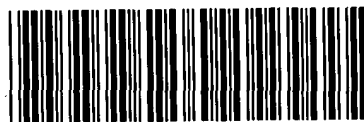


Imerys PCC UK Limited
Annual Report and Financial Statements
for the year ended 31 December 2020

Registered number 03650616

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Imerys PCC UK Limited

**Annual Report and Financial Statements
for the year ended 31 December 2020**

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Imerys PCC UK Limited

Director and advisors

Director

P Coppe

Company Secretary

H S Trahair-Davies

Registered Office

Imerys House
Lostock Works
Works Lane
Northwich
Cheshire
CW9 7ZR

Auditor

Constantin
Statutory Auditor
25 Hosier Lane
London
EC1A 9LQ

Legal Advisor

Stephens Scown LLP
Osprey House
Malpas Road
Truro, Cornwall
TR1 1UT

Bankers

BNP Paribas
10 Harewood Avenue
London
NW1 6AA

Imerys PCC UK Limited

Strategic report

The director presents his annual report and the audited financial statements for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the manufacture and sale of precipitated calcium carbonate.

BUSINESS REVIEW

The revenue for the year was £12,043,000 (2019: £13,037,000), while the profit for the year after taxation was £626,000 (2019: £1,715,000).

Revenue has fallen by £994,000 when compared to 2019. Sales declined in 2020 due to the global impact of covid on our customers but started recovering after Q4 of 2020.

As at the year end, the Company's balance sheet showed net assets of £7,822,000 (2019: £7,196,000).

Assets are reviewed for impairment on an ongoing basis when there are indications of a potential risk of impairment needed, taking account of market conditions, asset availability, maintenance programmes, historical experiences of disposal values and any occurrence or events that indicate that the related carrying value may not be recoverable. No impairment was required in 2020.

KEY PERFORMANCE INDICATORS ("KPIs")

The director monitors the progress of the Company's strategy by reference to certain financial and non-financial key performance indicators ("KPIs"):

What we measure	Why we measure it	How we performed			Comment
		2020 £'000	2019 £'000	Change £'000	
Sales	Achieving a higher sales level is required to improve the results of the company.	£12,043k	£13,037k	£-994k	Sales volumes decreased in 2020 due to the impact of covid 19 on customers, however these began to recover in Q4 of 2020.
Recurring profit/(loss) from operations	To track the underlying performance of the business and to ensure sales growth translates into increased profits.	£614k	£1,661k	£-1,047k	Decrease in profits in the year due to a decrease in sales, however the fixed costs remain constant. The plant needed to be maintained at continuous operation but lower rates in line with sales demand which is less cost efficient.

Imerys PCC UK Limited

Strategic report (continued)

BREXIT

The Company continues to focus and prepare for Brexit and have implemented a number of actions to reduce the risks faced. These include ensuring the company has the correct EORI Number to allow us to continue to trade with the EU, Fiscal representatives in certain European countries to assist with VAT requirements and have tightened up controls in order to be credited with Authorised Economic Operator Status which brings a number of benefits including:

- Fast track through customs controls
- Lower risk score, which significantly reduces the frequency of physical and documentary checks at the border
- Improved security, with a reduced occurrence of theft or loss in transit
- Demonstrates a high level of competence with the authorities
- Access to simplified customs procedures

COVID 19

Since the beginning of the Coronavirus pandemic, Imerys Group, to which the Company belongs, has taken all the necessary measures to ensure the health and safety of its employees and stakeholders, as well as to limit the negative effects the pandemic will have on its business. The Group has established a crisis management team to handle the emergency and has set up a strict monitoring process under the supervision of the Executive Committee. Imerys Group and, in particular, the Company are experiencing some disruptions in its commercial and industrial operations due to legal containment measures ordered by local authorities, a decline in demand, and/or supply and logistical difficulties.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Company relate to demand for products, impacting on volumes sold and resultant profitability and dependency on key supplies of raw materials.

The majority of sales are exported, and for those made to the UK market the price is still linked to euros so the exchange rate between the euro and GBP and between the US dollar and GBP has an impact on the Company's results since the majority of its costs are in GBP.

Long term supply agreements exist for its principal raw materials and utilities, many of which are supplied from local businesses.

The Kyoto protocol is endorsed by Imerys PCC UK Limited and is integrated in its strategy as it at least indirectly affects every Company including upstream operators (through energy cost and raw materials) and downstream businesses (with an impact on transport, contractors and customers).

FUTURE DEVELOPMENTS

The Company's prospects are linked to increasing volumes and are dependent on continued growth of sales in the European economy.

