

Registered number
09415340

Ibstock Telling GRC Limited (formerly Ibstock USA Limited)

Annual Report and Financial Statements
For the year ended 31 December 2021

Ibstock Telling GRC Limited (formerly Ibstock USA Limited)

Reports and Financial Statements for the year ended 31 December 2021

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Ibstock Telling GRC Limited (formerly Ibstock USA Limited)

Company Information

Directors

J H Hudson
C M McLeish

Company Secretary

N D M Giles

Auditor

Deloitte LLP
Statutory Auditor
Four Brindleyplace
Birmingham
West Midlands
United Kingdom
B1 2HZ

Bankers

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Butt Dyke House
33 Park Row
Nottingham
NG1 6GY

Registered office

Leicester Road
Ibstock
Leicestershire
England
LE67 6HS

Registered number

09415340

Ibstock Telling GRC Limited (formerly Ibstock USA Limited)

Strategic Report

The Directors present the strategic report of Ibstock Telling GRC Limited ('the Company') (formerly Ibstock USA Limited) for the year ended 31 December 2021.

Principal activity

The Company is an indirect subsidiary of, and is included within the consolidated financial statements of, Ibstock plc ('the ultimate parent' and 'the Group'). Its principal activity during the year was that of an intermediate holding company. Following the acquisition of certain assets in January 2022, the Directors expect activity in the foreseeable future to be the sale of glass reinforced concrete products.

Change of name

On 28 January 2022, the Company changed its name from Ibstock USA Limited to Ibstock Telling GRC Limited.

Review of business results and dividends

The Company did not enter into any transactions during the year ended 31 December 2021.

The Directors do not recommend payment of a dividend in relation to 2021 (2020: £nil).

The Company had net assets of £83,102,000 as at 31 December 2021 (net assets of £83,101,000 as at 31 December 2020).

Future developments

In January 2022, the Company acquired certain assets of Telling Architectural Limited as set out in Note 11 to the financial statements. The Company expects to operate these assets in future years and generate revenue through the sale of glass reinforced concrete products.

Principal risks and uncertainties

The Directors of the Company's ultimate parent consider the principal risks and uncertainties of the Group with assistance from its Audit Committee. The principal risks facing the Company are outlined below with full detail being included in the 2021 Annual Report and Accounts of Ibstock plc. The principal risks include climate change, material operational disruption, market uncertainty, anticipating product demand, financial risk management, regulatory and compliance, maintaining customer relationships and market reputation, people and talent management, product quality, cyber and information security and major project delivery.

The Company's key financial risk management objective and policy are as per the below:

Credit risk

The Company's principal financial assets are intercompany receivables and investments. The Company's credit risk is primarily attributable to intercompany balances. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. No allowances have been recognised as at 31 December 2021 or 31 December 2020.

Ibstock Telling GRC Limited (formerly Ibstock USA Limited)

Strategic Report (continued)

Stakeholder statements

Other stakeholders

From the perspective of the Directors, as a result of the Group's governance structure, the ultimate parent Company's Board has taken the lead in carrying out the duties of the Directors in respect of the Company's other stakeholders. The Directors have also considered relevant matters, where appropriate. An explanation of how the Directors on the ultimate parent Company's Board have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including the principal decisions taken by the Company during the financial year, is set out (for the Group and for this entity) on pages 40 to 42 and page 83 of the Annual report and accounts 2021 of Ibstock plc, which does not form part of this report.

Section 172(1) statement

From the perspective of the Directors, as a result of the Group's governance structure, the matters that it is responsible for considering under Section 172(1) of the Companies Act 2006 ('s172') have been considered to an appropriate extent by the ultimate parent Company's board in relation to the Group and to this entity. The Directors have also considered relevant matters, where appropriate. To the extent necessary for an understanding of the development, performance and position of the entity, an explanation of how the ultimate parent Company's Board has considered the matters set out in s172 (for the Group and for the entity) is set out on pages 70 and 71 of the Annual report and accounts 2021 of Ibstock plc, which does not form part of this report.

This report was approved by the Board on 30 June 2022 and signed on its behalf by:



C M McLeish
Director
30 June 2022

Directors' Report

The Directors present their report and audited financial statements for the year ended 31 December 2021.

The Company has chosen, in accordance with Section 414 C(11) of the Companies Act 2006, to include certain matters in its Strategic report that would otherwise be required to be disclosed in this Directors' report. Details of the Company's financial risk management policies and objectives, future developments and dividends, can be found in the Strategic report on pages 2 to 3 and form part of this report by cross reference.

Directors

The following persons served as Directors during the year and up to the date of approval of the financial statements:

J H Hudson
C M McLeish

Auditor

Deloitte LLP have indicated their willingness to remain in office as the auditor of the Company.

