

Registered number
00245717

AMENDING

Aggregate Industries UK Limited

Annual Report and Financial Statements
for the year ended 31 December 2019



Aggregate Industries UK Limited
Annual Report and Financial Statements
for the year ended 31 December 2019

	Page
Directors and advisors	1
Strategic report	2
Directors' report	7
Independent auditor's report to the members of Aggregate Industries UK Limited	12
Statement of Profit and Loss and Other Comprehensive Income	14
Balance Sheet	15
Statement of Changes in Equity	16
Notes to the financial statements	17

Aggregate Industries UK Limited
Directors and advisors

Directors

J F Bowater
G Edwards
C M Hudson

Secretary

P Norah

Auditors

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United Kingdom

Registered number

00245717

Aggregate Industries UK Limited
Strategic report
for the year ended 31 December 2019

The directors present their Strategic report for the year ended 31 December 2019.

Business review

The principal activity of Aggregate Industries UK Ltd ("the Company") is the exploitation of land and mineral reserves principally for supply of heavy building materials for construction activities.

The Company's Statement of Profit and Loss and Other Comprehensive Income and Balance Sheet appear on pages 14 and 15 respectively. The Company's key financial and other performance indicators during the year were as follows:

	2019	2018	Change
	£'000	£'000	%
Turnover	1,330,012	1,296,620	3
Operating EBITDA*	198,006	178,210	11
Net Assets	393,235	200,100	97
LTIFR**	1.1	1.5	(27)

*Operating EBITDA represents operating profit before depreciation, amortisation of intangible assets, impairment of investments and tangible fixed assets and exceptional costs.

**LTIFR is the number of lost time incidents per one million hours worked.

Factors affecting the Key Performance Indicators in 2019 are as follows:

Turnover of £1,330m is up on 2018, due to higher volume across the majority of business segments, price increases and the hive up of trade from subsidiaries.

Operating EBITDA of £198m is higher on 2018, largely due to IFRS 16 costs in 2019 being presented below EBITDA in comparison to prior year, where IFRS 16 costs were presented above EBITDA. Furthermore, there were also increases in sales due to hive up of trade and assets from subsidiaries.

Net assets have increased year on year, primarily due to the profits generated in the year of £74,865k and the waiver of £179,951k debt payable to group undertakings. This was offset by dividends paid of £47,953k and net actuarial losses from the pension scheme of £15,326k (net of deferred tax). Also, due to IFRS 16 implementation the long term assets have increased by £97,768k but its off set by lease liabilities of £99,634k.

Whilst there has been a welcome improvement in the Company's LTIFR performance during the year, the Company continues to invest in and focus on safety.

Dividends

The directors paid a dividend of £47,953k, £478 per share (2018: £46.335k, £462 per share). During 2020, an interim dividend of £57.33 (2019: £239.48) per ordinary share was paid, totalling £5,750k (2019: £24,020k) was declared.

Outlook

It is anticipated that the UK Construction Output will reduce in 2020 as a result of the global COVID-19 pandemic. As a result, it is envisaged that demand levels for our products and services will be lower than 2019. The outlook for the sector is encouraging for the medium to long term with Government accelerating major infrastructure to boost the economy.

In Q2, the Company implemented a number of cost reduction initiatives across the business including areas such as operational excellence, procurement, logistics, sales and general administration functions. The initiatives are aimed at reducing the input costs of the business in line with reduced activity to remain profitable.

As activity levels return to pre-COVID-19 levels in Q3, the Company has sustained efficiency improvements by closely managing the operational capacity of the organisation and, through strong governance, reintroducing capacity in a controlled manner. The Company has managed Net Working Capital in line with the level of activity throughout the crisis and continues to have a strong financing base with access to both third party facilities and group facilities.

Fundamental to all of the actions is the health and wellbeing of our employees. As the crisis emerged, the Business Resilience Team (BRT) swiftly executed actions to maintain a safe operating environment. The BRT continues to meet regularly to monitor the local and UK government responses and implement new operating measures where needed to protect our employees, contractors, visitors and customers.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are broadly grouped as Economic risks, Competitive risks, Legislative risks, Weather risks, Energy costs and Financial instrument risks.

Economic risks

Demand for our products is closely linked to general economic conditions in the regions in which we operate. Depressed economic conditions could have a detrimental impact on demand for, and pricing of, our products which could result in reduced sales and profits.

Aggregate Industries UK Limited
Strategic report
for the year ended 31 December 2019 (continued)

Principal risks and uncertainties (continued)

Competitive risks

Significant major contracts with various customers, including local authorities and national agencies are subject to periodic competitive tender. Renewal of these contracts is uncertain and based on financial and performance criteria.

In addition, there exists the risk of competitors entering into the market or expanding existing market shares through price cutting and “loss leader” products.

Legislative risks

Building materials and construction products are produced to locally and nationally imposed standards. Failure to comply with the standards could materially affect the Company’s ability to operate.

National and local government policies with regard to the development of infrastructure and housing have a significant effect on demand for our products. Reductions in government funding for construction projects could reduce spending on our products and potentially reduce our sales and profits.

Changes in government policy or legislation relating to planning and the environment could affect our operating costs and our ability to increase or replace our permitted reserves.

Weather risks

Periods of inclement weather can reduce the demand for our products or our ability to produce our products and thereby could potentially reduce our sales and profits.

Energy costs

Aggregate Industries UK Limited is a significant consumer of energy and hydro-carbon related products for use in production and distribution of its products. Increases in the costs of these materials can significantly impact the production costs of our products and if we are not able to recover such costs through the prices of our products this could reduce our profits.

Financial instrument risks

The Company faces credit, liquidity and cash flow risks.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Company policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

Credit risks, or the risk of counterparties defaulting, are constantly monitored. Counterparties to financial instruments consist of a large number of major financial institutions. The Company does not expect any counterparties to fail to meet their obligations, given their high credit ratings. In addition, the Company has no significant concentration of credit risk with any single counterparty or group of counterparties.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company aims to mitigate liquidity risk by managing cash generation by its operations and applying cash collection targets throughout the Company. The Company also manages liquidity risk via revolving credit facilities and long term debt with the facilities from the ultimate parent Company.

