

Whitemountain Quarries Ltd

Annual report and financial statements

For the year ended 31 December 2015



Whitemountain Quarries Ltd

Contents

	Page
Company information	1
Strategic report	2 - 3
Directors' report	4 - 6
Independent auditors' report to the members of Whitemountain Quarries Ltd	7 - 8
Statement of income and retained earnings	9
Balance sheet	10
Statement of cash flows	11
Notes to the financial statements	12 - 26

Whitemountain Quarries Ltd

Company information

Directors

K Lagan
M Kelly
D Canavan
S McCann
L McDonald
A Mullan

Company secretary

D Canavan

Registered number

NI018140

Registered office

Lagan House
19 Clarendon Road
Clarendon Dock
Belfast
BT1 3BG

Independent auditors

PricewaterhouseCoopers LLP
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

Bankers

Danske Bank
Donegall Square West
Belfast
BT1 6JS

First Trust Bank
Ann Street
Belfast
BT1 3AY

Solicitors

Carson McDowell
Murray House
4 Murray Street
Belfast
BT1 6DN

Whitemountain Quarries Ltd

Strategic report For the year ended 31 December 2015

The directors present their strategic report on the company for the year ended 31 December 2015.

Principal activities

Whitemountain Quarries Ltd is a private limited company incorporated and domiciled in Northern Ireland. The registered address is detailed on page 1. Whitemountain Quarries Ltd is a market leader in offering a range of quarry materials, surfacing, highway maintenance and civil engineering services throughout Northern Ireland, the United Kingdom and into Europe. The company represents the quarry materials and contracting division of Lagan Group Holdings Limited, one of Ireland's most successful construction-related group of companies.

Review of business and future developments

The directors are committed to long term creation of shareholder value by increasing the company's market share through a combination of organic growth and exploiting new market opportunities. Further successful implementation of these strategies, combined with achievement of improvements in buying, inventory management and overhead efficiencies has resulted in strong results reported for the year to 31 December 2015. While the incoming year is likely to continue to provide challenges due to the highly competitive market environment, early results are consistent with directors' expectations for 2016.

Principal risks and uncertainties

Performance in the sector is affected by general economic conditions and specific sectoral factors such as public sector spending reviews, volatility of commodity prices such as oil prices and to a lesser extent the weather. The board carries out regular strategic reviews including assessments of competitor activity, market trends and forecasts and customer behaviour. Product availability and price fluctuation are other risks faced. The security of product supply is monitored by the directors on an ongoing basis with supplier financial strength, product quality and service levels regularly reviewed. The company's active review of market prices both provides protection and maximises opportunities from anticipated price rises.

Key performance indicators

The company's key performance indicators are as follows:

	2015	2014	2013
	£	£	£
Turnover	58,715,878	61,616,781	73,107,871
Profit for the financial year	4,003,844	4,572,271	5,659,963
Total shareholder's funds	44,472,853	40,469,009	35,896,738

Environment

The company recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts. The directors' continued aim is to comply with all applicable environmental legislation and to remain best in class in respect of all environmental practices.

Health and safety

The company is committed to achieving the highest practicable standards in health and safety management and strives to make all sites and offices safe environments for employees and customers alike.

Human resources

The company's most important resource is its people; their knowledge and experience is crucial to meeting customer requirements. Retention of key staff is critical and the company has invested increasingly in employment training and development and has introduced appropriate incentive and career progression arrangements.

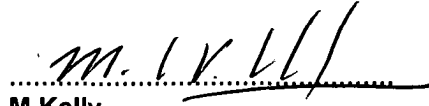
Whitemountain Quarries Ltd

Strategic report (continued)

Results

The profit for the financial year is £4,003,844 (2014 - £4,572,271) and its net assets £44,472,853 (2014 - £40,469,009).

This report was approved by the board on 7 June 2016 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'M. Kelly', is written over a horizontal dotted line. The signature is stylized and cursive.

M Kelly
Director

Whitemountain Quarries Ltd

Directors' report For the Year Ended 31 December 2015

The directors present their report and the audited financial statements of the company for the year ended 31 December 2015.

