

**Steetley Dolomite Limited**

Annual report and financial statements

Year ended

31 December 2018

Company Registration Number 04071554



**Steetley Dolomite Limited**

**Annual report and financial statements  
for the year ended 31 December 2018**

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**Steetley Dolomite Limited**  
**Officers and Professional Advisors**  
**for the year ended 31 December 2018**

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<b>Country of incorporation of parent company:</b>	United Kingdom
<b>Registered office and principal place of business:</b>	Southfield Lane Whitwell Worksop Nottinghamshire S80 3LJ
<b>Legal form:</b>	Limited Company
<b>Directors:</b>	A Ampolini (American) C de Vicq de Cumplich (Belgian) D Donck (Belgian)
<b>Secretary:</b>	Dirk Donck
<b>Company Registration Number:</b>	04071554
<b>Bankers:</b>	HSBC Clumber Street Nottingham NG1 3GA
<b>Solicitors:</b>	Hill Dickinson LLP The Balance Pinfold Street Sheffield S1 2GU
<b>Auditor:</b>	Mazars LLP One St Peter's Square Manchester M2 3DE

**Steetley Dolomite Limited**  
**Strategic Report**  
**for the year ended 31 December 2018**

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**Steetley Dolomite**

Steetley Dolomite Limited is an indirect subsidiary of Lhoist Nederland B.V, a limited liability company incorporated in the Netherlands.

The Company is principally engaged in the manufacture, sale and distribution of burnt dolomitic lime products for the worldwide steel industry. The main manufacturing operation is based in Whitwell, Nottinghamshire with a similar processing facility based in Thrislington, County Durham (currently mothballed). There have not been any significant changes within the Company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

**Business review**

2018 saw a record production year for the Whitwell site due to volume growth and supply chain optimisation.

All production for the Company is now managed by the Whitwell site with a high proportion (60%) sold to the export market and being supplied to an increasing number of countries worldwide. The capacity now available in the UK has also allowed the group to optimise its supply chain network and move some production to the Whitwell site from other European plants.

A group policy of buying energy on the forward market continues to help to stabilise the volatility in fuel costs and a constant drive to increase efficiency in the consumption of fuel have both contributed to the improved results.

For the future, there is sufficient capacity at the Whitwell operation to supply existing and potential business whilst utilising the supply chain in other European entities if necessary. As part of a large group, Steetley Dolomite is able to benefit from opportunities arising from a larger group customer base.

The Thrislington plant near Teeside remains mothballed following the crisis in the UK Steel industry in the second half of 2015.

The Company continues to invest in research and development. This has resulted in the development of new products and applications that are beneficial to our customers and which will ensure the Company's continuing success in the medium to long term future. The Company invested £102,000 on research and development in the year (2017: £73,000).

**Key performance indicators**

The Company monitors its performance through review of various key performance indicators. Management has considered the most important key performance indicators for monitoring the business and these include turnover growth, operating profit and cash generation. The most significant revenue streams are generated by sales of dolomitic lime products. In 2018, the total volume of dolomitic lime products sold increased by 7.7% and corresponding turnover increased by 17%. This increase was seen in both UK and export volumes.

Lhoist S.A. manages its operations on a divisional basis. For this reason, the Company's directors believe that further key performance indicators are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the European division of Lhoist S.A., which includes the Company, is discussed in the group's Annual Report, which does not form part of this report but is publicly available.

**Steetley Dolomite Limited**  
**Strategic Report**  
**for the year ended 31 December 2018**

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**Principal risks and uncertainties**

The business operates in worldwide markets and manages the risks inherent in its activities. External risk factors include political and economic conditions, the effect of legislation and other regulations, particularly environmental, credit risk, exchange rate risk, actions of competitors, business continuity and litigation. Any increase in economic risks and increased exchange rate volatility is monitored closely and action taken to mitigate the increased risks where possible.

The decision of the UK to leave the EU does not alter the long-term objectives of the business in any way. Short term arrangements for additional storage within Europe have been made and we are in discussions with our main customers to ensure a smooth transition.

