

**Sapphire Energy Recovery Limited**  
**Annual Report and Financial Statements**  
**for the Year Ended 31 December 2017**

Registration number: 04027738



# **SAPPHIRE ENERGY RECOVERY LIMITED**

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## **SAPPHIRE ENERGY RECOVERY LIMITED**

### **DIRECTORS' REPORT**

The Directors present their annual report and the audited financial statements of Sapphire Energy Recovery Limited ("the Company"), a private company limited by shares, incorporated and domiciled in England and Wales operating under the Companies Act 2006, for the year ended 31 December 2017.

The Directors' Report has been prepared in accordance with the special provisions relating to small companies under section 415A of the Companies Act 2006, which also provides exemption from the preparation of a Strategic Report.

#### **PRINCIPAL ACTIVITY**

The principal activity is to acquire used/scrap vehicle tyres from appropriate sources, for processing and onward disposal through environmentally sound facilities. The Company also sources alternative waste materials to be used in the manufacture of cement as either an alternative fuel or raw material.

The Company is a wholly owned indirect subsidiary of Tarmac Holdings Limited. Tarmac is also part of the CRH Group. Tarmac Holdings Limited and its subsidiaries are referred to throughout as Tarmac, and CRH plc and its subsidiaries are referred to as the Group. Tarmac is organised and managed across four business units.

#### **GOING CONCERN**

The Directors have considered going concern in preparing these financial statements. The Company operates as part of the Tarmac cash pooling arrangement. Each company participating in the cash pooling arrangement has a memorandum balance, with the true balance at bank being the sum of all of the memorandum balances. While the overall balance at bank in the cash pool is usually maintained as a positive cash balance, there are points in time during which the overall balance may temporarily fall into an overdraft position. The nature of the cash pooling arrangement increases the risk to the Company of withdrawing cash balances in full on demand, in the event of other Tarmac companies having overdraft positions. The Directors do not consider that this presents a material risk to the Company regarding the availability of cash balances to continue operations under the normal course of business.

The Company is a subsidiary of Tarmac Cement and Lime Limited. Given that the Company's activities are managed as part of the trading divisions of Tarmac Cement and Lime Limited, the factors likely to affect the Company's future development, performance and position; and its exposures to credit risk and other trading risks are set out in the Strategic Report of Tarmac Cement and Lime Limited, which does not form part of this report.

Detailed forecasts including the Company are prepared on a Tarmac basis for a period of at least 12 months from the date of approval of these financial statements. Given that forecasts are not prepared by statutory entity, confirmation of ongoing support throughout an equivalent period has been obtained from the Company's ultimate parent company, CRH plc.

After receiving this confirmation, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### **DIVIDEND AND TRANSFERS TO RESERVES**

No dividends have been paid in the year (2016: £nil). The Company's profit for the year of £310,000 (2016: £404,000) has been transferred to reserves.

## **SAPPHIRE ENERGY RECOVERY LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **EMPLOYMENT POLICIES**

It is Company and Tarmac group wide policy to communicate with, and involve employees on, matters affecting their interests at work and to inform them of the performance of the business. This includes adopting such employee consultation as is appropriate, including consultative committees, training and development and communication programmes. The information is complemented by the Tarmac magazine and information on the Tarmac intranet, which contain items of news, current affairs and information relevant to employees.

It is also Company and Tarmac group wide policy to treat all employees and potential employees equally and to give full consideration to suitable applications for employment from disabled persons where they have the necessary abilities and skills for the position and, wherever possible, to re-train employees who become disabled so that they can continue their employment.

#### **DIRECTORS**

The Directors of the Company throughout the year and to the date of this report, except where otherwise stated, were as follows:

JP Janse van Rensburg  
A Magro  
Tarmac Directors (UK) Limited

#### **DIRECTORS' INDEMNITIES**

The Articles of Association of the Company contain an indemnity in favour of all of the Directors of the Company that, subject to law, indemnifies the Directors, out of the assets of the Company, from any liability incurred by them in defending any proceedings in which judgement is given in their favour (or otherwise disposed of without any finding or admission of any material breach of duty on their part).