Future developments

The section on future developments, which is detailed in the Strategic report, is included in this report by cross reference.

Principal risks and uncertainties

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, liquidity risk and interest rate cash flow risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Price risk

The company is exposed to commodity price risk as a result of its operations. For normal levels of operations, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits, however when certain specific contracts warrant fixed price commodity forwards have been taken out. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed investments.

Foreign exchange rate risk

While the greater part of the company's revenues and expenses are denominated in sterling, the company is exposed to some foreign exchange risk in the normal course of business, principally on purchases in euros and dollars. While the company has not used financial instruments to hedge foreign exchange exposure, this position is kept consistently under review.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to individual customers is subject to a limit, which is reassessed regularly by the board.

Liquidity risk

The company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions.

Interest rate cash flow risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances which earn interest at variable rates. Interest bearing liabilities relate to bank loans and hire purchase obligations. The company has a policy of maintaining a mixture of fixed and variable rate debt to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Results and dividends

The profit for the year, after taxation, amounted to £4,003,844 (2014 -£4,572,271).

No dividends have been proposed in the current year (2014 - £nil).

Whitemountain Quarries Ltd

Directors' report For the Year Ended 31 December 2015

Directors

The directors who served during the year and up to the date of signing the financial statements were:

K Lagan
M Kelly
D Canavan
S McCann
L McDonald
A Mullan

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), 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 comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of 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.

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Statement of disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

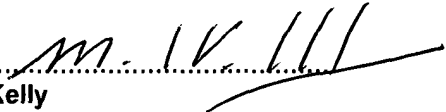
Whitemountain Quarries Ltd

**Directors' report
For the Year Ended 31 December 2015**

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 7 June 2016 and signed on its behalf.


.....
M Kelly
Director

Independent auditors' report to the shareholders of Whitemountain Quarries Ltd

Report on the financial statements

Our opinion

In our opinion Whitemountain Quarries Ltd's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 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.
-

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2015;
- the statement of income and retained earnings for the year ended;
- the statement of cash flows for the year ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report and the Strategic Report for the financial year which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the shareholders of Whitemountain Quarries Ltd

Responsibilities for the financial statements and the audit

Our responsibilities and those of the 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK & Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

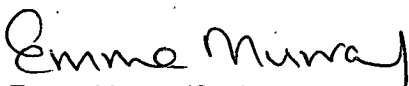
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Emma Murray (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

14 June 2016

Whitemountain Quarries Ltd

**Statement of income and retained earnings
For the year ended 31 December 2015**

	Note	2015 £	2014 £
Turnover	5	58,715,878	61,616,781
Cost of sales		(49,695,239)	(51,730,803)
Gross profit		9,020,639	9,885,978
Administrative expenses		(4,419,824)	(4,434,229)
Other operating income	6	99,868	64,124
Operating profit	7	4,700,683	5,515,873
Interest receivable and similar income	10	11,573	(179)
Interest payable and similar charges	11	(95,255)	(474,386)
		4,617,001	5,041,308
Tax on profit on ordinary activities	12	(613,157)	(469,037)
Profit for the financial year		4,003,844	4,572,271
Retained earnings at the beginning of the year		19,229,498	14,657,227
	23	19,229,498	14,657,227
Profit for the financial year		4,003,844	4,572,271
Retained earnings at the end of the year	23	23,233,342	19,229,498

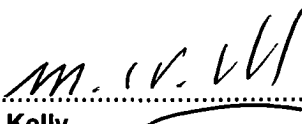
The notes on pages 12 to 26 form part of these financial statements.