POST BALANCE SHEET EVENTS

There are no post balance sheet events that need to be adjusted or disclosed in the financial statements for the year 31 December 2020.

Approved by,


P. Coppé
Director

Date:

22/12/21

Imerys PCC UK Limited

Director's Report

In accordance with the Companies Act 2006, section 414c(11), information required by schedule 7 to the Accounting Regulations pertaining to principal risks and uncertainties and future developments has been set out in the company's Strategic Report and therefore is not separately disclosed in the Director's Report.

DIRECTOR AND HIS INTERESTS

The director of the Company during the year and thereafter was as follows:

P Coppe

The director did not hold any interests in the share capital of the Company during the year (2019: no interest).

COMPANY SECRETARY

H S Trahair-Davies

DIVIDENDS

The company has not recommended a dividend during the current year (2019: £nil).

DISABLED EMPLOYEES

The Company continually strives to meet its obligations as an equal opportunities employer. In addition to complying with the requirements of the Disability Discrimination Act 2005, the Company will follow procedures designed to provide for fair consideration and selection of disabled applicants and comply with all statutory obligations in a positive manner.

EMPLOYEE CONSULTATION

The Company holds regular communication sessions to inform all employees of Company information such as Company performance, products and health, safety and environmental policies. The Company has a system for communication, consultation and negotiation with employees, and where relevant may elect special committees for consultation specific topics such as pension reform. The Company uses a wide variety of communication methods e.g. email, notice boards, line manager briefing to ensure all relevant information is communicated effectively.

POST BALANCE SHEET EVENTS

The company has chosen to include this paragraph in its strategic report that would otherwise be disclosed in this director's report.

GOING CONCERN

The Company's statement of financial position shows net assets of £7,822,000 (2019: £7,196,000).

The Company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The director has no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the company to continue as a going concern or its ability to continue with the current banking arrangements.

Based on their assessment of the Company's financial position and of the enquiries made of the director of Imerys PCC UK Limited, the Company's director has a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Imerys PCC UK Limited

Director's report (continued)

Research and Development

The company did not conduct any research and development activities during the year.

Existence of branches outside the UK

The company had no branches in existence outside the United Kingdom.

Director Indemnities

The company has not made qualifying third party indemnity provisions of the benefit of its director which were made during the year and remain in force at the date of this report.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to financial risks including credit risk and liquidity risk.

Credit risk

The Company's principal financial assets are bank balances and cash and trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses intercompany funding.

STATEMENT OF DISCLOSURE TO AUDITOR

The director at the date of approval of this report confirms that:

- (a) so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (b) has taken all the steps that they ought to have taken as 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.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

AUDITOR

Constantin have expressed their willingness to continue as auditor. The company has agreed to retain Constantin as auditor, for another year, and as such Constantin are proposed to be reappointed at the next AGM.

Approved by,

P Coppe
Director



Date:

22/12/21

Director's responsibilities statement

The director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. Under company law the director 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 those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 director is responsible for keeping proper 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.

Imerys PCC UK Limited

Independent auditor's report to the members of Imerys PCC UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Imerys PCC UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 20.

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).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' 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 financial statements are 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.

Imerys PCC UK Limited

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of about their own identification and assessment of the risks of irregularities.

Imerys PCC UK Limited

We obtained an understanding of the legal and regulatory framework[s] that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team [including relevant internal specialists such as tax, valuations, pensions, IT, forensic and industry specialists] regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and 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.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in [the strategic report or] the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Imerys PCC UK Limited

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.

A handwritten signature in black ink, appearing to be 'Thierry de Gennes', written over a horizontal line.

Thierry de Gennes (Senior Statutory Auditor)

For and on behalf of Constantin

Chartered Accountants and Statutory Auditors

25 Hosier Lane

London, EC1A 9LQ

22nd December 2021

Imerys PCC UK Limited

Income Statement For the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Revenue	5	12,043	13,037
Cost of sales		<u>(4,581)</u>	<u>(4,273)</u>
Gross Profit		7,462	8,764
Administrative and general expenses		<u>(4,924)</u>	<u>(5,087)</u>
Staff costs	7	<u>(1,938)</u>	<u>(2,016)</u>
Other Operating Income	8	<u>14</u>	<u>-</u>
		<u>(6,848)</u>	<u>(7,103)</u>
Profit before taxation		614	1,661
Taxation	9	<u>12</u>	<u>54</u>
Profit for the year	6	<u>626</u>	<u>1,715</u>

Revenue and operating profit are all derived from continuing operations.