Disclosure of information to auditors

Each person who was a Director at the time this report was approved confirms that:

- so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware;
- he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Going concern

The Directors have concluded that it is reasonable to adopt a going concern basis in preparing the financial statements. This is based on an expectation that the Company and its ultimate parent group ('the Group') have adequate resources to continue in operational existence for at least twelve months from the date of signing these financial statements.

From the Company's perspective, the Group has confirmed to the Directors that it will support the Company in meeting its liabilities as they fall due, to the extent that money is not otherwise available to meet such liabilities.

In arriving at their conclusion on going concern, the Directors have given due consideration to whether the funding and liquidity resources available within the Group are sufficient to accommodate the principal risks and uncertainties faced by the Company.

During the final quarter of the 2021 year, the Group completed the refinancing of its March 2023 £215 million Revolving Credit Facility (RCF), replacing the existing facility with the issuance of £100 million of private placement notes with maturities of between seven and twelve years and a £125 million RCF for an initial four-year tenor, with a one-year extension option. At 31 December 2021 and subsequently, the RCF was undrawn.

The Group's financial planning and forecasting process consists of a budget for the next year followed by a medium term projection. The Directors have reviewed and robustly challenged the assumptions about future trading performance, operational and capital expenditure and debt requirements within these forecasts including the Group's liquidity and covenant forecasts, and stress testing within their going concern assessment.

The key uncertainty faced by the Group is the industry demand for its products in light of macroeconomic factors. Accordingly, the Group has modelled financial scenarios which see reduction in the industry demands for its products thereby stress testing the Group's resilience. Further detail on the Group's scenario modelling is included within the Annual report and accounts 2021 of Ibstock plc.

Having taken account of the various scenarios modelled, and in light of the mitigations available to the Group, the Directors are satisfied that the Company has sufficient resources and support of its parent to continue in operation for a period of not less than 12 months from the date of approval of this report. Accordingly, the financial information is prepared on a going concern basis.

Directors' Report (continued)

Subsequent events and future outlook

On 21 January 2022, the Company acquired certain assets of Telling Architectural Limited, a privately-owned company in liquidation based in the West Midlands. The vendor was involved in the offsite manufacture, design and production of a range of cladding solutions using glass reinforced concrete (GRC) technology. These panels cater to the needs of modular construction in the mid to high-rise building segment and come in a variety of finishes from plain concrete to brick facing.

No further subsequent events requiring disclosure or adjustments to these financial statements have been identified since the balance sheet date.

This report was approved by the board on 30 June 2022 and signed on its behalf by:



C M McLeish
Director
30 June 2022

Ibstock Telling GRC Limited (formerly Ibstock USA Limited)

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland." Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

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

Ibstock Telling GRC Limited (formerly Ibstock USA Limited)

Income Statement

For the year ended 31 December 2021

	Notes	2021 £000	2020 £000
Gross profit		-	-
Administrative income		-	-
Operating profit		-	-
Loss on disposal of subsidiary undertakings	2	-	(59)
Interest payable	4	-	(3)
Loss before taxation		-	(62)
Taxation	5	(1)	-
Profit/(loss) for the year		<u>(1)</u>	<u>(62)</u>

All activities in the current year are from continuing operations and prior year from discontinued operations.

The notes on pages 10 to 13 form an integral part of the financial statements.

There are no other items of comprehensive income or loss in the current or prior year other than those included in the Income Statement and accordingly no separate Statement of Comprehensive Income has been presented.

Ibstock Telling GRC Limited (formerly Ibstock USA Limited)

Registered number: 09415340

Statement of Financial Position

as at 31 December 2021

	Notes	2021 £000	2020 £000
Current assets			
Debtors	6	85,573	85,531
Cash at bank and in hand		-	42
		<u>85,573</u>	<u>85,573</u>
Creditors: amounts falling due within one year	7	(2,471)	(2,472)
		<u>83,102</u>	<u>83,101</u>
Net current assets		83,102	83,101
Total assets less current liabilities		<u>83,102</u>	<u>83,101</u>
Net assets		<u>83,102</u>	<u>83,101</u>
Capital and reserves			
Called-up share capital	8	75,683	75,683
Share premium account	8	13,500	13,500
Profit and loss account	8	(6,083)	(6,082)
		<u>83,100</u>	<u>83,101</u>
Shareholders' funds		<u>83,100</u>	<u>83,101</u>

The notes on pages 10 to 13 form an integral part of the financial statements.