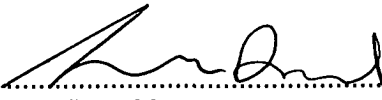
Whitemountain Quarries Ltd
Registered number:NI018140

Balance sheet
As at 31 December 2015

	Note	2015 £	2014 £
Fixed assets			
Tangible assets	13	9,132,828	7,180,177
Investments	14	103	100
		<u>9,132,931</u>	<u>7,180,277</u>
Current assets			
Stocks	15	5,642,956	4,967,369
Debtors	16	43,437,562	42,848,111
Cash at bank and in hand	17	1,460,266	375,265
		<u>50,540,784</u>	<u>48,190,745</u>
Creditors: amounts falling due within one year	18	(14,263,967)	(13,512,541)
Net current assets		<u>36,276,817</u>	<u>34,678,204</u>
Total assets less current liabilities		<u>45,409,748</u>	<u>41,858,481</u>
Creditors: amounts falling due after more than one year	19	(816,732)	(1,339,006)
Provisions for liabilities			
Deferred tax	21	(120,163)	(50,466)
		<u>(120,163)</u>	<u>(50,466)</u>
Net assets		<u>44,472,853</u>	<u>40,469,009</u>
Capital and reserves			
Called up share capital	22	100	100
Share premium account	23	21,239,411	21,239,411
Profit and loss account	23	23,233,342	19,229,498
		<u>44,472,853</u>	<u>40,469,009</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 June 2016.


 M Kelly
 Director


 L McDonald
 Director

The notes on pages 12 to 26 form part of these financial statements.

Whitemountain Quarries Ltd

**Statement of cash flows
For the year ended 31 December 2015**

	2015 £	2014 £
Cash flows from operating activities		
Profit for the financial year	4,003,844	4,572,271
Adjustments for:		
Depreciation of tangible assets	1,497,022	1,689,141
Loss on disposal of tangible assets	(91,935)	(51,994)
(Increase)/decrease in stocks	(675,587)	198,793
Interest paid and similar charges	95,255	474,386
Interest received and similar income	(11,573)	179
Taxation	613,157	469,037
Decrease/(increase) in debtors	1,338,356	(941,777)
(Increase)/decrease in amounts owed by group undertakings	(838,575)	1,746,837
Increase/(decrease) in creditors	711,976	(1,575,916)
Decrease in amounts owed to group undertakings	(516,627)	(444,828)
Corporation tax	(450,000)	(79,941)
	<u>5,675,313</u>	<u>6,056,188</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(2,934,040)	(491,630)
Sale of tangible fixed assets	98,748	165,524
Purchase of fixed asset investments	(3)	-
Interest received and similar income	11,573	(179)
Loans advanced to group undertakings	(1,089,232)	(5,005,000)
Net cash used in investing activities	<u>(3,912,954)</u>	<u>(5,331,285)</u>
Cash flows from financing activities		
Other new loans	344,441	-
Repayment of finance leases and hire purchase contracts	(926,544)	(994,407)
Interest paid and similar charges	(16,967)	(373,977)
Interest paid on finance leases and hire purchase contracts	(78,288)	(109,380)
Net cash used in financing activities	<u>(677,358)</u>	<u>(1,477,764)</u>
	<u>1,085,001</u>	<u>(752,861)</u>
Cash and cash equivalents at beginning of year	375,265	1,128,126
Cash and cash equivalents at the end of year	<u>1,460,266</u>	<u>375,265</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,460,266	375,265
	<u>1,460,266</u>	<u>375,265</u>

**Notes to the financial statements
For the Year Ended 31 December 2015**

1. General information

The company's principal activity is offering a range of quarry materials, surfacing, highway maintenance and civil engineering services.

The company is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is 19 Clarendon Road, Belfast, BT1 3BG.

2. Statement of compliance

The financial statements of Whitemountain Quarries Ltd have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

3.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 28.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 4).

The following principal accounting policies have been applied:

3.2 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemption:

- from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures.

**Notes to the financial statements
For the Year Ended 31 December 2015**

3. Accounting policies (continued)

3.3 Revenue

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

Sale of goods

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

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

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

3.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

**Notes to the financial statements
For the Year Ended 31 December 2015**

3. Accounting policies (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Depreciation is provided on the following bases:

Offices, sitehuts and quarries	-	2.5% - 25% straight line
Plant, machinery and fixtures and fittings	-	10% - 33% straight line
Motor vehicles	-	20% - 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of income and retained earnings.