There are no recognised income and expenses other than the profit for the current and prior year as shown above.

There was no other comprehensive income for 2020 (2019: £nil).

The notes on pages 14 to 26 form part of the financial statements.

Imerys PCC UK Limited

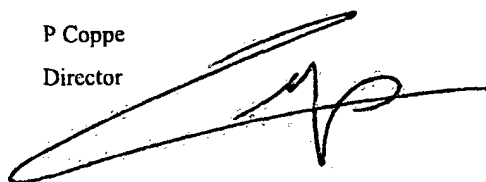
Balance sheet As at 31 December 2020

	Notes	2020 £'000	2019 £'000 restated
Non-current assets			
Property, plant and equipment	10	2,228	2,496
Deferred tax	14	<u>156</u>	<u>144</u>
		<u>2,384</u>	<u>2,640</u>
Current assets			
Inventories	11	1,193	1,483
Trade and other receivables	12	7,421	5,213
Cash and cash equivalents		<u>219</u>	<u>520</u>
		<u>8,833</u>	<u>7,216</u>
Total assets		<u>11,217</u>	<u>9,856</u>
Current liabilities			
Trade and other payables	13	(3,395)	(2,660)
Current tax liabilities		<u>-</u>	<u>-</u>
		<u>(3,395)</u>	<u>(2,660)</u>
Net current assets		<u>5,400</u>	<u>4,556</u>
Total liabilities		<u>(3,395)</u>	<u>(2,660)</u>
Net assets		<u>7,822</u>	<u>7,196</u>
Equity			
Called up share capital	15	7,000	7,000
Retained earnings		<u>822</u>	<u>196</u>
Shareholder's funds		<u>7,822</u>	<u>7,196</u>

The notes on pages 14 to 26 form part of the financial statements.

These financial statements for Imerys PCC UK Limited (Company no. 03650616) were approved by the Board of Directors and authorised for issue on xxxx. They were signed on its behalf by:

P Coppe
Director



22 / 12 / 21

Imerys PCC UK Limited

**Statement of changes in equity
For the year ended 31 December 2020**

	Called up share capital	Retained earnings/(losses)	Total Equity
	£'000	£'000	£'000
Shareholder's funds at 1 January 2019	7,000	(1,796)	5,204
Profit and total comprehensive income for the year		1,715	1,715
Prior year adjustment		277	277
Shareholder's funds at 31 December 2019 (restated)	<u>7,000</u>	<u>196</u>	<u>7,196</u>
Profit and total comprehensive income for the year		626	626
Shareholder's funds 31 December 2020	<u>7,000</u>	<u>822</u>	<u>7,822</u>

The notes on pages 14 to 26 form part of the financial statements.

Imerys PCC UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

1. General information

Imerys PCC UK Limited (the Company) is a private Company limited by shares which is incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 2 to 3.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

2. Accounting convention

These financial statements are prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') and the requirements of the Companies Act 2006. The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The financial statements have been prepared under historical costs convention. The principal accounting policies adopted by the Company are set out in note 3.

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 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: The disclosure requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b), and 12.29A;
- Section 26 'Share based Payment': Share based payment arrangements required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Imerys UK Limited. These consolidated financial statements are from www.imerys.com.

Imerys PCC UK Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

3. Accounting policies

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2020.

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report pages 2 to 3.

The Company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The director has no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the company to continue as a going concern or its ability to continue with the current banking arrangements.

Based on their assessment of the Company's financial position and of the enquiries made of the director of Imerys PCC UK Limited, the Company's director has a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

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

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- 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 economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Leases

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

Imerys PCC UK Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

3. Accounting policies (continued)

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

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 balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Imerys PCC UK Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

3. Accounting policies (continued)

Taxation (continued)

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Tangible fixed assets

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Freehold buildings	30 years
Plant and machinery	15 years
Fixtures, fittings tools and equipment	5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

A tangible fixed asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

No depreciation is charged on assets in the course of construction until they are fully complete and brought into use at which point they are transferred into the relevant asset category.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Imerys PCC UK Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

3. Accounting policies (continued)

Intangible assets (continued)

Impairment of tangible and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value.

Imerys PCC UK Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

3. Accounting policies (continued)

Financial instruments (continued)

Loans and receivables

Trade debtors, loans, and other debtors that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Trade receivables and other receivables have fixed or determinable payments and are not quoted in an active market. Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet 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 of the investment have been affected.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade debtors, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. Financial liabilities, including borrowings, are initially measured at fair value.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Government Grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Imerys PCC UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the director is required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key judgements & estimates used in the preparation of the financial statements as at 31 December 2020:

Trade debtors

Judgements have been made on the recoverability of trade debtors and the valuation of provisions and the director is satisfied that debts are recoverable.