#### **AUDITOR**

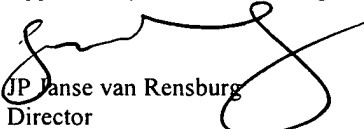
##### **Disclosure of information to the auditors**

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

##### **Reappointment of auditors**

Ernst & Young LLP have indicated their willingness to be reappointed as auditor. No notice in accordance with s488 of the Companies Act 2006 (which would operate to prevent the deemed reappointment of auditors under s487(2) of that Act) has been or is expected to be received and accordingly the necessary conditions are in place for the deemed reappointment of the auditors to take place in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:

  
JP Janse van Rensburg  
Director

24 September 2018

## **SAPPHIRE ENERGY RECOVERY LIMITED**

### **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors acknowledge their responsibilities for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAPPHIRE ENERGY RECOVERY LIMITED**

### **Opinion**

We have audited the financial statements of Sapphire Energy Recovery Limited (the 'Company') for the year ended 31 December 2017, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and the related notes 1 to 20, 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework', in accordance with the provisions applicable to companies subject to the small companies regime.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 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 below. 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 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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAPPHIRE ENERGY RECOVERY LIMITED (continued)**

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

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

### **Responsibilities of directors**

As explained more fully in the Directors' Responsibility Statement set out on page 3, 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**

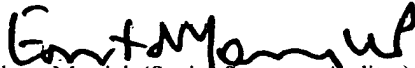
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAPPHIRE ENERGY RECOVERY LIMITED (continued)**

### **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.

  
Andrew Merrick (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP  
Statutory Auditor Birmingham

26/9/18



## SAPPHIRE ENERGY RECOVERY LIMITED

### PROFIT AND LOSS ACCOUNT

For the Year Ended 31 December 2017

	Note	2017 £000	2016 £000
Turnover	5	6,902	7,379
Cost of sales		<u>(5,860)</u>	<u>(6,290)</u>
<b>Gross profit</b>		1,042	1,089
Administrative expenses		(934)	(879)
Other operating income		<u>263</u>	<u>156</u>
<b>Operating profit</b>		371	366
Finance income		<u>4</u>	<u>1</u>
<b>Profit on ordinary activities before tax</b>	6	375	367
Tax	8	<u>(65)</u>	<u>37</u>
<b>Profit for the financial year</b>		<u><u>310</u></u>	<u><u>404</u></u>

All activities derive from continuing operations.

## **SAPPHIRE ENERGY RECOVERY LIMITED**

### **STATEMENT OF COMPREHENSIVE INCOME**

For the Year Ended 31 December 2017

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>Profit for the year</b>	<u>310</u>	<u>404</u>
<b>Other comprehensive income</b>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>	<u><u>310</u></u>	<u><u>404</u></u>


# SAPPHIRE ENERGY RECOVERY LIMITED

## BALANCE SHEET

As at 31 December 2017

	Note	2017 £000	2016 £000
<b>Fixed assets</b>			
Tangible assets	9	<u>684</u>	<u>786</u>
		684	786
<b>Current assets</b>			
Stocks	10	32	109
Debtors	11	1,236	1,702
Cash at bank and in hand		<u>1,988</u>	<u>1,463</u>
		3,256	3,274
Creditors: Amounts falling due within one year	12	<u>(1,490)</u>	<u>(1,920)</u>
<b>Net current assets</b>		<u>1,766</u>	<u>1,354</u>
<b>Net assets</b>		<u><u>2,450</u></u>	<u><u>2,140</u></u>
<b>Capital and reserves</b>			
Called up share capital	14	3,500	3,500
Profit and loss account		<u>(1,050)</u>	<u>(1,360)</u>
<b>Total shareholders' funds</b>		<u><u>2,450</u></u>	<u><u>2,140</u></u>

The financial statements of Sapphire Energy Recovery Limited, registered number 04027738, prepared in accordance with the small companies' regime, were approved by the Board of Directors and authorised for issue on 24 September 2018. They were signed on its behalf by:

  
JP Janse van Rensburg  
Director

## **SAPPHIRE ENERGY RECOVERY LIMITED**

### **STATEMENT OF CHANGES IN EQUITY**

As at Year Ended 31 December 2017

	<b>Share capital £000</b>	<b>Profit and loss account £000</b>	<b>Total £000</b>
<b>Balance at 1 January 2016</b>	3,500	(1,764)	1,736
Profit for the year	-	404	404
<b>Total comprehensive income for the year</b>	-	404	404
<b>Balance at 1 January 2017</b>	3,500	(1,360)	2,140
Profit for the year	-	310	310
<b>Total comprehensive income for the year</b>	-	310	310
<b>Balance at 31 December 2017</b>	3,500	(1,050)	2,450

## **SAPPHIRE ENERGY RECOVERY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended 31 December 2017

#### **1 General information**

Sapphire Energy Recovery Limited is a private company limited by shares, incorporated and domiciled in England and Wales operating under the Companies Act 2006. The address of the registered office is Portland House, Bickenhill Lane, Solihull, Birmingham B37 7BQ. The nature of the Company's operations and its principal activities are set out in the Directors' Report on page 1.

These financial statements were prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and in accordance with applicable accounting standards. The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out in note 3.

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

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard including:

- the requirements of IFRS 7 Financial Instruments: Disclosures,
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a)(iv) of IAS 1 and (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment; and (iii) paragraph 118(e) of IAS 38 Intangible Assets
- the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets

Where required, equivalent disclosures are given in the group accounts of CRH plc. The group accounts of CRH plc are available to the public and can be obtained as set out in note 20.

The financial statements have been prepared on a going concern basis as discussed in the Directors' Report on page 1.

## **SAPPHIRE ENERGY RECOVERY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the Year Ended 31 December 2017

#### **2 Adoption of new and revised Standards**

In the current year, the following new standards or amendments became effective and required adoption by the Company:

- Recognition of deferred tax assets for un-realised losses (Amendments to IAS 12)
- Disclosure initiative (Amendments to IAS 7)
- Annual improvements to IFRS Standards 2014-2016 cycle (Amendments to IFRS 12)

None of the above has had a material impact on the Company's financial statements.

#### **3 Significant accounting policies**

##### **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. Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The Company's policy for recognition of revenue from construction contracts is described below.

##### **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 income statement 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.

## **SAPPHIRE ENERGY RECOVERY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the Year Ended 31 December 2017

#### **3 Significant accounting policies (continued)**

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 income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also recognised 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.

#### 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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

#### **Tangible assets**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment in the value.

#### **Impairment of tangible fixed assets**

The Directors consider the asset base for impairment on at least an annual basis or where decisions are made to alter the industrial footprint of the Company's operations.

#### **Depreciation**

Depreciation is provided on cost in equal annual instalments over the estimated useful economic lives of the assets. The rates of depreciation are as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Fixtures and fittings	33% per annum
Plant and machinery	5% - 33.3%

## **SAPPHIRE ENERGY RECOVERY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the Year Ended 31 December 2017

#### **3 Significant accounting policies (continued)**

##### **Stock**

Stocks are engineering spares and tyres and are stated at the lower of cost and net realisable value.

##### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating 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 more systematic basis is more representative of the time pattern in which economic benefits from the lease 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.

##### **Impairment of assets**

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss. If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

##### **Retirement benefit costs**

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### **4 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. 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 Directors believe that there are no accounting policies that are critical due to the degree of estimation required and / or the potential material impact they may have on the Company's financial position and performance.



## **SAPPHIRE ENERGY RECOVERY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the Year Ended 31 December 2017

#### **5 Turnover**

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

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>Continuing operations</b>		
Sale of goods	<u>6,902</u>	<u>7,379</u>
	<u><b>6,902</b></u>	<u><b>7,379</b></u>

#### **6 Profit on ordinary activities before taxation**

Arrived at after charging/(crediting)

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Depreciation expense	221	255
Other operating leases	441	379
Management fees received	(141)	(147)
HM Revenue & Customs Research & Development Expenditure Credit received	<u>(122)</u>	<u>(11)</u>

Auditor's remuneration of £13,100 (2016: £14,000) is borne by a fellow group company.