These financial statements were approved by the Board and authorised for issue on 30 June 2022 and signed on its behalf by:



C M McLeish
Director
30 June 2022

Ibstock Telling GRC Limited (formerly Ibstock USA Limited)

Statement of Changes in Equity

For the year ended 31 December 2021

	Called-up share capital £000	Share premium account £000	Profit and loss account £000	Total £000
At 1 January 2020	75,683	13,500	(6,020)	83,163
Loss for the financial year	-	-	(62)	(62)
Total comprehensive loss	-	-	(62)	(62)
At 31 December 2020	75,683	13,500	(6,082)	83,101
At 1 January 2021	75,683	13,500	(6,082)	83,101
Profit for the financial year	-	-	(1)	(1)
Total comprehensive income	-	-	(1)	(1)
At 31 December 2021	75,683	13,500	(6,083)	83,100

The notes on pages 10 to 13 form an integral part of the financial statements.

Ibstock Telling GRC Limited (formerly Ibstock USA Limited)

Notes to the Financial Statements

For the year ended 31 December 2021

1 Summary of significant accounting policies

Statement of compliance

Ibstock Telling GRC Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The Registered Office is Leicester Road, Ibstock, Leicestershire, United Kingdom, LE67 6HS.

The Company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Company for the year ended 31 December 2021.

The principal activities of the Company and the nature of the operations are set out on the strategic report on page 2.

Basis of preparation

The financial statements have been prepared under the historic cost convention and in accordance with applicable accounting standards. The financial statements are prepared in Sterling which is the functional currency of the Company and rounded to the nearest £'000.

Under s400 (2) of the Companies Act 2006, the Company has not presented consolidated financial statements as these are included in the consolidated financial statements of the ultimate parent undertaking.

Reduced disclosure exemptions

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Going concern

The Directors have concluded that it is reasonable to adopt a going concern basis in preparing the financial statements. This is based on an expectation that the Company and its ultimate parent group ('the Group') have adequate resources to continue in operational existence for at least twelve months from the date of signing these financial statements.

From the Company's perspective, the Group has confirmed to the Directors that it will support the Company in meeting its liabilities as they fall due, to the extent that money is not otherwise available to meet such liabilities.

In arriving at their conclusion on going concern, the Directors have given due consideration to whether the funding and liquidity resources available within the Group are sufficient to accommodate the principal risks and uncertainties faced by the Company.

During the final quarter of the 2021 year, the Group completed the refinancing of its March 2023 £215 million Revolving Credit Facility (RCF), replacing the existing facility with the issuance of £100 million of private placement notes with maturities of between seven and twelve years and a £125 million RCF for an initial four-year tenor, with a one-year extension option. At 31 December 2021 and subsequently, the RCF was undrawn.

The Group's financial planning and forecasting process consists of a budget for the next year followed by a medium term projection. The Directors have reviewed and robustly challenged the assumptions about future trading performance, operational and capital expenditure and debt requirements within these forecasts including the Group's liquidity and covenant forecasts, and stress testing within their going concern assessment.

The key uncertainty faced by the Group is the industry demand for its products in light of macroeconomic factors. Accordingly, the Group has modelled financial scenarios which see reduction in the industry demands for its products thereby stress testing the Group's resilience. Further detail on the Group's scenario modelling is included within the Annual report and accounts 2021 of Ibstock plc.

Having taken account of the various scenarios modelled, and in light of the mitigations available to the Group, the Directors are satisfied that the Company has sufficient resources and support of its parent to continue in operation for a period of not less than 12 months from the date of approval of this report. Accordingly, the financial information is prepared on a going concern basis.

Ibstock Telling GRC Limited (formerly Ibstock USA Limited)

Notes to the Financial Statements

For the year ended 31 December 2021

1 Summary of significant accounting policies (continued)

Debtors

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts.

Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

Creditors

Short term creditors are measured at transaction price (which is usually the invoice price).

Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

Taxation

A current tax liability is recognised for the tax payable on the taxable profit of the current and past years. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous year.

Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Current and deferred tax assets and liabilities are not discounted.

Foreign currency translation

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction.

At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to income statement.

Critical accounting judgements and estimates

No critical judgements or estimates were made in applying the Company's accounting policies for the current year.

2 Loss before taxation

	2021 £000	2020 £000
This is stated after charging:		
Loss on disposal of subsidiary undertakings	-	(59)

Loss on disposal of subsidiary undertakings expenditure during the year ended 31 December 2020 relates to further non-recoverable costs incurred. These are in respect of the previously held investment in Glen-Gery Corporation, USA.

Auditor's remuneration for the audit of the financial statements of £4,000 (2020: £4,000) are borne by Ibstock Brick Limited.

Ibstock Telling GRC Limited (formerly Ibstock USA Limited)

Notes to the Financial Statements

For the year ended 31 December 2021

3 Staff costs

The Company has no employees other than Directors. The Directors' services to the Company do not occupy a significant amount of their time. As such the Directors do not consider that they have received any remuneration for their inconsequential services to the Company for the year ended 31 December 2021 (2020: £nil).