Inventory

Stock is included at the lower of cost and net realisable value. The director has reviewed the stock obsolescence policy and are satisfied that stock is fairly valued at the year end.

Intangible assets

Judgement have been made in relation to the impairment & the valuation of the intangible assets held as the year end. The director has concluded that the value of the intangible assets as at the year-end represents their fair value.

Plant, property and equipment

Judgement have been made in relation to the valuation & the useful economic life and residual value of the plant, property and equipment. The director has concluded that the assets value and residual values are appropriate.

Deferred Tax

Director's judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

5. Revenue

Turnover represents amounts derived from the provision of goods and services which fall within the Company's ordinary activities after deduction of trade discounts and Value Added Tax. The turnover and pre-tax profit, all of which arises in the United Kingdom, is attributable to one activity.

	2020 £'000	2019 £'000
Geographical analysis of product sales:		
Continental Europe	6,544	6,911
North America	2,858	3,014
UK	938	1,005
Scandinavia	56	95
Asia	1,504	1,544
Other	143	468
	<u>12,043</u>	<u>13,037</u>

Imerys PCC UK Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

6. Profit for the year

Profit for the year is stated after charging:

	2020 £'000	2019 £'000
Auditor's remuneration for audit of the Company's annual financial statements	30	35
Depreciation of property, plant and equipment (note 10)	363	391
Foreign exchange variation	63	185
Operating lease rentals:		
Plant and machinery	18	21
Others	-	(3)

Non-audit fees payable to external auditors totalled £nil (2019: £nil).

During the year the company received £13,790 under the UK Government's Job Retention Scheme. This is shown as Other operating Income on the face of the Profit and Loss Account.

7. Staff costs

The average monthly number of employees (including executive director) was:

	2020 No.	2019 No.
Manufacturing	29	28
Management and administration	8	7
	<u>37</u>	<u>35</u>

Their aggregate remuneration comprised:

	2020 £'000	2019 £'000
Wages and salaries	1,569	1,646
Social security costs	159	170
Pension costs – defined contribution scheme	196	200
	<u>1,924</u>	<u>2,016</u>

Director's remuneration

	2020 £'000	2019 £'000
Director emoluments	-	57
Compensation for loss of office	-	-

The director is not a member of the defined benefits pension scheme (2019: none). Employer contributions paid by the Company in respect of director were £nil (2019: £2,703). Director's and key management personnel are deemed to be the same.

Imerys PCC UK Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

8. Other Operating Income

Other income relates to amount of £14k (2019: £Nil) relating to government grant received during the year for employee furlough claims.

9. Taxation

	2020 £'000	2019 £'000
UK corporation tax		
- Current year	-	9
- Prior year	-	5
Deferred tax		
- Current year	(12)	(68)
- Prior year	-	-
	<u>(12)</u>	<u>(54)</u>

Corporation tax is calculated at 19.00% (2019: 19.00%) of the estimated assessable profit for the year.

Factors affecting tax charge for the current year

The charge for the year can be reconciled to the loss per the income statement as follows:

	2020 £'000	2019 £'000
Profit on ordinary activities before tax	<u>614</u>	<u>1,661</u>
Tax at the UK corporation tax rate of 19% (2019: 19%)	117	316
Tax effect of group relief	(127)	(323)
Tax effect of prior year corporation tax adjustments	-	5
Tax effect of changes in tax rates	(17)	-
Tax effect of deferred tax movements		(68)
Tax effect of fixed asset differences	15	16
Tax charge for the year	<u>(12)</u>	<u>(54)</u>

Imerys PCC UK Limited

Notes to the financial statements (continued)
For the year ended 31 December 2020

10. Property, plant and equipment

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Assets in course of construction £'000	Total £'000
Cost					
At 1 January 2019	1,261	12,468	335	449	14,513
Additions	-	233	-	198	431
At 1 January 2020	1,261	12,701	335	647	14,944
Additions	30	297	-	-	327
Transfer	-	-	-	(232)	(232)
At 31 December 2020	1,291	12,998	335	415	15,039
Depreciation and impairment					
At 1 January 2019	246	11,516	295	-	12,057
Charge for the year	77	279	35	-	391
At 1 January 2020	323	11,795	330	-	12,448
Charge for the year	79	283	1	-	363
At 31 December 2020	402	12,078	331	-	12,811
Carrying amount					
At 31 December 2020	889	920	4	415	2,228
At 31 December 2019	938	906	5	647	2,496

Land and buildings include freehold land of £459,699 (2019: £459,699) which is not depreciated.