These discussions will ensure that as the deadline approaches we have plans to mitigate potential delays and disruption together with a strategy going forward.

The business will continue to rigorously study all supply chain opportunities across regions to make the best use of facilities, taking full account of manufacturing, logistic and external costs. Lhoist management will continue to support the UK business through any short-term disruption the decision may cause. The Lhoist group has run very successful businesses outside the European Union for many years.

Internal risks include controls failure risks and operational risks pertaining to the type of plant used and the environment in which it operates. We have invested a significant amount in training and health and safety resource to reduce operational risks and in maintenance to reduce the risk of supply interruption.

The business seeks to mitigate exposure to all forms of risk where practicable and to transfer the risk to insurers where cost effective.

The Company's financial risk management is broadly to seek neither a profit nor a loss from exposure to currency or interest rate risks. Finance is arranged at group level and sufficient facilities are in place for the continued trading of the business and further investment if required. A proportion of sales are in foreign currencies. When appropriate the Company enters into forward exchange contracts to fix the sterling receipts of the balance of the sales. A small proportion of purchases are in foreign currencies, these are settled using the receipts from sales in those currencies. The group does not use hedge accounting.

The Company's exposure to the price risk of financial instruments is therefore minimal. As the finance is arranged at group level it is also exposed to minimal credit and liquidity risks in respect of these instruments. Cash flow risk is also low as most customers follow an established payment pattern.

The Company has an allocation of EU allowances ("EUA's") under the European scheme for the control of the emissions of Carbon Dioxide. Its policy is to use these primarily for the manufacture of products for sale.

The directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or profit.

**Steetley Dolomite Limited**  
**Strategic Report**  
**for the year ended 31 December 2018**

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**Environment**

The Company recognises the importance of its environmental responsibilities and is regulated and monitored by the Environment Agency. The Company has undertaken to reduce its overall energy consumption with specific targets agreed under ISO50001 (Energy Management System). The Company is committed to compliance with existing environmental legislation, appropriate good practice and guidance, minimisation of significant adverse environmental impacts and continuous improvement of environmental management. To implement and monitor progress with its objectives and commitments, the Company has established and will maintain an Environmental Management System which is an integral part of its operational management. The UK holds a 'quadruple' set of ISO standards with the recent addition of Energy Management complementing those in Quality (9001), Environment (14001) and Health & Safety (18001).

**Employees**

Details of the number and related costs can be found in note 6 to the financial statements.

**Pensions**

Independent financial advisers are retained to ensure that Company's defined contribution group pension scheme for the benefit of employees remains good value. Additionally, the advisors provide independent advice to members on their investment strategies to ensure that pension fund returns are optimised for the benefit of all employees. The costs of company contributions are charged to the income statement in the period in which they occur.

**Health and safety**

The directors remain firmly committed to safeguarding and improving health and safety standards throughout the Company. The Company achieved (May 2017) registration of its Health and Safety Management System by BSI to be in compliance with BS OHSAS 18001:2007 - the internationally recognised standard for occupational health and safety management systems. All employees are encouraged to co-operate by observing the Company's health and safety procedures and by recognising their role in avoiding accidents and injuries. The Company operates an incentive bonus payment scheme for employees, which is paid on achievement of certain key safety-related targets. Additionally, injury prevention tours and a system for Near Miss and Hazard Alert reporting is used to promote a safety conscious environment.

**Approval**

This Strategic Report was approved by order of the Board on 20<sup>th</sup> September 2019.



C De Vicq De Cumptich  
Director

**Steetley Dolomite Limited**  
**Directors' Report**  
**for the year ended 31 December 2018**

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**Directors**

The directors of the Company throughout the year, unless stated otherwise, were as follows:

D Donck	
C de Vicq de Cumptich	
L de Mot	(Resigned 8 February 2018)
A Ampolini	(Appointed 15 April 2018)

**Matters included in the Strategic Report**

In accordance with s414C(11) of the Companies Act, included within the strategic report is information relating to the future development of the business, research and development activities and risks of the business, which would otherwise be required by Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008' to be contained in the directors' report.