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability such as future interest payments on variable rate debt. The Company is largely funded through Group loans at a fixed rate of interest. As such the timing and amount of repayments are known.

Brexit

The UK left the EU on 31 January 2020 and has now entered an 11-month transition period, which presents a potential risk to the Company due to the unpredictable impact on the market place, and therefore the future cash flows of the business. This risk is being monitored by the Directors. Impacts of Brexit could include currency devaluations, a fall in construction activity in the UK and challenges in movement of goods, services and labour. Failure by the Company to manage these risks could result in adverse financial performance and a reduction in the Company’s net worth. To manage this risk a cross functional team has been established within the company to closely monitor the situation. Contingency plans have been put in place to address the range of potential economic, financial and operational effects.

Covid-19 (Coronavirus)

The market has faced unexpected disruption due to the outbreak of Covid-19 since March 2020. It is expected to have a significant adverse impact in the short term on the market including the construction market. The necessary measures are being taken by the business, regular updates are being given to the employees along with guidance issued by the UK government to ensure their health and safety. The situation is being monitored closely by management, however it is difficult to assess the severity and impact on the business in the months to come.

Aggregate Industries UK Limited
Strategic report
for the year ended 31 December 2019 (continued)

Section 172(1) Statement

Directors of the Company are required to act in a way that they consider, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole.

The Board recognises that the long-term success of the Company is dependent on the way it interacts with a large number of stakeholders. The information below sets out the key relationships and stakeholders and shows how the relevant stakeholder engagement takes place and interactions are reported up to the Directors of the Board.

1. PEOPLE

The health and safety of our employees and achieving the goal of 'zero harm' continues to be the Company's overarching value. In 2019, the Company introduced "Boots on Ground", an online tool aimed at management and supervisors visiting sites and engaging with the frontline employees. The Company also invested in a safety leadership training program to embed desired behaviours and build a culture which resulted in lower injury rates from previous periods.

The Company is also investing heavily in diversity and inclusion programs and events to promote a more balanced workforce with a particular focus on attracting more women. A 'Respect at Work' campaign was also introduced to actively encourage employees to treat each other fairly and considerately at all operational levels.

The Company's employees are critical to its success. The Directors have engaged with employees to listen to their feedback during visits to sites and offices as part of the "Boots on Ground" initiative and during face-to-face and virtual briefings. The Company also uses employee surveys to get feedback from employees, the results of which the Directors discuss and implement through the Executive Committee. Employees also have access to a confidential integrity line to share any concerns. Matters raised on the integrity line are presented to and discussed by the Directors to ensure prompt resolution of issues raised.

2. BUSINESS RELATIONSHIPS

a. Customers

The Company aims to be the preferred supplier of construction materials solutions for the building and infrastructure industry. Customer satisfaction is a key consideration in decision making about products and services. The Company aims to add value to our customers through knowledge and expertise, systems, controls and processes and quality reviews.

Based on customer feedback, the Company introduced the LOOP - Order Tracking initiative in 2019, to improve delivery services and support for our customers.

The Directors have direct interactions with customers and receive updates on and discuss customer satisfaction and key customer initiatives from the Company's management on at least a monthly basis.

b. Suppliers

The Company has a limited pool of large local and international suppliers and partners with a high volume of small and independent businesses.

Based on the UN Global Compact and the Company's standards all suppliers are expected to adhere to our health and safety, social and environmental expectations and the Company supports them in their continuous improvement.

The Directors monitor and discuss payment terms and receive regular updates on supplier performance from the Company's management team.

3. COMMUNITY

The Company actively contributes to the social and economic development of the communities in which it operates. The Board encourages community engagement through community liaison meetings, open days for the general public, visits to schools and by providing materials, resources and voluntary labour and ensures that community investment is making the best use of Company's relevant business skills, products and experience.

Feedback and insights obtained from interactions with members of the community are shared by the Company's management with the Directors.

Aggregate Industries UK Limited
Strategic report
for the year ended 31 December 2019 (continued)

Section 172(1) Statement (continued)

4. ENVIRONMENT AND SUSTAINABILITY

The Company is committed to living up to the responsibilities that come with being the global leader in building materials and solutions. The Directors regularly discuss the Company's impact on the environment and the sustainability of the Company's operations. The Company has developed a number of products in its 'Life' range which seek to help create a more sustainable future. Each of the products in the 'Life' range meets at least one of the six criteria set out by the Company to meet the demands of environmentally conscious individuals. More information on the 'Life' range can be found on the Company's website.

The Company's four paths to more sustainable construction can be outlined as follows:

a. Energy

The Company has agreed energy targets which are monitored regularly and reviewed annually. The Company has also implemented metering and measurement programs where applicable to ensure data availability and accuracy.

b. Circular Economy

The Company secures construction and demolition waste from redundant buildings and infrastructure to produce a recycled aggregate that can be used to replace primary aggregates. At the asphalt plants, aggregates and bitumen from worn out roads will be taken to produce new roads, reducing the embodied carbon of the new road.

c. Environment

The Company aims to minimise the impact on water resources by reducing water withdrawal through the increased use of recycled or grey water, the promotion of water efficient practices and compliance with stringent company standards to ISO 14 001 environmental management system and ISO 50 001 energy management system in place.

The Company implements biodiversity management plans for all active extraction sites and works to protect, restore and enhance biodiversity habitats and species on and around our sites.

The Directors monitor environmental performance through regular reporting from management.

5. ULTIMATE PARENT

The ultimate parent of the Company is LafargeHolcim Ltd (herein referred to as the Group). The Group's overarching goal of effective corporate governance is defined as long-term value creation and strengthening of the Group's reputation. The Group formulates policies and directives that apply to its subsidiaries to support good corporate governance and enhance transparency.

The Group Code of Business Conduct promotes acting with integrity and is binding on all employees working for any of the Group's subsidiaries. Dependent upon the risk profile of an employee's role, the Group provides additional compliance training covering Fair Competition and Anti-Bribery & Corruption Competition Law. In the past year, the Directors and members of the Company's senior management team participated in a leadership program focused on executing the Group's Strategy 2022 - "Building for Growth which aims to drive profitable growth and simplify the business to deliver resilient returns and attractive value to stakeholders.

