED

COMPANY INFORMATION

Directors	M Haslam D M Lowe A P Warren C J Wood
Secretary	J Haslam
Company number	02986234
Registered office	Eagley House Deakins Business Park Blackburn Road Egerton Bolton BL7 9RP
Auditor	Baldwins Audit Services Laurel House 173 Chorley New Road Bolton Lancashire BL1 4QZ

HARDSCAPE PRODUCTS LIMITED

CONTENTS

	Page
Strategic report	1 - 3
Directors' report	4 - 5
Independent auditor's report	6 - 7
Statement of income and retained earnings	8
Balance sheet	9
Notes to the financial statements	10 - 21

HARDSCAPE PRODUCTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The directors present the strategic report for the year ended 31 March 2019.

The year ended 31 March 2019 saw a period of stabilisation for the business after several years of significant growth. The business continues to focus upon the delivery of quality products whilst developing our manufacturing capabilities through a sustainable platform for the future.

The Company has made significant investment into its new production facility in Bolton which will provide operational efficiencies across the business through enhanced technical, process and quality management systems. The Company is conscious that its greatest asset is its people and will continue to advance their skills and capabilities through our training and development programs.

As the nature of manufacturing becomes more competitive and margin driven we are mindful of the factors that give us differentiation in the market place. We have established a number of material labs throughout the country that allow our customers and business partners the opportunity to see, feel and interact with the suite of materials we offer. This and our work in sustainability and product research and development underly the value we place in our customers allowing them unrivalled possibilities in the supply of hard landscaping options.

The construction industry faces another challenging period. We believe that a robust financial platform is essential in navigating these difficult times and making the most of the market opportunities that exist. Effective control of our working capital cycle has allowed us to make the aforementioned investments in our production and marketing infrastructure and will allow us to best weather any cost increases the market will impose in the coming years.

The Company aims to build upon these foundations and to continue to provide a quality service to its customers through a mutually beneficial and ethical relationship with its suppliers.

Business model and strategy

Our strategy seeks to reinforce our position as a leader in the supply of hard landscaping products, whilst acting in a responsible and ethical manner. We aim to grow our cash flow and deliver competitive returns to fund future growth.

We focus on fulfilling a series of key customer requirements which gives us a unique position within the market:

- The selection of hard landscaping materials can often be a complex process. Sourcing and supplying the right products, on time and to exacting standards, requires experience and an infrastructure with a global capacity and attention to detail.
- The Company is responsible for global sourcing of materials and ensuring that the products offered are to the right quality and tested to industry performance specification. We operate a dedicated warehouse and stock facility that accommodates both standard and ecologically sustainable products that offer the discerning specifier a comprehensive array of materials.
- The Company is responsible for ensuring that specific orders meet quality control and delivery deadlines. With our products sourced globally, including the UK, our aim is to continue to supply a palette of natural, man-made and sustainable materials whilst remaining committed to sound environmental performance of our operating activities.

As the whole manner of hard landscaping projects become more complex and demanding we believe our technical expertise will be a deciding factor in the growth of our business. Our key strengths include our knowledge and application of product and technology, the financial and project management skills that allow us to deliver solutions and the management of integrated value chains.

We continuously seek to improve our operating performance with the emphasis on quality, performance and operating costs. For 2019/20 we have set out three key priorities: improving our financial performance, develop existing and potential routes to market and to continue to focus on successful project delivery for our customers.

HARDSCAPE PRODUCTS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Company's performance and could cause actual results to differ materially from expected and historical results.

The principal risks inherent in the Company's business model, include the following:

Operational risk

The activities of the Company subject it to risks relating to its ability to implement and maintain effective systems to process high volumes of transactions with its customers. A breakdown of the IT systems of the Group may affect its ability to operate its business effectively.

To address this risk, management has implemented a strong control system, including the retention of IT experts, to ensure that the Company's systems remain robust and adequate for purpose.

As a responsible manufacturer the Company recognises in its role in protecting the environment. We value the principles of ISO 14001 and will continue to develop our operational practices in line with the standard.

Competitor risk

The Company faces competition in the core markets in which it operates. There is a danger that its profitability and/or market share may be impaired.