**Directors' responsibilities**

The directors are responsible for preparing the strategic report, directors' 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), including FRS 101 "Reduced Disclosure Framework" ("FRS 101") 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**The company's ability to continue as a going concern**

Having considered the financial position of the Company along with the latest trading and cash flows taking into account the current economic environment, the directors maintain a reasonable expectation that the Company will have 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.

The Company's exposure to foreign currency fluctuation is mainly to the Euro and US dollar. The amounts involved do not pose a significant risk and the Company remained at spot rates throughout 2018.

Major investment in plant and machinery at the Company's main site in Whitwell, Worksop demonstrates the Lhoist Group's confidence in the future of the business as a going concern for the foreseeable future.

**Steetley Dolomite Limited**  
**Directors' Report**  
**for the year ended 31 December 2018**

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**Charitable and political contributions**

During the year the Company made charitable donations of £1,800 (2017: £6,204).

**Auditors**

All of the directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the company's auditor is unaware.

The auditors, Mazars LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

**Approval**

This Directors' Report was approved by order of the Board on 20<sup>th</sup> September



C De Vicq De Cumplich  
Director



**Steetley Dolomite Limited**  
**Independent Auditor's Report**  
**for the year ended 31 December 2018**

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**Independent auditor's report to the members of Steetley Dolomite Limited**

**Opinion**

We have audited the financial statements of Steetley Dolomite Limited (the 'company') for the year ended 31st December 2018 which comprise the income statement, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**The impact of uncertainties due to Britain exiting the European Union on our audit**

The Directors' view on the impact of Brexit is disclosed on page 3.

The terms on which the United Kingdom may withdraw from the European Union, are not clear, and it is therefore not currently possible to evaluate all the potential implications for the company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the company and this is particularly the case in relation to Brexit.

**Conclusions relating to going concern**

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

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

**Other information**

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

## **Steetley Dolomite Limited**

### **Independent Auditor's Report for the year ended 31 December 2018**

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

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

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

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

#### **Responsibilities of Directors**

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

In preparing the financial statements, the directors are responsible for assessing the 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.

**Steetley Dolomite Limited**

**Independent Auditor's Report  
for the year ended 31 December 2018**

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**Use of the audit 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.



Timothy Hudson (Senior Statutory Auditor)  
For and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
Address

Date

26 September 2019.

**Steetley Dolomite Limited**  
**Income Statement**  
**for the year ended 31 December 2018**

	Note	2018 £'000	2017 £'000
	Note		
Turnover	3	29,161	24,917
Cost of sales		(17,994)	(16,353)
<b>Gross profit</b>		<b>11,167</b>	<b>8,564</b>
Distribution Costs		(2,445)	(2,079)
Administrative expenses		(3,949)	(3,070)
<b>Profit from operations</b>		<b>4,773</b>	<b>3,415</b>
Finance costs	6	(17)	(7)
<b>Profit on ordinary activities before taxation</b>		<b>4,756</b>	<b>3,408</b>
Taxation on profit on ordinary activities	7	(910)	(462)
<b>Profit for the year</b>		<b>3,846</b>	<b>2,946</b>

The notes on pages 13 to 26 form part of these financial statements.

All amounts relate to continuing operations.