The Directors meet with members of the Group's senior management team throughout the year to present the operational and financial performance results and obtain support for key strategic and capital allocation decisions.

6. DECISION MAKING AND PLANNING

The Board believes that the governance of the Company is best achieved by delegation of its authority for day to day management to the Company's Executive Committee under a clear set of authorities. The Executive Committee is responsible for the overall management of the Company including its business divisions and supporting functions.

The Board recognises its duties and oversight role. The Directors have a broad range of knowledge, skills and industry expertise (including general management, operational and finance expertise) to carry out their duties to a high standard. The Directors are supported by the General Counsel, who is also the Company Secretary who provides legal and governance advice to the Directors. The Directors provide oversight by regularly reviewing reports from the business divisions and functions. In addition, operating and financial performance and key decisions taken are routinely discussed with the Directors to ensure that proper consideration is given to stakeholders in decision making.

Those delegated persons with authority to take decisions have access to functional support from the Group and at a local level to identify matters which may impact a proposed decision and support the assessment of both short-term and long-term implications.

Aggregate Industries UK Limited
Strategic report
for the year ended 31 December 2019 (continued)

Section 172(1) Statement (continued)

6. DECISION MAKING AND PLANNING (continued)

As part of the annual planning cycle, the Directors review the Company's strategy plan, a mid term plan covering three years (including the budget) and risk management presented by members of the Executive Committee.

The principal decisions made in 2019 are outlined below.

a. Appointment of CEO

As of January 2019, a new CEO of the Company was appointed.

b. Dividends paid

More information on issued dividends for the year 2019 can be found on page 7 in the Directors' Report.

c. Acquisition of Maxi

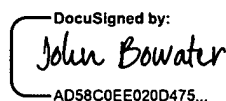
The Company acquired Maxi Readymix Concrete Limited, a leading independent readymix concrete supplier across Leicestershire and the surrounding areas. As disclosed in the post balance sheet events note 29, the Company acquired the 100% share in Stalybridge Readymix Holdings Limited and Stalybridge Readymix Limited on 14 February 2020. Furthermore, on 18 December 2020 the company acquired 100% shares in Northumbrian Roads Limited.

d. Pension scheme

During the year, a decision was made by the Company to close the Aggregate Industries defined benefit pension plan to future accrual, effective from 31 March 2019. As a result, from 1 April 2019 there were no active members left in the Plan and the future accrual was reduced to zero. The closure event has resulted in a gain of £12,700k during the year to the operating profit.

During the year, the Company offered the option of a pension increase exchange to certain pensioner members of the Plan. This has resulted in a gain of £3,200k during the year to the operating profit.

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

DocuSigned by:

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J F Bowater

On behalf of Aggregate Industries UK Limited
Director
22 December 2020

Aggregate Industries UK Limited
Directors' report
for the year ended 31 December 2019

The directors present their annual report and audited financial statements for the year ended 31 December 2019.

Directors

The following directors held office during the year and up until the date of signing:

J Atherton-Ham	(resigned 30 April 2019)
J F Bowater	
G Edwards	(appointed 1 January 2019)
C M Hudson	(appointed 13 May 2019)
P Libreros	(resigned 31 May 2019)

Information on the directors' remuneration is shown in note 5.

Dividends

The directors paid a dividend of £47,953k, £478 per share (2018: £46,335k, £462 per share). During 2020, an interim dividend of £57.33 (2019: £239.48) per ordinary share was paid, totalling £5,750k (2019: £24,020k) was declared.

Going concern

The directors have considered the maturity date of the company's liabilities, the ability of the Company to cover short term repayments and the latest available forecasts. The directors have received confirmation from LafargeHolcim Ltd that the current level of intergroup facilities will continue to be made available for a period of not less than 12 months. The directors have satisfied themselves that LafargeHolcim Ltd have the necessary financial resources to provide this support during this period, should it be required. After consideration of all of the above, the directors have a reasonable expectation that the company has adequate resources to continue to adopt the going concern basis in preparing the financial statements.

Due to the current global pandemic, the company took a significant number of initiatives to sustain the business and resilience to the crisis. Company initiatives include the implementation of cost savings, focus on cash collections, inventory reductions, negotiated supplier payment plans and tight management of capital investments.

Future developments

The Company intends to continue to operate in the area of exploitation of land and mineral reserves principally for the supply of heavy building materials for construction activities.

Research and development

The Company invests in activities for continued manufacturing and process improvements.

Events since the balance sheet date

On 14 February 2020 the company acquired 100% shares in Stalybridge Readymix Holdings Limited and Stalybridge Readymix Limited.

On 18 December 2020 the company acquired 100% shares in Northumbrian Roads Limited.

Covid-19

Since the Balance Sheet date, there has been a global outbreak of coronavirus (Covid-19). On 12 March, the World Health Organisation declared the outbreak of Covid-19 a pandemic. Many countries, including the UK, have reacted to contain and delay the spread of the virus, which included extensive social distancing, business closures and travel bans. Whilst uncertain, the directors do not believe, however, that the impact of Covid-19 would have a material adverse effect on the financial position or liquidity. The directors have concluded that the matter is a non-adjusting post balance sheet event.

Brexit

The UK left the EU on 31 January 2020 and has now entered an 11-month transition period. The risks posed by Brexit are being monitored by management. The impact of Brexit on the Company is as indicated in the Strategic Report.

Financial instrument risks

Details of financial instrument risks are provided in the Strategic report on page 3.

Employment policies

The Company has continued to keep employees informed on matters affecting them as employees and the financial and economic factors affecting the performance of the Company. It will continue to ensure that employees are encouraged to participate in the effective running of the Company.

The Company continues to adopt a policy of non-discrimination in the employment of disabled persons. Their training and career development are consistent with the Company's general policies and procedures relating to those activities. In addition, where an employee becomes disabled, every effort is made to ensure continuity of employment or to offer suitable employment with appropriate retraining if necessary.

Employee Engagement

Our employees are our most valuable asset.