To manage this risk the Company maintains relationships with its customers, introducers and other significant participants in the markets in which it is active, as well as being active in industry-wide organisations and initiatives such as the Ethical Trade Initiative. This enables market trends to be identified and addressed with relevant business strategy.

Supplier risk

The Company sources products from around the globe. There is the possibility that logistical problems in certain areas of the world may impact on its ability to supply.

In order to mitigate this risk the company has invested in strong relationships with its suppliers and has a comprehensive portfolio of products that mean it is able to supply from a variety of sources and minimise any disruption to supply.

Foreign Exchange risk

Being at the forefront of supplying leading edge paving materials that are recognised internationally, the Company sources product from a variety of locations throughout the world. As such it purchases in a number of currencies. It is therefore exposed to the potential of foreign exchange risk should there be a movement in the foreign exchange rate between order and payment.

To manage this risk, the Group has a proactive approach to the purchase of foreign currency which takes into account both its commitments and expected revenues streams to minimise any potential risk. The Company policy permits, but does not demand, that these exposures may be hedged in order to fix the cost in Sterling. This hedging activity involves the use of foreign exchange forward contracts where appropriate.

As the consequences of BREXIT continue to have repercussions throughout Europe and beyond, the Company is mindful of the worldwide trade situation and its potential impact on supply chain management. Through our links with various financial institutions and advisors we continue to monitor developments within global financial markets and take action where appropriate to mitigate risk.

HARDSCAPE PRODUCTS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Liquidity risk

The Company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring that the company has sufficient liquid resources to meet the operating needs of the business

Interest rate risk

The Company operates without the need for borrowings and as such does not suffer from interest rate fluctuations in any way other than from poor return on investments

Credit risk

The Company insures all of its customers and each must go through a full test procedure before credit facilities are granted.

Companies can lose this facility if persistently trading outside of agreed terms.

Cash surpluses are held on deposit with the Company bankers in mixture of long term and short term investments.

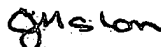
Financial key performance indicators

The financial key performance indicators for the current and comparative years are as follows:

	2019	2018
Turnover	£22.10m	£24.62m
Net profit	£185k	£952k
Net profit margin	0.84%	3.86%
EBITDA	£393k	£1,321k
ROCE	7.98%	37.92%

The board regard the results as satisfactory. The board also monitor performance by reference to certain "non-financial KPI's". These include customer satisfaction and the review of staff numbers.

By order of the board



J Haslam
Secretary
5 December 2019

HARDSCAPE PRODUCTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The directors present their annual report and financial statements for the year ended 31 March 2019.

Principal activities

The principal activity of the company during the year was that of the supply of products for landscaping and paving.

Directors

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

M Haslam
D M Lowe
A P Warren
C J Wood

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £200,000. The directors do not recommend payment of a further dividend.

Auditor

The auditor, Baldwins Audit Services (formerly CLB Coopers Audit Services), is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

Statement of disclosure to auditor

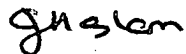
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to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

HARDSCAPE PRODUCTS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

By order of the board



J Haslam
Secretary

5 December 2019

HARDSCAPE PRODUCTS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HARDSCAPE PRODUCTS LIMITED

Opinion

We have audited the financial statements of Hardscape Products Limited (the 'company') for the year ended 31 March 2019 which comprise the statement of income and retained earnings, the balance sheet 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit 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 opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

We have nothing to report in this regard.

Opinions on other matters 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.

HARDSCAPE PRODUCTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HARDSCAPE PRODUCTS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

Baldwins Audit Services

Graham Rigby (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services

5 December 2019

Statutory Auditor

Laurel House
173 Chorley New Road
Bolton
Lancashire
BL1 4QZ

HARDSCAPE PRODUCTS LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
Turnover	3	22,104,480	24,620,017
Cost of sales		(17,513,026)	(18,877,975)
Gross profit		4,591,454	5,742,042
Distribution costs		(110,323)	(97,525)
Administrative expenses		(4,247,994)	(4,445,988)
Operating profit	4	233,137	1,198,529
Interest receivable and similar income		3,650	2,520
Interest payable and similar expenses		(1,377)	(2,278)
Profit before taxation		235,410	1,198,771
Tax on profit	7	(50,448)	(247,270)
Profit for the financial year		184,962	951,501
Retained earnings brought forward as previously reported		2,569,531	1,818,030
Dividends	8	(200,000)	(200,000)
Retained earnings carried forward		2,554,493	2,569,531

The profit and loss account has been prepared on the basis that all operations are continuing operations.