*There were no recognised income and expenses for 2018 or 2017 other than those included in the income statement.*

**Steetley Dolomite Limited**

**Balance Sheet  
As at 31 December 2018**

	Note	2018 £000	2017 £000
<b>Non-current assets</b>			
Property, plant and equipment	9	10,955	10,906
Intangible assets	10	-	33
		<u>10,955</u>	<u>10,939</u>
<b>Current assets</b>			
Inventories	11	3,052	2,203
Trade and other receivables	12	14,248	15,063
Cash and cash equivalents		7,552	2,713
		<u>24,852</u>	<u>19,979</u>
<b>Current liabilities</b>			
Trade and other payables	13	(5,871)	(4,707)
Borrowings	14	-	(206)
		<u>(5,871)</u>	<u>(4,913)</u>
<b>Net current assets</b>		<u>18,981</u>	<u>15,066</u>
<b>Total assets less current liabilities</b>		<u>29,936</u>	<u>26,005</u>
<b>Non-current liabilities</b>			
Borrowings	14	-	-
<b>Provisions for liabilities</b>	15	(3,039)	(2,954)
<b>Net assets</b>		<u><u>26,897</u></u>	<u><u>23,051</u></u>
<b>Equity</b>			
Share capital	16	15,243	15,243
Retained earnings		11,654	7,808
<b>Total equity</b>		<u><u>26,897</u></u>	<u><u>23,051</u></u>

The financial statements on pages 10 to 26 were approved and authorised for issue by the Board of Directors on 20<sup>th</sup> September 2019 and were signed on its behalf by:



C De Vicq De Cumplich  
Director

Company Registration Number 04071554

The notes on pages 13 to 26 form part of these financial statements.

**Steetley Dolomite Limited**  
**Statement of Changes in Equity**  
**Year ended 31 December 2018**

	Share capital £'000	Retained earnings £'000	Total equity £'000
1 January 2017	15,243	8,862	24,105
Shareholder dividend paid	-	(4,000)	(4,000)
Net profit for the year	-	2,946	2,946
<b>31 December 2017</b>	<b>15,243</b>	<b>7,808</b>	<b>23,051</b>
Net profit for the year	-	3,846	3,846
<b>31 December 2018</b>	<b>15,243</b>	<b>11,654</b>	<b>26,897</b>

The notes on pages 13 to 26 form part of these financial statements.

## Steetley Dolomite Limited

### Notes forming part of the financial statements for the year ended 31 December 2018 (Continued)

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#### 1 Accounting policies

##### Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 100 *Application of Financial Reporting Requirements* and Financial Reporting Standard 101 *Reduced Disclosure Framework*. The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared on a historical cost basis, except for the revaluation of certain properties and financial instruments. The presentation currency used is sterling and amounts have been presented in round thousands ("£000s").

##### Going concern

Having considered the financial position of the Company, along with latest forecast trading and cash flows taking into account the effects of the current uncertain economic environment, the directors maintain a reasonable expectation that the Company will have 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.

##### Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the Company's capital;
- financial instrument disclosures ordinarily required under IFRS 7 on the grounds that equivalent information is included in the consolidated accounts of the ultimate parent;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by Lhoist S.A.

The Company has implemented IFRS 9 and IFRS 15, which are effective for accounting periods beginning on or after 1 January 2018, in the current year. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, as well as impairment of financial assets. IFRS 15 includes revised guidance on the recognition of revenue. The application of these Standards have not led to significant changes to the financial statements of the Company.

The financial statements of Lhoist S.A. can be obtained as described in note 21.

##### Judgements and key areas of estimation uncertainty

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires the Company's directors to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

##### Intangible assets

Intangible assets other than goodwill are carried on the balance sheet at cost less accumulated amortisation. Amortisation is charged to cost of sales or administrative expenses as appropriate on a straight-line basis over the asset's useful life.

## Steetley Dolomite Limited

### Notes forming part of the financial statements for the year ended 31 December 2018 (Continued)

#### 1 Accounting policies (Continued)

##### Property, plant and equipment

Property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Assets acquired with an expected useful life of 2 years and over are capitalised and shown as property, plant and equipment in the balance sheet.

Costs of maintaining the Non-current assets held are charged to the profit and loss account in the year that the costs are incurred.

Property, plant and equipment are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of Non-current assets, less their estimated residual value, over their expected useful lives on the following bases:

Long term leasehold property	4-20% straight line
Plant & machinery	5-50% straight line

##### Inventories

Inventories are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving inventories. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

##### Financial assets

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Company has not classified any of its financial assets as held to maturity.