Our commitment is to put the health and safety of our employees first in all that we do as an organisation. We focus on the health and wellbeing of employees with the same gravitas as we do physical safety. The Company has trained Mental Health First Aiders, a confidential Employee Assistance Program and initiatives to boost awareness of the benefits of a healthy lifestyle.

We are committed to investing in and developing our employees. Our training programs offer a mix of on-line resources and face-to-face engagement and cover a broad range of topics including safety leadership.

We operate an Integrity Line which allows all our employees to raise any concerns or questions they may have about the conduct of our business. Employees may use this resource anonymously if they would prefer.

We have regular communication with all employees about health and safety performance, training opportunities and other key developments.

Aggregate Industries UK Limited
Directors' report (continued)
for the year ended 31 December 2019

Business Relationships

We are committed to building solid, successful relationships with our customers. With the right products, tools and systems, people and knowledge, our job is to make it easier for them to do a great job. Our vision is to be the most customer centric company within our industry.

We partner with our suppliers to deliver value-for-cost procurement for our business and our customers, and to demonstrate responsible supply chain management. The principles of sustainable development, value creation, sustainable environmental performance and corporate social responsibility are integral to our business strategy. Our approach to sustainable procurement is based on the standards enshrined in the United Nations Global Compact and is set out more fully in our Code of Business Conduct for Suppliers.

Corporate Governance

Compliance with the Wates Principles

For the year ended 31 December 2019, the Company has applied the Wates Corporate Governance Principles for Large Private Companies (published by the Financial Reporting Council ('FRC') in December 2018 and available on the FRC website).

Principle 1. Purpose and Leadership

As a member of the global LafargeHolcim group, we have developed a strategy that plays to our unique strengths as a company, with the aim to drive profitable growth and simplify the business in order to deliver resilient returns and attractive value to stakeholders.

Our goal is to assure the long-term value and success of the company in the interests of various stakeholder groups including customers, shareholders, employees, creditors, suppliers, and the communities where we operate.

Our leadership recognises that a key factor in our success is keeping our people safe. We believe that "if we're good in safety, then we're good in business". This is why we recognise health and safety as a critical success factor for our operational performance and not a separate activity. We see health and safety as a core competency at all levels of our organisation, from site operators to top managers; it is also a key component of successful personal performance.

Central to our strategy is the idea that the construction sector plays an important role in building a more sustainable future. We believe in building a world that works for people and the planet. A world that keeps people safe, connected and thriving. With our customers and partners we are advancing society and uplifting communities. But today we want to play an even bigger role. That's why we are reinventing how the world builds on our way to becoming a net zero company.

We understand that acting with integrity creates trust, protects our reputation, lowers our cost of doing business, and enhances shareholder value. Through our Code of Business Conduct, we ensure that all directors, officers and employees share our commitment to conducting business with integrity, and provide guidance on how to put this commitment into practice. The Code of Business Conduct also helps to ensure that we are adhering to applicable laws and regulations. Of equal importance to us is how suppliers we work with conduct their business in the marketplace. We strive to ensure all suppliers behave in accordance with principles set forth in our Supplier Code of Conduct, particularly when it comes to human rights, labour related issues, the environment and anti-bribery and corruption.

Our approach to corporate governance seeks to ensure transparent and sustainable value creation by clearly delineating responsibilities, management processes and organization. We actively encourage a culture in which all stakeholders can speak out and raise concerns about our conduct without threat of sanction and, through our independent 'Integrity Line', provide an independent mechanism to achieve this. We apply high standards to corporate governance, with the goal of ensuring the company's long-term value and success for all stakeholder groups.

Principle 2. Board Composition

The Company's board of directors comprises three statutory directors, including the Chief Executive Officer, the Chief Financial Officer and one senior operational director. The board is supported by the General Counsel and Company Secretary, who provides legal advice and advice in relation to corporate governance matters to the board. The directors have considerable experience in the construction materials sector across operational and professional subject matters.

The Board delegates the day to day management of the Company to the Executive Committee under a clear set of authorities. The composition of the Executive Committee is commensurate with the size and complexity of the Company, with each member holding key responsibilities over defined areas of the business. This ensures a culture of constructive challenge and effective decision making.

The Executive Committee has a broad range of knowledge, skills and industry expertise (including general management, operational and financial) to carry out their duties to a high standard.

The LafargeHolcim Group plays an active role in the appointment of directors to the board and members to the Executive Committee, assessing their ongoing effectiveness and identifying development opportunities to maximise their effectiveness.

Aggregate Industries UK Limited
Directors' report (continued)
for the year ended 31 December 2019

Corporate Governance

Principle 3. Director Responsibilities

The Group's Code of Business Conduct ensures that all Directors, officers and employees share LafargeHolcim's commitment to conducting business with integrity, and provides guidance on how to put this commitment into practice, while adhering to local laws and regulations.

The Board recognises its duties and oversight role. The Managing Directors provide oversight by regularly reviewing performance, KPIs, and financial reports from the business divisions and functions. In addition, operating and financial performance and key decisions taken are routinely discussed with the Executive Committee to ensure that proper consideration is given to stakeholders in decision making.

As part of the annual planning cycle, the Board reviews the Company's strategic plan, a mid term plan covering three years (including the budget) and risk management presented by members of the Executive Committee.

The Board assumes responsibility to seek and receive reports from various internal departments that the company's financial reporting, governance, risk management and internal control processes are operating effectively and in line with Group standards. In addition, the Company has appointed the Risk and Assurance department to oversee and audit compliance with Company policies and processes and make recommendations on improvement opportunities.

Principle 4. Opportunity and Risk

The Executive Committee seeks out opportunities while mitigating risks utilising a combination of industry knowledge and management expertise. In addition, dedicated specialist functions are responsible for providing insight in areas such as procurement, commercial, health and safety, pricing and market analysis and customer care. The Company's key risks are set out in the Strategic Report on page 2. The Executive Committee meets with members of the Group's senior management team throughout the year to present the operational and financial performance results, discuss opportunities for innovation and any relevant business risks, and obtain buy-in and supporting information for key strategic and capital allocation decisions. Employees at all levels are encouraged to feed any identified opportunities and risks up through their management structure.

The Company's Strategy team is tasked with building the Company's long-term strategic plans and coordinating merger and acquisitions activities, including market and sector analysis and identification of business development opportunities.