HARDSCAPE PRODUCTS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	9		751,072		263,060
Current assets					
Stocks	10	-		110,542	
Debtors	11	5,466,404		5,596,650	
Cash at bank and in hand		3,000,762		3,507,491	
		8,467,166		9,214,683	
Creditors: amounts falling due within one year	12	(6,269,210)		(6,316,732)	
Net current assets			2,197,956		2,897,951
Total assets less current liabilities			2,949,028		3,161,011
Provisions for liabilities					
Provisions	13	318,913		550,000	
Deferred tax liability	14	70,622		36,480	
			(389,535)		(586,480)
Net assets			2,559,493		2,574,531
Capital and reserves					
Called up share capital	16		5,000		5,000
Profit and loss reserves	17		2,554,493		2,569,531
Total equity			2,559,493		2,574,531

The financial statements were approved by the board of directors and authorised for issue on 5 December 2019 and are signed on its behalf by:

M. Haslam
Director

Company Registration No. 02986234

HARDSCAPE PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

Company information

Hardscape Products Limited is a private company limited by shares incorporated in England and Wales. The registered office is Eagley House, Deakins Business Park, Blackburn Road, Egerton, Bolton, BL7 9RP.

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. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 3 'Financial Statement Presentation' – Paragraph 3.17(d);
- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Earth's Crust Resources Limited as at 31 March 2019. These consolidated financial statements are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

HARDSCAPE PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 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.

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:

Property improvements	Over the life of the lease
Plant and machinery	25% straight line
Fixtures, fittings and equipment	15% - 33% straight line
Motor vehicles	25% straight line

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 credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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).

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.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand and deposits held at call with banks.

HARDSCAPE PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.7 Financial instruments

The company 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 company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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 debtors and cash and bank balances, 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.

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 recoverable amount. 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.

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 company 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 company after deducting all of its liabilities.

HARDSCAPE PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors and loans from fellow group companies, 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.

Derecognition of financial liabilities

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

1.8 Equity instruments

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

1.9 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 company'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. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. 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.

HARDSCAPE PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.10 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the 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.

1.11 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.

1.12 Retirement benefits

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

The contributions are recognised as an expense in the statement of income and retained earnings 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 company in independently administered funds.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are expensed 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.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

HARDSCAPE PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

2 Judgements and key sources of estimation uncertainty

In the application of the company'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

Provisions are made for compensation payable to customers and also for repair / restoration costs of damaged products. The amounts of these provisions are based on the directors best estimate of the costs that will be incurred on each individual issue. See Note 13 for the carrying amount of provisions and Note 1.10 for the basis on which provisions are calculated in the financial statements.

3 Turnover and other revenue

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

	2019 £	2018 £
Turnover		
Sale of goods	22,104,480	24,620,017

Turnover analysed by geographical market

	2019 £	2018 £
United Kingdom	21,098,526	23,931,081
Rest of Europe	1,005,954	600,016
Rest of the world	-	88,920
	22,104,480	24,620,017

HARDSCAPE PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(450,002)	(769,799)
Fees payable to the company's auditor for the audit of the company's financial statements	15,000	11,000
Depreciation of owned tangible fixed assets	157,761	122,002
Profit on disposal of tangible fixed assets	(2,532)	-
Operating lease charges	421,492	308,239
	<u>421,492</u>	<u>308,239</u>

5 Employees

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

	2019 Number	2018 Number
Administrative	59	52
Directors	4	4
	<u>63</u>	<u>56</u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	2,095,619	2,173,957
Social security costs	241,654	275,898
Pension costs	27,032	28,661
	<u>2,364,305</u>	<u>2,478,516</u>

6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	395,898	764,485
Company pension contributions to defined contribution schemes	27,032	28,661
	<u>422,930</u>	<u>793,146</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2018 - 4).