Other than financial assets in a qualifying hedging relationship, the Company's accounting policy for each category is as follows:

##### *Fair value through profit or loss*

This category comprises only in-the-money derivatives (see "Financial liabilities" section for out-of-the-money derivatives). They are carried in the balance sheet at fair value with changes in fair value recognised in the statement of comprehensive income in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

##### *Loans and receivables*

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.



## Steetley Dolomite Limited

### Notes forming part of the financial statements for the year ended 31 December 2018 *(Continued)*

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#### 1 Accounting policies *(Continued)*

From time to time, the Company elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the income statement (profit from operations).

The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position.

#### **Financial liabilities**

The Company classifies its financial liabilities as other financial liabilities, depending on the purpose for which the liability was acquired.

#### *Other financial liabilities*

Other financial liabilities include the following items:

- Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premia payable on redemption, as well as any interest or coupon payable while the liability is outstanding.
- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

#### **Share capital**

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's ordinary shares are classified as equity instruments.

#### **Dividends payable**

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when they are paid. In the case of final dividends, this is when approved by the shareholders at the AGM.

## **Steetley Dolomite Limited**

### **Notes forming part of the financial statements for the year ended 31 December 2018 (Continued)**

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#### **1. Accounting policies (Continued)**

##### **Provisions**

A provision is recognised to represent the costs expected to dismantle and remove the plant and roadways and for restoring the portion of the site relating to these areas.

The provision is capitalised within property, plant and equipment and is written off over the life of the relevant site. The liability will be released upon completion of the required work.

The directors assess the required provision on a triennial basis using a quote received for carrying out the work in order to gain a fair estimation of the costs to be incurred and the provision is adjusted accordingly.

##### **Leased assets**

Where substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the Company (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the statement of comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are charged to the statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

Lease incentives primarily include up-front cash payments or rent-free periods. Lease incentives are capitalised and spread over the period of the lease term.

##### **Deferred taxation**

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

##### **Foreign currency**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

##### **Profit from operations**

Profit from operations comprises the results of the Company before interest receivable and similar income, interest payable and similar charges, corporation tax and deferred tax.

## Steetley Dolomite Limited

### Notes forming part of the financial statements for the year ended 31 December 2018 (*Continued*)

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#### 1 Accounting policies (*Continued*)

##### **Turnover**

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

The turnover and pre-tax profit are attributable to one activity. Turnover is recognised when goods are despatched.

##### **Government grants**

Government grants received on capital expenditure are initially recognised within deferred income on the Company's balance sheet and are subsequently recognised in profit or loss on a systematic basis over the useful life of the related capital expenditure.

Grants for revenue expenditure are presented as part of profit or loss within other income in the periods in which the expenditure is recognised.

##### **Borrowing costs**

Interest incurred on the bank loan used to fund the construction or production of an asset that necessarily takes a substantial amount of time to get ready for intended use (or sale) of are capitalised as part of the cost of that asset, net of interest received on cash drawn down yet to be expended. The Company does not incur any other interest costs that qualify for capitalisation.

##### **Retirement benefits: Defined contribution schemes**

Contributions to defined contribution pension schemes are charged to profit or loss in the year to which they relate.

#### 2 Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### *Estimates and assumptions*

##### *(a) Useful lives of property, plant and equipment*

Depreciation is provided to write down the assets to their residual values over their estimated useful lives as set out in the Company's accounting policy. The selection of these estimated lives requires the exercise of management judgement. Useful lives are regularly reviewed and should management's assessment of useful lives shorten then depreciation charges in the financial statements would increase and carrying amounts of property, plant and equipment would reduce accordingly. The carrying amount of property, plant and equipment by each class is included in note 10.