The Company's Risk & Assurance team manages the Company's business risks by performing risk assessments across the business and carrying out regular business reviews on a planned or ad hoc basis along with investigating any suspected or reported breach of policy or standards. Key opportunities, issues and risks resulting from these activities are reported to the Board. The Risk & Assurance team also liaises with the LafargeHolcim Group Internal Audit for any Group coordinated audits that may arise.

The Company also implements the Lafarge Holcim Policy Landscape as well as the LafargeHolcim Internal Control Framework, the effectiveness of which is monitored regularly.

Principle 5. Remuneration

The Company is committed to investing in and developing our most valuable asset, our people. We do this through effective recruitment, training and retention of a highly skilled and qualified workforce. Our core principle is to be the "employer of choice" in the extractives industry. The Company is devoted to supporting and developing our people in line with our business objectives.

The Company is also investing heavily in diversity and inclusion programs and events to promote a more balanced workforce – with a particular focus on attracting more women within the industry. Our people are remunerated competitively and in line with the markets we operate in. The Company is also committed to tackling the historic gender imbalance in the industry, and inherently the gender pay gap it creates.

The Executive team and all employees have a remuneration package that is based on a number of principles and guidelines communicated by the Group. These aim at ensuring the compensation and benefits offered to employees is appropriate to the UK market as assessed against relevant benchmark data. It also requires the Company to take account of internal equity to ensure it is fair and does not lead to any discriminatory practices, thus complying with equal pay legislation. The Group also sets guidelines on annual pay reviews and incentive arrangements and has visibility of the rewards approved for senior management through these annual processes. The Company follows several Group Directives that contain these principles and is also required to complete internal controls relating to compensation and benefits (including pensions) that demonstrate ongoing compliance.

Aggregate Industries UK Limited
Directors' report (continued)
for the year ended 31 December 2019

Corporate Governance

Principle 6. Stakeholder Relationships and engagement

The Board regularly reviews and oversees a wide range of stakeholder information, including employee opinion and customer satisfaction data. Key issues stemming from stakeholder engagement are addressed by the Board and are considered in any decision making processes.

The Company is committed to living up to the responsibilities that come with being the global leader in building materials and solutions. The Directors regularly discuss the Company's impact on the environment and the sustainability of the Company's operations. The Company has developed a number of products in its 'Life' range which seek to help create a more sustainable future. Each of the products in the 'Life' range meets at least one of the six criteria set out by the Company to meet the demands of environmentally conscious individuals. Furthermore, the Company implements biodiversity management plans for all active extraction sites and works to protect, restore and enhance biodiversity habitats and species on and around our sites.

The Company actively contributes to the social and economic development of the communities in which it operates. The Board encourages community engagement through community liaison meetings, open days for the general public, visits to schools and by providing materials, resources and voluntary labour and ensures that community investment is making the best use of the Company's relevant business skills, products and experience. Feedback and insights obtained from interactions with members of the community are shared by the Company's management with the Directors.

The Company is an active partner and founding member of the Supply Chain Sustainability School, an organisation aimed at developing the sustainability and social responsibility agenda within our supply chain.

All members of the Board are actively involved in stakeholder engagement in their roles to promote the Company's strategy and vision. Regular site visits are organised in order to reinforce our 'zero harm' ambitions and also to take the opportunity to update our employees on what is happening in the business.

Through regular Group financial reviews as well as external audit efforts, the Board ensures that stakeholders are presented with a fair, balanced and understandable assessment of the company's position and prospects.

Directors' qualifying third party indemnity provisions

The Company has indemnified the directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the Directors' report.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor appointment

Deloitte LLP has been reappointed as a statutory auditor of the Company during the year.

Aggregate Industries UK Limited
Directors' report (continued)
for the year ended 31 December 2019

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 101 "Reduced Disclosure Framework". 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 for that period.

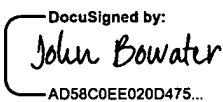
The financial statements are required by law to give a true and fair view of the state of the affairs of the company and of the profit and loss of the company for that year.

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

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

This report was approved and authorised by the Board and signed on its behalf by:

DocuSigned by:

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J F Bowater
On behalf of Aggregate Industries UK Limited
Director

22 December 2020

Aggregate Industries UK Limited
Independent auditor's report
to the members of Aggregate Industries UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Aggregate Industries UK Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of profit & loss and other comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 31.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework".

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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

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.

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 respect of these matters.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statements, 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.

Aggregate Industries UK Limited
Independent auditor's report
to the members of Aggregate Industries UK Limited

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.

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 directors' and Strategic reports for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' and Strategic reports 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 directors' and Strategic reports.

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.

DocuSigned by:

Joanna Waring

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Joanna Waring FCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Nottingham, United Kingdom

Date: 22 December 2020

Aggregate Industries UK Limited
Statement of Profit and Loss and Other Comprehensive Income
for the year ended 31 December 2019

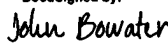
	Note	2019 £'000	2018 £'000
Sale of goods		1,329,057	1,295,521
Rental income		955	1,099
Turnover	3	1,330,012	1,296,620
Cost of sales		(792,597)	(766,878)
Gross profit		537,415	529,742
Selling and distribution costs		(342,798)	(329,402)
Administrative expenses		(86,958)	(90,335)
Other operating income	4	5,133	7,510
Exceptional costs	4	(4,384)	(15,874)
Impairment of carrying value of investments	12	-	(509)
Operating profit	4	108,408	101,132
Interest payable and similar cost	6	(52,571)	(52,423)
Interest receivable and similar income	7	31,724	19,772
Profit before taxation		87,561	68,481
Tax charge for the year	8	(12,696)	(12,559)
Profit for the financial year		74,865	55,922
Other comprehensive income:			
Items that will be reclassified to profit or loss			
Cash flow hedges			
- Change in fair value		(1,900)	(1,013)
- Recycled through statement of profit & loss		2,365	(5,830)
- Deferred tax movement	8	(116)	1,189
Items that will not be reclassified to profit or loss			
Defined benefit pension plans			
- Remeasurement (loss) / gains	24	(18,566)	31,166
- Deferred tax liability movement	8	3,240	(5,304)
Other comprehensive (loss) / income for the year		(14,977)	20,208
Total comprehensive income for the year		59,888	76,130