3.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Income and retained earnings for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

3.6 Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. In the case of finished goods and work in progress, cost is defined as the aggregate cost of raw material, direct labour and the attributable proportion of the direct production overheads based on a normal level of activity. Net realisable value is based on normal selling price, less further costs expected to be incurred to completion and disposal. Long term contracting work in progress is stated at net cost, less foreseeable losses and payments on account. Profits are not taken into account until such times as the outcome of a particular contract can be assessed.

3.7 Debtors

Debtors are stated after all known bad debts have been written off and specific provision has been made against all debts considered doubtful of collection.

3.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

**Notes to the financial statements
For the Year Ended 31 December 2015**

3. Accounting policies (continued)

3.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks, loans to related parties and investments in ordinary shares.

3.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

3.11 Finance costs

Finance costs are charged to the Statement of income and retained earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

3.12 Pensions

Defined contribution pension plan

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

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

3.13 Interest income

Interest income is recognised in the Statement of income and retained earnings using the effective interest method.

3.14 Borrowing costs

All borrowing costs are recognised in the Statement of income and retained earnings in the year in which they are incurred.

3.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of income and retained earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

**Notes to the financial statements
For the Year Ended 31 December 2015**

3. Accounting policies (continued)

3.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of income and retained earnings, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3.17 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of income and retained earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of income and retained earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of income and retained earnings within 'other operating income'.

Notes to the financial statements
For the Year Ended 31 December 2015

4. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the company's accounting policies

There are no critical judgements in applying the entity's accounting policies.

(b) Critical accounting estimates and assumptions

There are no critical accounting estimates and assumptions.

5. Analysis of turnover

Turnover relates to the company's main activities which are carried out in United Kingdom. No analysis of turnover is provided as the directors consider that such disclosure would be seriously prejudicial to the interests of the company.

6. Other operating income

	2015 £	2014 £
Other operating income	99,868	64,124
	<u>99,868</u>	<u>64,124</u>

7. Operating profit

The operating profit is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets	1,497,022	1,689,141
Stock recognised as an expense	49,695,239	51,730,803
Defined contribution pension cost	256,798	217,674
	<u>256,798</u>	<u>217,674</u>

Notes to the financial statements
For the Year Ended 31 December 2015

8. Auditors' remuneration

	2015 £	2014 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	<u>25,160</u>	24,500
	25,160	24,500
Fees payable to the Company's auditor and its associates in respect of:		
Other services relating to taxation	<u>5,625</u>	5,625
	5,625	5,625

9. Employees

Staff costs, including directors' remuneration, were as follows:

	2015 £	2014 £
Wages and salaries	6,905,269	6,082,721
Social security costs	778,260	795,268
Cost of defined contribution scheme	256,798	217,674
	<u>7,940,327</u>	<u>7,095,663</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2015 No.	2014 No.
Production	183	178
Administrative	22	17
Selling and distribution	2	1
	<u>207</u>	<u>196</u>
	2015 £	2014 £
Directors' emoluments	755,825	650,913
	29,681	29,681
	<u>785,506</u>	<u>680,594</u>

During the year retirement benefits were accruing to 3 directors (2014 -3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £296,627 (2014 -£274,854).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,843 (2014 -£10,843).

Key management is defined as the directors disclosed above.

Notes to the financial statements
For the Year Ended 31 December 2015

10. Interest receivable and similar income

	2015 £	2014 £
Other interest receivable	11,573	(179)
	<u>11,573</u>	<u>(179)</u>

11. Interest payable and similar charges

	2015 £	2014 £
Bank interest payable	16,967	365,006
Interest payable on finance leases and hire purchase contracts	78,288	109,380
	<u>95,255</u>	<u>474,386</u>