Steetley Dolomite Limited

Notes forming part of the financial statements  
for the year ended 31 December 2018 (Continued)

2 Critical accounting estimates and judgements (continued)

*Estimates and assumptions (cont'd)*

(b) *Restoration provision*

A provision is recognised to represent the costs expected in order to dismantle and remove the plant and roadways and for restoring the portion of the site relating to these areas.

The provision is capitalised within property, plant and equipment and is written off over the life of the relevant site. The liability will be released upon completion of the required work.

The directors assess the required provision on a triennial basis using a quote received for carrying out the work in order to gain a fair estimation of the costs to be incurred and the provision is adjusted accordingly. The carrying amount of the restoration provision is included in note 16.

(c) *Other provisions*

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material. The carrying amount of other provisions is included in note 16.

3 Turnover

The whole of the turnover is attributable to one class of business.

A geographical analysis of turnover by destination is as follows:

	2018 £'000	2017 £'000
United Kingdom	9,262	6,811
Rest of World	19,899	18,106
	<u>29,161</u>	<u>24,917</u>

# Steetley Dolomite Limited

## Notes forming part of the financial statements for the year ended 31 December 2018 (Continued)

### 4 Profit on ordinary activities

Profit for the year has been arrived at after charging/(crediting):

	2018 £'000	2017 £'000
Staff costs before exceptional items (see note 5)	3,056	3,050
Depreciation of property, plant and equipment	1,128	921
Amortisation of intangible assets	33	80
Foreign exchange (gains)/losses	14	(54)
Operating lease expense:		
- Plant, machinery and equipment	18	49
Research and development costs	102	73
Cost of inventories recognised as an expense	12,624	10,487

	2018 £'000	2017 £'000
Fees for the audit of the company	24	23

Fees paid to the Company's auditor, Mazars LLP, and its associates for services other than the statutory audit of the Company are not disclosed in Steetley Dolomite Limited's accounts since the consolidated accounts of Lhoist S.A., are required to disclose non-audit fees on a consolidated basis.

### 5 Employees

Staff costs comprise:

	2018 £'000	2017 £'000
Wages and salaries	2,658	2,620
Social security costs	198	220
Pension cost	200	210
	<u>3,056</u>	<u>3,050</u>
The pension cost is analysed as follows:		
Defined contribution scheme	<u>200</u>	<u>210</u>

A defined contribution pension scheme is operated by the Company on behalf of the employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension charge represents contributions payable by the Company to the fund amounted to £200,324 (2017 - £209,512). Contributions amounting to £23,944 (2017 - £nil) were payable to the fund and included in creditors.

The average number of employees during the year was as follows:

	2018 No.	2017 No.
Manufacturing and Distribution	55	53
Administrative	3	5
	<u>58</u>	<u>58</u>

Steetley Dolomite Limited

Notes forming part of the financial statements  
for the year ended 31 December 2018 (Continued)

6. Net finance costs

	2018 £'000	2017 £'000
Interest receivable on bank deposits	16	7
Interest payable on finance lease	(33)	(14)
	<u>(17)</u>	<u>(7)</u>

7. Tax expense

	2018 £'000	2017 £'000
<b>Total current tax expense</b>		
Current tax on profits for the year	792	457
Adjustment for (over)/under provision in prior periods	31	(91)
	<u>825</u>	<u>366</u>
<b>Total deferred tax expense</b>		
Origination and reversal of temporary differences (Note 15)	87	96
	<u>910</u>	<u>462</u>

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2018 £'000	2017 £'000
Profit before income taxes	4,757	3,408
Expected tax charge based on the standard rate of United Kingdom corporation tax at the domestic rate of 19% (2017:19.25%)	904	656
Fixed asset differences	39	(2)
Expenses not deductible for tax purposes	5	1
Effect of tax rate changes	(7)	(13)
Adjustment to tax charge in respect of previous period-current tax	31	(91)
Adjustment to tax charge in respect of previous period-deferred tax	28	1
Adjustment in respect of R&D and PB claim	(90)	(90)
	<u>910</u>	<u>462</u>

*Changes to corporation tax rates*

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted in September 2017 and has therefore been considered when calculating deferred tax at the reporting date.