The results are from continuing operations

Aggregate Industries UK Limited
Company Registration No. 00245717
Balance Sheet
as at 31 December 2019

	Note	2019 £'000	2018 £'000
Non current assets			
Intangible assets	9	225,277	190,646
Tangible fixed assets	10	794,784	767,852
Right of Use Assets	26	97,768	-
Investments	12	343,658	351,758
Long term financial assets	19	130	3,475
		<u>1,461,617</u>	<u>1,313,731</u>
Current assets			
Stocks	13	106,672	101,213
Debtors (including £161,045k (2018 : £172,573k) due after more than one year)	14	429,266	380,927
Cash at bank and in hand	15	795	30,486
		<u>536,733</u>	<u>512,626</u>
Total assets		<u>1,998,350</u>	<u>1,826,357</u>
Creditors: amounts falling due within one year	16	503,104	495,393
Provisions for liabilities	20b	11,078	9,591
		<u>514,182</u>	<u>504,984</u>
Net current assets		<u>22,551</u>	<u>7,642</u>
Total assets less current liabilities		<u>1,484,168</u>	<u>1,321,373</u>
Creditors: amounts falling due after more than one year	17	884,189	907,471
Provisions for liabilities			
Deferred tax liability	20a	60,818	48,525
Other liabilities	20b	37,312	36,963
Pension deficit	24	108,614	128,314
		<u>206,744</u>	<u>213,802</u>
Net assets		<u>393,235</u>	<u>200,100</u>
Capital and reserves			
Called up share capital	21	100	100
Share premium	22	32,791	32,791
Cash flow hedging reserve	22	(2,682)	(3,031)
Retained Earnings	22	356,478	159,320
Other share reserve	22	6,548	10,920
Shareholders' funds		<u>393,235</u>	<u>200,100</u>

The financial statements were approved by the board on 22 December 2020 and were signed on its behalf by:

DocuSigned by:

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J F Bowater
Director
22 December 2020

Aggregate Industries UK Limited
Statement of Changes in Equity
for the year ended 31 December 2019

	Note	Attributable to the equity shareholders					Total Equity £'000
		Called up share capital	Share premium	Retained earnings	Other share reserve	Cash flow hedging reserve	
		£'000	£'000	£'000	£'000	£'000	
As at 1 January 2018		100	32,791	102,492	11,432	2,623	149,438
Profit for the financial year 2018		-	-	55,922	-	-	55,922
Other comprehensive income/(expense) net of tax		-	-	25,862	-	(5,654)	20,208
Total comprehensive income/(expense) for the year		-	-	81,784	-	(5,654)	76,130
Equity dividends paid	23	-	-	(46,335)	-	-	(46,335)
Debt waiver of amounts payable to group undertakings		-	-	21,395	(512)	-	20,883
Capital contribution relating to waiver of amounts due from group undertakings		-	-	(16)	-	-	(16)
As at 31 December 2018		100	32,791	159,320	10,920	(3,031)	200,100
Profit for the financial year		-	-	74,865	-	-	74,865
Other comprehensive (expense) / income net of tax		-	-	(15,326)	-	349	(14,977)
Total comprehensive income for the year		-	-	59,539	-	349	59,888
Equity dividends paid	23	-	-	(47,953)	-	-	(47,953)
Adjustment to investments for businesses hived up		-	-	2,218	-	-	2,218
IFRS 16 adjustment	26	-	-	(969)	-	-	(969)
Debt waiver of amounts payable to group undertakings		-	-	184,323	(4,372)	-	179,951
As at 31 December 2019		100	32,791	356,478	6,548	(2,682)	393,235

Aggregate Industries UK Limited
Notes to the Financial Statements
for the year ended 31 December 2019

1 Corporate information

The financial statements of the Company for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 22 December 2020. The Company is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England & Wales. The address of the company's registered office is shown on the Directors and advisors page. The nature of the company's operations and principal activities are set out in the Strategic report on page 2.

2.1 Basis of preparation

In accordance with section 401 of the Companies Act 2006 consolidated accounts have not been prepared as the Company is itself included in the consolidated accounts of LafargeHolcim Ltd incorporated in Switzerland for the year ended 31 December 2019. Accordingly, these accounts present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The financial statements have been prepared on the historic cost basis, except for the revaluation of financial instruments that are measured at fair value at the end of the reporting period, as explained in the accounting policies below. Goodwill is initially measured at cost being the excess of the cost of the acquisition over the company's share of the assets and liabilities recognised on acquisition. Subsequently in accordance with IFRS 3 'Business Combinations' and IAS 36 'Impairment of Assets', goodwill is not amortised but is reviewed annually for impairment or whenever there is an indicator of impairment.

This is a departure from the requirement of paragraph 22 of Schedule 1 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ('the Regulations') that goodwill is carried at cost reduced by provisions for amortisation calculated to write off the goodwill systematically over a period chosen by the Directors, which does not exceed its useful economic life. As the company's treatment of goodwill conflicts with the Regulations, the Directors have invoked a true and fair override in order to overcome the prohibition on non-amortisation of goodwill in the Companies Act 2006. Assuming a useful life of 20 years, the profit for the year would have been £10,399k lower had goodwill been amortised in the year.

The Company's financial statements are presented in sterling, which is also the Company's functional currency and all values are rounded to the nearest thousand pounds.

LafargeHolcim Ltd was notified of and did not object to the use of the EU-adopted IFRS disclosure exemptions.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (b) the requirements of IAS 7 Statement of Cash Flows;
- (c) the requirement in the following paragraphs of IAS 1 Presentation of Financial Statements: paragraph 38 to present additional comparative information in respect of property, plant and equipment, intangible assets and investment properties, paragraph 10 (d) (statement of cash flows), paragraph 16 (statement of compliance with all IFRS), paragraph 111 (cash flow statement information) and paragraphs 134-136 (capital management disclosures).
- (d) the requirements of IAS 24 Related Party Disclosure to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- (e) the requirements in paragraphs 91 to 99 of IFRS 13 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- (f) Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- (g) the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements to present capital disclosures in respect of its objectives, policies and processes for managing capital.