12. Tax on profit on ordinary activities

	2015 £	2014 £
Corporation tax		
Current tax on profits for the year	839,453	430,692
	<u>(295,993)</u>	<u>32,453</u>
	<u>543,460</u>	<u>463,145</u>
Total current tax	<u>543,460</u>	<u>463,145</u>
Deferred tax		
Changes to tax rates	70,682	13,290
	<u>(14,212)</u>	<u>(6,638)</u>
	<u>13,227</u>	<u>(760)</u>
Total deferred tax (note 21)	<u>69,697</u>	<u>5,892</u>
Taxation on profit on ordinary activities	<u>613,157</u>	<u>469,037</u>

Notes to the financial statements
For the Year Ended 31 December 2015

12. Tax on profit on ordinary activities (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2014 -lower than) the standard rate of corporation tax in the UK of 20.25% (2014 -21.49%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	<u>4,617,001</u>	<u>5,041,308</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 -21.49%)	934,943	1,151,995
Effects of:		
Expenses not deductible for tax purposes	118,976	38,705
Capital allowances for year in excess of depreciation	-	(15,363)
	(282,766)	32,453
Movement in short term timing difference	-	2,073
Tax rate change	(14,212)	(6,638)
Group relief not paid for	(143,784)	(746,718)
Deferred tax movement	-	12,530
Total tax charge for the year	<u>613,157</u>	<u>469,037</u>

The tax rate for the current year is lower than the prior year due to changes in the UK Corporation Tax rate which decreased from 21% to 20% from 1 April 2015. Accordingly the company's taxable profits are taxed at a rate of 20.25% during the year.

Further reductions to the UK Corporation Tax rate were substantively enacted as part of the Finance Act 2015 (substantively enacted on 26 October 2015). These reduce the main rate of tax to 19% from 1 April 2017 and to 17% from 1 April 2020. The deferred tax assets and liabilities reflect these rates.

Notes to the financial statements
For the Year Ended 31 December 2015

13. Tangible fixed assets

	Plant & machinery £	Motor vehicles £	Offices, sitehuts and quarries £	Total £
Cost				
At 1 January 2015	5,819,907	2,156,698	5,021,556	12,998,161
Additions	283,381	349,343	2,823,762	3,456,486
Disposals	(244,996)	(232,242)	-	(477,238)
At 31 December 2015	5,858,292	2,273,799	7,845,318	15,977,409
Accumulated depreciation				
At 1 January 2015	3,391,109	541,734	1,885,141	5,817,984
Charge owned for the period	410,468	438,868	243,490	1,092,826
Charge financed for the period	151,817	162,321	90,058	404,196
Disposals	(244,996)	(225,429)	-	(470,425)
At 31 December 2015	3,708,398	917,494	2,218,689	6,844,581
Net book amount				
At 31 December 2015	2,149,894	1,356,305	5,626,629	9,132,828
At 31 December 2014	2,428,798	1,614,964	3,136,415	7,180,177

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2015 £	2014 £
Plant and machinery	2,489,239	2,482,885
	2,489,239	2,482,885

Whitemountain Quarries Ltd

**Notes to the financial statements
For the Year Ended 31 December 2015**

14. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2015	100
Additions	3
At 31 December 2015	<u>103</u>
At 31 December 2014	<u>-</u>
Net book amount	
At 31 December 2015	<u>103</u>
AT 31 December 2014	<u>100</u>
Subsidiary undertakings	

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding Principal activity
Lagan Bitumen Limited	United Kingdom	Ordinary	100 % Dormant company
Lagan Whitemountain Limited	United Kingdom	Ordinary	100 % Dormant company
Lagan Airports Limited	United Kingdom	Ordinary	100 % Dormant company

15. Stocks

	2015 £	2014 £
Raw materials and consumables	1,960,858	2,444,842
Work in progress	3,682,098	2,522,527
	<u>5,642,956</u>	<u>4,967,369</u>

Whitemountain Quarries Ltd

Notes to the financial statements For the Year Ended 31 December 2015

16. Debtors

	2015 £	2014 £
Trade debtors	4,914,777	6,263,732
Amounts owed by group and related undertakings	36,967,264	35,039,457
Other debtors	1,191,057	1,146,053
Prepayments and accrued income	364,464	398,869
	<u>43,437,562</u>	<u>42,848,111</u>

Amounts owed by group and related undertakings are unsecured, interest free and repayable on demand.