Steetley Dolomite Limited

Notes forming part of the financial statements  
for the year ended 31 December 2018 (*Continued*)

8. Dividends

	2018 £'000	2017 £'000
No dividend paid in 2018	-	4,000

9. Property, plant and equipment

	Leasehold land and buildings £'000	Plant and machinery £'000	Assets under construction £'000	Total £'000
<i>Cost or Valuation</i>				
Balance at 1 January 2018	6,730	32,273	1,022	40,025
Additions	-	-	1,177	1,177
Transfers	81	1,357	(1,438)	-
<b>Balance at 31 December 2018</b>	<b>6,811</b>	<b>33,630</b>	<b>761</b>	<b>41,202</b>
<i>Accumulated depreciation</i>				
Balance at 1 January 2018	5,003	24,116	-	29,119
Charge for the year	389	739	-	1,128
<b>Balance at 31 December 2018</b>	<b>5,392</b>	<b>24,855</b>	<b>-</b>	<b>30,247</b>
<i>Net book value</i>				
<b>At 31 December 2018</b>	<b>1,419</b>	<b>8,775</b>	<b>761</b>	<b>10,955</b>
<b>At 31 December 2017</b>	<b>1,727</b>	<b>8,157</b>	<b>1,022</b>	<b>10,906</b>

The net book value of land and buildings may further be analysed as follows:

	2018 £'000	2017 £'000
<i>Long leasehold</i>		
Plant Removal	808	1,111
Lease Premium	397	453
Other	214	163
	<b>1,419</b>	<b>1,727</b>

Steetley Dolomite Limited

Notes forming part of the financial statements  
for the year ended 31 December 2018 (*Continued*)

10. Intangible assets

	SAP Implementation Cost £'000
<i>Cost or Valuation</i>	
Balance at 1 January 2018	238
Additions	-
Balance at 31 December 2018	238
<i>Accumulated amortisation</i>	
Balance at 1 January 2018	205
Charge for the year	33
Balance at 31 December 2018	238
<i>Net book value</i>	
At 31 December 2018	-
At 31 December 2017	33

11. Inventories

	2018 £'000	2017 £'000
Raw materials and consumables	1,461	1,456
Finished goods and goods for resale	1,591	747
	3,052	2,203

12. Trade and other receivables

	2018 £'000	2017 £'000
Trade receivables	6,231	6,858
Other debtors	113	309
Prepayments and accrued income	138	130
Amounts owed by subsidiary undertakings	7,766	7,766
	14,248	15,063



**Notes forming part of the financial statements  
for the year ended 31 December 2018 (Continued)**

	2018	2017
	£'000	£'000
Overdraft	-	716
Trade creditors	2,817	3,023
Amounts owed to group undertakings	1,071	18
Other taxation and social security	305	153
Accruals and deferred income	1,678	797
	<u>5,871</u>	<u>4,707</u>

	2018 £'000	2017 £'000
Obligations under finance lease and hire purchase agreement	-	206

The Company leases a proportion of its plant and machinery (net carrying value £nil (2017: £nil)). Such assets are generally classified as finance leases as the rental period amounts to the estimated useful economic life of the assets concerned and often the Company has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

Future lease payments are due as follows:

	Minimum lease payments 2018 £'000	Interest 2018 £'000	Present Value 2018 £'000
Not later than one year	-	-	-
Later than one year and not later than five years	-	-	-
Later than five years	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

  

	Minimum lease payments 2017 £'000	Interest 2017 £'000	Present Value 2017 £'000
Not later than one year	211	5	206
Later than one year and not later than five years	-	-	-
Later than five years	-	-	-
	<u>211</u>	<u>5</u>	<u>206</u>
	211	5	206

Steetley Dolomite Limited

Notes forming part of the financial statements  
for the year ended 31 December 2018 (Continued)

14. Borrowings (Continued)

Future lease payments are due as follows:

The present values of future lease payments are analysed as:

	2018 £'000	2017 £'000
Current liabilities	-	206
Non-current liabilities	-	-
	<u>-</u>	<u>206</u>

15. Provisions for liabilities

	Restoration provision £'000	Restructuring provision £'000	Jubilee provision £'000	Deferred tax £'000	Total £'000
At 1 January 2018	2,472	85	23	374	2,954
Charged to profit or loss	-	-	(2)	-	(2)
Credited to profit or loss	-	-	-	87	87
At 31 December 2018	<u>2,472</u>	<u>85</u>	<u>21</u>	<u>461</u>	<u>3,039</u>

**Restoration provision**

The restoration provision represents the costs expected in order to dismantle and remove the plant and roadways and for restoring the portion of the site relating to these areas.

**Restructuring provision**

The restructuring provision represents an estimate of future costs due to the decision to mothball the plant at Thrislington.

**Jubilee Provision**

This provision is in respect of lump sum long service awards payable to staff for service periods at 25 and 40 years. The Company expects to utilise the provision on an ongoing basis as and when employees meet the aware criteria.

**Steetley Dolomite Limited**

**Notes forming part of the financial statements  
for the year ended 31 December 2018 (Continued)**

**15. Provisions for liabilities (Continued)**

**Deferred tax**

The following are the major deferred tax (liabilities) and assets recognised by the Company and movements thereon during the current and prior year.

	Accelerated tax depreciation £'000	Short term timing differences £'000	Total £'000
At 1 January 2017	(285)	8	(277)
Adjustment in respect of prior periods-(charge) to income statement	(1)	-	(1)
Credit/(charge) to income statement	(92)	(4)	(96)
At 1 January 2018	(378)	4	(374)
Adjustment in respect of prior periods-(charge) to income statement	-	-	-
Credit/(charge) to income statement	(91)	4	(87)
At 31 December 2018	(469)	8	(461)

Certain deferred tax assets and liabilities have been offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2018 £'000	2017 £'000
Deferred tax liabilities	(469)	(378)
Deferred tax assets	8	4
	(461)	(374)

There is no un-provided deferred taxation in the current or prior year.

**16. Share capital**

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

**Authorised**

	2018 Number	2018 £'000	2017 Number	2017 £'000
Ordinary shares of £1 each	15,243,000	15,243	15,243,000	15,243

**Allotted, called up and  
fully paid**

	2018 Number	2018 £'000	2018 Number	2018 £'000
Ordinary shares of £1 each	15,243,000	15,243	15,243,000	15,243

**Steetley Dolomite Limited**

**Notes forming part of the financial statements  
for the year ended 31 December 2018 (Continued)**

**17. Reserves**

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share capital	Nominal value of share capital subscribed for.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

**18. Commitments under operating leases**

*Operating leases - lessee*

The total future value of minimum lease payments is due as follows:

	2018 £'000	2017 £'000
Not later than 1 year	21	27
Later than 1 year and not later than 5 years	49	61
Total	70	88

**19. Directors remuneration**

In 2017 and 2018 all directors' emoluments were borne by fellow group undertaking.

**20. Ultimate parent company and control**

The Company is included in the consolidated accounts of Lhoist S.A., with registered office at rue Charles Dubois 28, 1342 Ottignies Louvain La Neuve, Belgium, which constitutes the smallest group, and in the consolidated accounts of Financière de Gestions Internationales-GPI S.C.A., with registered office at rue Robert Stumper 7A, 2557 Luxembourg, Grand Duchy of Luxembourg, which constitutes the largest group to which the Company belongs. The consolidated accounts of Financière de Gestions Internationales-GPI S.C.A. are available at the Luxembourg Trade and Companies Register.

At 31 December 2018 the immediate parent Company is Cleb Holdings Limited, a Company incorporated in the UK. The ultimate parent Company and controlling party of Steetley Dolomite Limited is Lhoist S.A., a Company incorporated in Belgium.