There were no non audit services provided in either year.

#### **7 Information regarding employees and Directors**

The directors' remuneration for the year was as follows:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Salaries, fees and bonuses	143	141
Money purchase pension contributions	<u>10</u>	<u>10</u>
	<u><b>153</b></u>	<u><b>151</b></u>

Directors' remuneration for the period relates to the Director remunerated by the Company. The other Director of the Company is remunerated by another group company and their services to the company are considered incidental to their services provided to other group companies.

## SAPPHIRE ENERGY RECOVERY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2017

#### 7 Information regarding employees and Directors (continued)

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

	2017 No.	2016 No.
Production	16	14
Administration	13	12
Sales	3	8
	<u>32</u>	<u>34</u>

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

	2017 £000	2016 £000
Wages and salaries	1,104	1,055
Social security costs	121	99
Pension and other post-employment benefit costs (see note 18)	66	60
	<u>1,291</u>	<u>1,214</u>

The amounts paid to the Directors during the current and prior years were paid by Tarmac Services Limited, a fellow Tarmac subsidiary.

#### 8 Tax

	2017 £000	2016 £000
<b>Current tax:</b>		
Current tax on profit for the year	-	-
Adjustment in respect of prior years	75	3
Total current tax	<u>75</u>	<u>3</u>
<b>Deferred tax (note 13)</b>		
Origination and reversal of temporary differences	(12)	-
Effects of changes in tax rates	2	7
Deferred tax not previously recognised	-	(47)
Total deferred tax	<u>(10)</u>	<u>(40)</u>
Total tax charge / (credit) in the profit and loss account	<u>65</u>	<u>(37)</u>

## SAPPHIRE ENERGY RECOVERY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2017

#### 8 Tax (continued)

The differences between the total tax charge/(credit) shown above and the amount calculated by applying the standard rate of UK corporation tax of 19.25% (2016: 20.00%) to the profit before tax are as follows:

	2017 £000	2016 £000
Profit before tax on continuing operations	375	367
Tax at the standard UK corporation tax rate of 19.25% (2016: 20.00%)	72	73
Adjustment in respect of prior periods	75	3
Expenses not deductible	1	1
Group relief	(62)	(45)
Increase (decrease) from transfer pricing adjustments	-	(27)
Income taxed in a previous period	(23)	(2)
Deferred tax previously not recognised	-	(47)
Impact of changes in tax rates and laws	2	7
Total tax charge/(credit)	65	(37)

Group relief within Tarmac is surrendered free of charge. Group relief claimed from other CRH UK Group companies outside of Tarmac is paid for at the prevailing rate of corporation tax for the year of 19.25% (2016: 20%).

Finance No.2 Bill 2015 enacted the rate of corporation tax to 19% with effect from 1 April 2017 resulting in a blended current tax rate for the year of 19.25%. On 15 September 2016, Finance Bill 2016 enacted a further rate reduction to 17% with effect from 1 April 2020.

Deferred tax assets and liabilities are measured at tax rates that are enacted or substantively enacted at the balance sheet date. The timing of the reversal of the Company's deferred tax items has been considered, and accordingly at 31 December 2017 deferred tax has been calculated at the tax rates that are expected to apply when the related asset is realised or liability is settled.

Subsequent to the balance sheet date, HM Revenue & Customs approved the Company's Research and Development claims in relation to the years ended 31 December 2015 and 31 December 2016. This resulted in above the line credit to the Profit and Loss account of £121,675 (comprising £13,290 in relation to the 2015 claim and £108,385 in relation to the 2016 claim). The amounts have been recorded in the Company's tax returns submitted for the relevant periods.