4 Interest payable	2021 £000	2020 £000
Foreign exchange translation losses	-	3
	<u>-</u>	<u>3</u>

5 Taxation	2021 £000	2020 £000
The tax credit is made up as follows:		
Current tax:		
Adjustments in respect of previous periods	1	-
	<u>1</u>	<u>-</u>
Tax credit for the year	1	-
	<u>1</u>	<u>-</u>

Factors affecting tax charge

The differences between the tax assessed for the year and the standard rate of corporation tax are explained as follows:

	2021 £000	2020 £000
Loss before tax	<u>-</u>	<u>(62)</u>
Standard rate of corporation tax in the UK	19.00%	19.00%
Loss multiplied by the standard rate of corporation tax	-	(12)
Effects of:		
Non-taxable items	-	12
Adjustments to tax charge in respect of previous periods	1	-
Tax credit for the year	<u>1</u>	<u>-</u>

There are no recognised or unrecognised amounts in respect of deferred tax for the year or prior year.

Factors that may affect future tax charges

The measures announced as part of the March 2021 Budget, include an increase in the standard rate of corporation tax from 19% to 25% with effect from 1 April 2023. The full impact of this change is reflected in these financial statements.

6 Debtors

	2021 £000	2020 £000
Amounts owed by fellow group undertakings	4,977	4,935
Amounts owed by parent undertakings	80,596	80,596
	<u>85,573</u>	<u>85,531</u>

Amounts owed by parent and fellow group undertakings represent current account balances at year end, are unsecured, carry no interest and are repayable on demand.

Ibstock Telling GRC Limited (formerly Ibstock USA Limited)

Notes to the Financial Statements

For the year ended 31 December 2021

7 Creditors: amounts falling due within one year

	2021 £000	2020 £000
Amounts owed to parent undertakings	2,201	2,202
Accrued expenditure	270	270
	<u>2,471</u>	<u>2,472</u>

Amounts owed to parent undertakings represent current account balances at year end, are unsecured, carry no interest and repayable on demand.

8 Capital and reserves

	Nominal value	Number	2021 £000	2020 £000
Allotted, called up and fully paid:				
Ordinary shares	£0.10 each	756,830,000	<u>75,683</u>	<u>75,683</u>

The ordinary shares give full voting, dividend and capital distribution rights. There has been no change in ordinary shares allotted, called up and fully paid during the year.

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss reserve represents cumulative profit or losses net of dividends and other adjustments.

9 Related party transactions

The Company is a wholly owned subsidiary of Ibstock plc as at 31 December 2021, the consolidated financial statements of which are publicly available at Ibstock plc, Leicester Road, Ibstock, Leicestershire, United Kingdom, LE67 6HS. Accordingly, the Company has taken advantage of the exemption in FRS 102.33.1A, from disclosing transactions with members of Ibstock plc Group. Related party balances are disclosed in Note 6 and Note 7.

10 Controlling party

The Company's immediate parent company is Ibstock Building Products Limited. The ultimate parent company, ultimate controlling party and the only Group company into which this company is consolidated is Ibstock plc. Both Ibstock Building Products Limited and Ibstock plc have the same registered office address as the Company.

The parent of the smallest and largest group in which these financial statements are consolidated is Ibstock plc, incorporated in England.

The address of Ibstock plc is: Leicester Road, Ibstock, Leicestershire, United Kingdom, LE67 6HS.

These financial statements are available on request from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

11 Non-adjusting subsequent events

On 21 January 2022, the Company acquired certain assets of Telling Architectural Limited, a privately-owned company in liquidation based in the West Midlands. The vendor was involved in the offsite manufacture, design and production of a range of cladding solutions using glass reinforced concrete (GRC) technology. These panels cater to the needs of modular construction in the mid to high-rise building segment and come in a variety of finishes from plain concrete to brick facing.

No further subsequent events requiring disclosure or adjustments to these financial statements have been identified since the balance sheet date.

Ibstock Telling GRC Limited (formerly Ibstock USA Limited)

Independent Auditor's Report to the members of Ibstock Telling GRC Limited (formerly Ibstock USA Limited)

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Ibstock Telling GRC Limited (formerly Ibstock USA Limited) (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, which comprise:

- the Income Statement;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related notes 1 to 11.

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

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Ibstock Telling GRC Limited (formerly Ibstock USA Limited)

Independent Auditor's Report to the members of Ibstock Telling GRC Limited (formerly Ibstock USA Limited) (continued)

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

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

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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements . The key laws and regulations we considered in this context included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty . These included employment law, occupational health and safety regulations, the Environment Act, the Water Framework Directive, the Waste Directive, the Environmental Protection Act and the Energy Efficiency Directive.

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

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

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

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

Ibstock Telling GRC Limited (formerly Ibstock USA Limited)

Independent Auditor's Report to the members of Ibstock Telling GRC Limited (formerly Ibstock USA Limited) (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Jonathan Dodworth (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
30 June 2022