HARDSCAPE PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

6 Directors' remuneration

(Continued)

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

	2019 £	2018 £
Remuneration for qualifying services	151,924	382,704
Company pension contributions to defined contribution schemes	22,446	-

7 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	16,306	238,846
Deferred tax		
Origination and reversal of timing differences	34,142	8,424
Total tax charge	50,448	247,270

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

	2019 £	2018 £
Profit before taxation	235,410	1,198,771
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	44,728	227,766
Tax effect of expenses that are not deductible in determining taxable profit	4,887	11,836
Permanent capital allowances in excess of depreciation	(34,477)	(2,841)
Short term timing differences leading to an increase in taxation	34,142	8,424
Other differences	1,168	2,085
Taxation charge for the year	50,448	247,270

8 Dividends

	2019 £	2018 £
Dividends paid on equity capital	200,000	200,000

HARDSCAPE PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

9 Tangible fixed assets

	Property improvements	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2018	128,636	197,842	346,327	23,865	696,670
Additions	399,552	208,689	38,500	-	646,741
Disposals	-	-	-	(11,625)	(11,625)
At 31 March 2019	528,188	406,531	384,827	12,240	1,331,786
Depreciation and impairment					
At 1 April 2018	82,163	107,163	235,289	8,995	433,610
Depreciation charged in the year	27,071	69,407	55,558	5,725	157,761
Eliminated in respect of disposals	-	-	-	(10,657)	(10,657)
At 31 March 2019	109,234	176,570	290,847	4,063	580,714
Carrying amount					
At 31 March 2019	418,954	229,961	93,980	8,177	751,072
At 31 March 2018	46,473	90,679	111,038	14,870	263,060

10 Stocks

	2019	2018
	£	£
Work in progress	-	110,542

11 Debtors

	2019	2018
	£	£
Amounts falling due within one year:		
Trade debtors	4,889,743	5,066,197
Corporation tax recoverable	74,458	-
Other debtors	40,000	1,895
Prepayments and accrued income	462,203	528,558
	5,466,404	5,596,650

HARDSCAPE PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

12 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	4,227,935	4,161,274
Amounts owed to group undertakings	1,249,233	797,173
Corporation tax	-	195,582
Other taxation and social security	124,236	448,646
Other creditors	8,942	5,872
Accruals and deferred income	658,864	708,185
	<u>6,269,210</u>	<u>6,316,732</u>

13 Provisions for liabilities

	2019 £	2018 £
Provision for ongoing work and completed contracts	<u>318,913</u>	<u>550,000</u>

The provision relates to amounts provided for in respect of ongoing works and completed contracts. At present the timing of any possible outflows relating to this provision is uncertain.

Movements on provisions:

	Provision for ongoing work and completed contracts £
At 1 April 2018	550,000
Additional provisions in the year	76,913
Reversal of provision	(308,000)
At 31 March 2019	<u>318,913</u>

HARDSCAPE PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

14 Deferred taxation

Deferred tax assets and liabilities are offset where the 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 2019 £	Liabilities 2018 £
Balances:		
Accelerated capital allowances	72,948	37,990
Short term timing differences	(2,326)	(1,510)
	<u>70,622</u>	<u>36,480</u>
Movements in the year:		2019 £
Liability at 1 April 2018		36,480
Charge to profit or loss		34,142
Liability at 31 March 2019		<u>70,622</u>

15 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>27,032</u>	<u>28,661</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

16 Share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
5,000 Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

The £1 ordinary shares have full voting rights as regards dividends, distributions and the issue of share capital.

HARDSCAPE PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

17 Profit and loss reserves

The profit and loss account includes all current and prior period retained profits.

18 Operating lease commitments

Lessee

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

	2019	2018
	£	£
Within one year	428,744	238,657
Between two and five years	1,289,631	992,600
In over five years	2,928,481	3,223,790
	<u>4,646,856</u>	<u>4,455,047</u>

19 Related party transactions

The company has taken advantage of the exemption under FRS 102 Section 33 paragraph 33.1A from disclosing intra group transactions on the basis that the company is a wholly owned subsidiary within the group.

20 Ultimate controlling party

During the current and previous year the company was wholly owned by Earth's Crust Resources Limited. The ultimate controlling party during the current and previous year was M Haslam by virtue of his majority shareholding in Earth's Crust Resources Limited.