# SAPPHIRE ENERGY RECOVERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2017

### 9 Tangible assets

	Fixtures and fittings £000	Plant and machinery £000	Total £000
<b>Cost or valuation</b>			
At 1 January 2017	144	3,132	3,276
Additions	-	119	119
At 31 December 2017	144	3,251	3,395
<b>Accumulated depreciation</b>			
At 1 January 2017	144	2,346	2,490
Charge for the year	-	221	221
At 31 December 2017	144	2,567	2,711
<b>Net book value</b>			
At 31 December 2017	-	684	684
At 31 December 2016	-	786	786

### 10 Stocks

	2017 £000	2016 £000
Tyres & spares	32	109

There is no material difference between the balance sheet value of stocks and their replacement cost.

### 11 Trade and other debtors

	2017 £000	2016 £000
<b>Amounts falling due within one year:</b>		
Trade debtors	1,099	1,105
Amounts owed by group companies	-	532
Prepayments	41	25
Corporation tax receivable	46	-
Deferred tax (see note 13)	50	40
	1,236	1,702

## **SAPPHIRE ENERGY RECOVERY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the Year Ended 31 December 2017

#### **11 Trade and other debtors (continued)**

Amounts owed by fellow group companies have no fixed repayment date and no interest is charged on this balance.

#### **12 Creditors - amounts falling due within one year**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	490	527
Accruals and deferred revenue	136	281
Amounts owed to group companies	827	1,058
Other tax and social security	37	54
	<u>1,490</u>	<u>1,920</u>

Amounts owed to group companies have no fixed repayment date and no interest is charged on these balances.

#### **13 Deferred tax**

Deferred tax movement during the year:

	<b>At 1 January</b>	<b>Recognised</b>	<b>At</b>
	<b>2017</b>	<b>in income</b>	<b>31 December</b>
	<b>£000</b>	<b>£000</b>	<b>2017</b>
Accelerated tax depreciation	32	6	38
Provisions	8	4	12
Net deferred tax assets	<u>40</u>	<u>10</u>	<u>50</u>

## SAPPHIRE ENERGY RECOVERY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2017

#### 14 Share capital

Allotted, called up and fully paid shares

	2017 £000	2016 £000
3,500,000 ordinary shares of £1 each	<u>3,500</u>	<u>3,500</u>

The Company has one class of ordinary shares which carry no right to fixed income.

#### 15 Reserves

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

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

Details of all movements in reserves are shown in the Statement of Changes in Equity on page 10.

#### 16 Contingent liabilities

The Company has cash which forms part of a composite accounting agreement with certain of Tarmac's subsidiaries. Accordingly, the Company in concert with those other Tarmac companies has entered into arrangements whereby each has offered a limited guarantee in respect of the others' overdraft borrowings from time to time. The Company's maximum liability is limited to the extent of its current account cash balances from time to time which at 31 December 2017 amounted to £1,988,000 (2016: £1,463,000).

#### 17 Financial commitments

##### Operating leases commitments

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

	2017 £000	2016 £000
Within one year	322	261
In two to five years inclusive	<u>605</u>	<u>562</u>
	<u>927</u>	<u>823</u>

Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

#### 18 Pension costs

The Company operates a defined contribution scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £66,000 (2016: £60,000).

## **SAPPHIRE ENERGY RECOVERY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the Year Ended 31 December 2017

#### **19 Related party transactions**

Under Financial Reporting Standard 101, the Company is exempt from the requirement to disclose transactions with other group undertakings on the grounds that it is a wholly owned subsidiary of CRH plc and its results are included in the consolidated financial statements of CRH plc.

#### **20 Controlling party**

At the balance sheet date, the immediate parent company was Tarmac Cement and Lime Limited. The ultimate parent company and ultimate controlling entity was CRH plc, a company incorporated and registered in Ireland. The smallest and largest group that publishes consolidated financial statements incorporating the results of this Company is CRH plc. Copies of the financial statements of the ultimate parent company are available from the Company Secretary, 42 Fitzwilliam Square, Dublin, D02 R279, Ireland.