11. Inventories

	2020 £'000	2019 £'000
Raw material and consumables	103	119
Finished goods and goods for resale	922	1,220
Engineering stores	168	144
	<u>1,193</u>	<u>1,483</u>

The replacement cost of inventories is not materially different from the amounts disclosed above.

Imerys PCC UK Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

12. Trade and other receivables

	2020 £'000	2019 £'000 <i>restated</i>
Trade receivables due from non-group companies	1,692	1,509
Other debtors	280	64
Amounts due from group undertakings	5,143	3,330
Prepayments and accrued income	29	33
Tax debtor	277	277
	<u>7,421</u>	<u>5,213</u>

The director considers that the carrying amount of trade and other receivables approximates their fair value.

Invoicing to group companies is done in the currency of the customer and therefore the company has a currency exposure within trade debtors – mostly in respect of US dollars. Transactions with related parties are entered in the normal course of business and at arms-length.

Amount owed from group undertakings are unsecured, interest free & repayable on demand.

13. Trade and other payables

Trade and other payables principally comprise amounts outstanding for trade purchases. The director considers that the carrying amount of trade payables approximates their fair value.

	2020 £'000	2019 £'000
Trade creditors	2,471	1,259
Taxation and social security	129	430
Accruals and deferred income	796	273
Amounts due to group undertakings		698
	<u>3,395</u>	<u>2,660</u>

Amount owed from group undertakings are unsecured, interest free & repayable on demand.

Imerys PCC UK Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

14. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting year:

	Accelerated tax depreciation £'000	Short term timing differences £'000	Total £'000
At 1 January 2020	102	42	144
Charge to profit and loss	7	5	12
At 31 December 2020	109	47	156

Certain deferred tax assets and liabilities have been offset. The following is an analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2020 £'000	2019 £'000
Deferred tax assets	156	144
	156	144

15. Called-up share capital

	2020 £'000	2019 £'000
Authorised 10,000,000 ordinary shares of £1 each	10,000	10,000
Called up, allotted and fully paid 7,000,000 ordinary shares of £1 each	7,000	7,000

16. Operating lease arrangements

	2020 £'000	2019 £'000
Lease payments under operating leases recognised as an expense in the year	20	21
At the statement of financial position date, the Company has outstanding commitments under non-cancellable operating lease, which fall due as follows:		
Within one year	19	19
In the second to fifth years inclusive	41	60

Operating lease payments represent leases payable by the Company for the lease of cars, and plant and machinery. Car leases are negotiated for an average of 3 years.

Imerys PCC UK Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

17. Prior year adjustment

Prior year adjustment relates to tax debtor balance for the tax overpaid & due from HMRC relating to year ended 31 December 2018. This adjustment has resulted in the trade and other receivables & equity position as below:

Trade and other receivables

	2019 £'000 as filed	2019 £'000 restated
Trade receivables due from non-group companies	1,509	1,509
Other debtors	64	64
Amounts due from group undertakings	3,330	3,330
Prepayments and accrued income	33	33
Tax debtor	-	277
	<u>4,936</u>	<u>5,213</u>

Equity

	2019 £'000 as filed	2019 £'000 as restated
Called up share capital	7,000	7,000
Retained earnings	(81)	196
	<u>6,919</u>	<u>7,196</u>

The above prior year adjustment did not have any impact on the results of 2019..

18. Related party transactions

During the year, the Company entered into transactions with related parties which are related due to common control exercised by Imerys SA. The company has taken advantage of the disclosure exemptions available under FRS 102 and has not disclosed details of related party transactions with wholly-owned group companies.

19. Controlling party

The Company is wholly owned by its immediate parent, Imerys UK Limited, a Company registered in England. Copies of this Company's financial statements can be obtained from Par Moor Centre, Par Moor Road, Par, Cornwall, PL24 2SQ, which is also the registered address.

The results of the Company are consolidated in the group that is headed by Imerys SA, which is incorporated in France, 43 quai de Grenelle, Paris, 75015. Copies of this Company's financial statements can be obtained from www.imerys.com. The ultimate parent company and controlling party is Parjointco NV, a company incorporated in the Netherlands, Veerkade 5, Rotterdam, 3016 DE.

20. Subsequent Event

There were no subsequent events that need to be disclosed in the financial statements for the year ended 31 December 2020.

The director remains optimistic that the company will remain profitable and stable during 2020 & in the years to come.