17. Cash and cash equivalents

	2015 £	2014 £
Cash at bank and in hand	1,460,266	375,265
	<u>1,460,266</u>	<u>375,265</u>

18. Creditors: Amounts falling due within one year

	2015 £	2014 £
Other loans	344,441	-
Trade creditors	4,278,822	2,705,954
Amounts owed to group and related undertakings	834,493	989,249
Corporation tax	334,033	240,573
Taxation and social security	982,848	765,808
Obligations under finance lease and hire purchase contracts (note 20)	926,130	807,954
Other creditors	36,488	47,914
Accruals and deferred income	6,526,712	7,955,089
	<u>14,263,967</u>	<u>13,512,541</u>

Amounts owed to group and related undertakings are unsecured, interest free and repayable on demand.

Whitemountain Quarries Ltd

**Notes to the financial statements
For the Year Ended 31 December 2015**

19. Creditors: Amounts falling due after more than one year

	2015 £	2014 £
Obligations under finance lease and hire purchase contracts (note 20)	816,732	1,339,006
	816,732	1,339,006

Secured loans

Danske Bank hold legal mortgages over various quarries throughout Northern Ireland owned by the company and the company is also party to an unlimited intercompany cross guarantee and indemnity from group companies in respect of group bank facilities.

20. Hire purchase & finance leases

Minimum lease payments under hire purchase fall due as follows:

	2015 £	2014 £
Not later than one year	926,130	765,808
Later than one year and not later than five years	816,732	1,339,006
	1,742,862	2,104,814

21. Deferred taxation

	Deferred tax £
At 1 January 2015	(50,466)
Charged to the profit or loss	(69,697)
At 31 December 2015	(120,163)

The provision for deferred taxation is made up as follows:

	2015 £	2014 £
Accelerated capital allowances	(120,163)	(50,466)
	(120,163)	(50,466)

Whitemountain Quarries Ltd

Notes to the financial statements For the Year Ended 31 December 2015

22. Share capital

	2015 £	2014 £
Allotted, called up and fully paid		
100 (2014 - 100) Ordinary shares of £1 each	<u>100</u>	<u>100</u>

23. Reserves

Share premium

The share premium account as at 31 December 2015 is £21,239,411 (2014: £21,239,411).

Profit & loss account

The profit & loss account as at 31 December 2015 is £23,233,342 (2014: £19,228,498).

24. Contingent liabilities

The company has entered into a cross guarantee on bank and other loan facilities taken out by group undertakings. In the opinion of the directors there is no indication that the company will suffer any loss.

25. Pension commitments

The company operates a defined contribution pension 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 £256,798 (2014 - £217,674). There were no amounts prepaid or outstanding at the balance sheet date.

26. Related party transactions

The company has taken advantage of the exemption under paragraph 33.1A from the provisions of FRS 102 on the grounds that it is a wholly owned subsidiary of a group headed by Lagan Group (Holdings) Limited.

The company had identified the following transactions which fall to be disclosed:

	2015 £	2014 £
Lagan Macadam Limited	1,121	5,049
Lagan Bitumen Ltd	6,325	492
FURBS	689,232	100,000
Lagan Homes Limited	744,393	775,311

**Notes to the financial statements
For the Year Ended 31 December 2015**

27. Ultimate controlling party and parent undertakings

The immediate parent company is Lagan Group Limited and the ultimate parent company for the group is Lagan Group (Holdings) Limited. Both of these companies are incorporated in the Isle of Man.

The parent undertaking of the smallest group of undertaking, of which this company is a member, and for which consolidated financial statements are prepared is Lagan Group Limited, a company incorporated in the Isle of Man.

The parent undertaking of the largest group of undertaking, of which this company is a member, and for which consolidated financial statements are prepared is Lagan Group (Holdings) Limited, a company incorporated in the Isle of Man.

The company considers Mr K Lagan to be the ultimate controlling party.

28. First time adoption of FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.