Going Concern

The directors have considered the maturity date of the company's liabilities, the ability of the Company to cover short term repayments and the latest available forecasts. The directors have received confirmation from LafargeHolcim Ltd that the current level of intergroup facilities will continue to be made available for a period of not less than 12 months. The directors have satisfied themselves that LafargeHolcim Ltd have the necessary financial resources to provide this support during this period, should it be required. After consideration of all of the above, the directors have a reasonable expectation that the company has adequate resources to continue to adopt the going concern basis in preparing the financial statements.

Due to the current global pandemic, the company took a significant number of initiatives to sustain the business and resilience to the crisis. Company initiatives include the implementation of cost savings, focus on cash collections, inventory reductions, negotiated supplier payment plans and tight management of capital investments.

2.2 Summary of significant accounting policies

In 2019 the company has considered following amendments, new accounting standards and interpretation relevant to the company. As such no retrospective adjustments were required from adoption of any of the below new amendments, new accounting standards and interpretation.

- IFRS 16 - Leases
- IFRIC 23 - Uncertainty over Income Tax Treatments
- Amendments to IAS 28 - Long-term Interests in Associates and Joint Ventures
- Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement

The company has concluded that they have no material impact from Amendment to IAS 28 and IFRIC 23 on these financial statements. The impact from the Plan Amendment, Curtailment or Settlement (IAS 19) of Defined Benefit Pension Scheme is as disclosed in note 24 and the impact of IFRS 16 Leases is explained in note 2.2 (j) and note 26.

a Investments

Investments are stated at cost less provision for impairment which is assessed annually.

Aggregate Industries UK Limited
Notes to the Financial Statements
for the year ended 31 December 2019 (continued)

2.2 Summary of significant accounting policies (continued)

b Foreign currency translation

Transactions in foreign currencies are initially recorded by the Company at prevailing currency rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are transacted using the exchange rates as at the dates of the initial transactions.

c Turnover

Per IFRS 15 – Revenue from Contracts with Customers has, turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Revenue from sale of goods is recognized when delivery has taken place and control of the goods has been transferred to the customer and can be reliably measured. The customer obtains control of the goods when the significant risks and rewards of products sold are transferred according to the specific delivery terms that have been formally agreed with the customer.

Company recognise contract liabilities, which is a company's obligation to transfer goods or services to a customer for which the entity has already received consideration, relate mainly to advance payments from customers.

A trade receivable is recognized when the products are delivered to a customer as this is the point in time that the consideration becomes unconditional because only a passage of time is required before the payment is due.

Contract assets, which is a Company's right to consideration that is conditional on something other than the passage of time, relate mainly to construction and paving activities and remain immaterial on a Company level at this stage.

Interest income

Interest income is recognised as interest accrues using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

Dividends

Dividends are recognised when the Company's right to receive the payment is established.

Rental income

Rental income arising from operating leases on properties is accounted for on a straight line basis over the lease terms.

Contracting

Where the outcome of a construction contract can be estimated reliably, turnover and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, measured as per the defined programme in contract for assessment of work completed, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer and can be reliably estimated.

Where the outcome of a construction contract cannot be estimated reliably, contract turnover is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately as allowance for foreseeable loss.

When costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds billings to contract customers, the balance is shown as unbilled services. When billings to contract customers exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as advance payments from customers.

d Taxation

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

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

Aggregate Industries UK Limited
Notes to the Financial Statements
for the year ended 31 December 2019 (continued)

2.2 Summary of significant accounting policies (continued)

d Taxation (continued)

Deferred tax (continued)

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

Current tax and deferred tax for the year

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

e Pensions and other post-employment benefits

The company operates defined contribution pension plans and defined benefit pension plans for some of its employees.

Under defined contribution pension plans, the company pays fixed contributions on a current basis into a separate (third party) recognised pension fund and will have no obligation to pay further contributions. Such fixed contributions are recognised in the statement of profit & loss in the period in which they become payable.

Under defined benefit pension plans, the company is obliged to pay certain benefits upon retirement. The obligation and costs of pension benefits are determined using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs are recognised on a straight line basis over the average period until the amended benefits become vested. Gains or losses on the curtailment or settlement of pension benefits are recognised when the curtailment or settlement occurs.

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The expected return on plan assets and the interest cost is recognised in the statement of profit & loss within interest income and interest costs respectively.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less past service costs and less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value is based on market price information and in the case of quoted securities it is the published bid price. The value of any defined benefit asset recognised is restricted to the sum of any past service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

f Financial instruments

The company follows IFRS 9 Financial instruments for the financial assets and financial liabilities.

i Financial assets

Short-term financial receivables are recognized and carried at original invoice amount less allowance for uncollectible amounts.

Long-term financial assets consist of (a) long-term receivables - related companies and (b) long-term receivables - third parties. Long-term receivables are measured at amortized cost using the effective interest method.

The Company's financial assets include cash and short-term deposits and trade and other debtors.

Derivative instruments

The company mainly uses derivative financial instruments in order to reduce its exposure to changes in commodities prices. Derivatives are regarded as held for hedging unless they do not meet the strict hedging criteria stipulated under IFRS 9 Financial Instruments, in which case they will be classified as held for trading. Financial derivatives expected to be settled within 12 months after the end of the reporting period are classified as current assets or current liabilities. Movements in the cash flow hedging reserve are shown in the statement of changes in equity.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss is dependent on the nature of the item being hedged. On the date a derivative contract is entered into, the Company designates certain derivatives as either (a) a hedge of the fair value of a recognized asset or liability (fair value hedge) or (b) a hedge of a particular risk associated with a recognized asset or liability, such as future interest payments on floating rate debt (cash flow hedge) or (c) a hedge of a foreign currency risk of a commitment (cash flow hedge).

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective are recorded in the statement of income, along with any changes in fair value of the hedged asset or liability that is attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other income (expenses).

The Company documents at the inception of hedging transactions the economic relationship between hedging instruments and hedged items, including whether the hedging instrument is expected to offset changes in cash flows of hedged items, and its risk management objective and strategy.

Aggregate Industries UK Limited
Notes to the Financial Statements
for the year ended 31 December 2019 (continued)

2.2 Summary of significant accounting policies (continued)

f Financial instruments - initial recognition and subsequent measurement (continued)

i Financial assets (continued)

Derecognition

A financial asset (or, where applicable a part of a financial asset) is derecognised when:

- The rights to receive cash flows from the assets have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but had transferred control of the asset, or
- The Company has transferred substantially all the risks and rewards of the asset.

Impairment of financial assets

The Company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

The Company revised its impairment methodology under IFRS 9, defining 2 types of financial assets subject to IFRS 9's expected credit loss model. For trade receivables, the Company applies the simplified approach providing for expected credit losses using the lifetime expected loss provision for trade receivables.

ii Financial liabilities

Loans and borrowings

Interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit & loss when the liabilities are derecognised as well as through effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discounts or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest payable in the statement of profit and loss.

The Company's financial liabilities include, trade and other creditors, other creditors and accruals, loans and borrowings.

Derivative instruments

See Note 1 section 2.2 f.i.

g Tangible fixed assets

Tangible fixed assets are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of tangible fixed assets are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major refurbishment is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

The cost of tangible fixed assets less their estimated residual values, is written off by equal annual instalments over their expected useful lives as follows:

Short leasehold land and buildings	over the life of the lease
Freehold buildings	20 - 25 years
Plant, equipment and vehicles	3 - 20 years
Freehold land	nil

Assets under the course of construction are not depreciated.

h Mineral reserves

Mineral reserves are valued at cost, net of accumulated depreciation. Depreciation is charged over their estimated remaining lives on the basis of tonnage extracted.

i Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost. Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property, is recognised in the income statement in the period of derecognition.

Aggregate Industries UK Limited
Notes to the Financial Statements
for the year ended 31 December 2019 (continued)

2.2 Summary of significant accounting policies (continued)

j Leases

IFRS 16 Leases which replaces IAS 17 Leases and related interpretations was adopted for the period starting January 1, 2019. The new standard no longer requires a distinction between finance and operating leases for lessees but requires lessees to recognize a lease liability for future lease payments and a corresponding right-of-use asset. In the income statement, the expenses comprise a depreciation charge reflecting the consumption of economic benefits and an interest expense reflecting the unwinding of the lease liability which is accounted for as a finance cost.

The Company has applied the new standard in accordance with the modified retrospective approach without restatement of the comparative period in accordance with the transitional provisions of IFRS 16. Leases that previously were accounted for as operating leases under IAS 17 were recognized at the present value of the remaining lease payments as of January 1, 2019 and discounted with the incremental borrowing rate as of that date. The right-of-use assets were in general measured at the amount of the lease liability, adjusted for any prepaid and accrued leases as well as provision for onerous contracts relating to the lease recognized in the statement of financial position immediately before the date of initial application. The Company does not capitalize as right-of-use asset and record as lease liability, the payments for short-term leases, that is, leases with a lease term assessed to be 12 months or less from the commencement date, and for leases of low value assets, that is, assets which fall below the capitalization threshold for property, plant and equipment as the impact is immaterial. These payments are included in operating profit on a cost incurred basis. For all contracts existing as of the date of initial application, the Company applied the practical expedient to grandfather the assessment made under IAS 17 and related interpretations in terms whether the contracts meet the definition of a lease. Information regarding the financial impacts of the initial application of IFRS 16 is found in note 26.

The lease liability is measured at commencement date at the present value of the future lease payments, discounted with the interest rate implicit in the lease or, if not readily determinable, with the lessee's respective incremental borrowing rate. Future lease payments include in-substance fixed payments, variable lease payments depending on an index or rate and, if assessed as reasonably certain to be exercised, payments for purchase options, termination options and extension options. The lease term comprises the non-cancellable lease term together with the period covered by extension options, if assessed as reasonably certain to be exercised, and termination options, if assessed as reasonably certain not to be exercised. Non-lease components in contracts are separated from lease components and accordingly accounted for in operating profit on a cost incurred basis.

The right-of-use asset is recognized at the commencement date at cost, which includes the amount of the lease liability recognized, any lease payments made at or before the commencement date of the lease, initial direct costs incurred and an estimate of costs to be incurred in dismantling and removing the underlying asset or restoring the asset to the condition agreed with the lessor. Unless the Company is reasonably certain to exercise a purchase option, the right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and lease term. Right-of-use assets are subject to the impairment requirements under IAS 36 Impairments of Assets.

In the event that the tax base of a right of use asset is not the same as its carrying amount for IFRS purposes on initial recognition of a lease contract, the Company will recognize the deferred tax impact arising on the temporary difference between the carrying amount of the right-of-use asset and its tax base. The same treatment as above will also be applied to the initial recognition of the lease liability.

k Goodwill

Goodwill is not amortised but tested for impairment annually (as at 31 December) and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than its carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

l Intangible assets

Intangible assets are stated at cost less accumulated amortisation.

Intangible assets with finite useful lives are written off by equal annual instalments over their expected useful lives of between 3 and 25 years.

m Stock

Stock is valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Raw Materials - purchase cost on a first in, first out basis;

Finished goods and work in progress - cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

n Debtors

Trade debtors, which generally have 30 day terms following the month of invoice, are recognised at original invoiced value. The carrying amount of accounts receivable is reduced through use of an allowance account and IFRS 9's expected credit loss model. Impaired accounts receivable are derecognized when they are assessed as uncollectable.

Aggregate Industries UK Limited**Notes to the Financial Statements****for the year ended 31 December 2019 (continued)****2.2 Summary of significant accounting policies (continued)****o Provisions***General provisions*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as interest payable.

Restoration costs

Restoration costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the restoration liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of restoration are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied to pre-extraction costs are added to or deducted from the cost of the asset. Changes in the estimated future costs or in the discount rate of post extraction costs are recognised in the statement of profit and loss. Further details are given in note 20.

p Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

q Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future income from the related project.

r Impairment of non financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Further explanation provided in note 2.2 k and note 9. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

2.3 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

No significant judgements have been made in the preparation of these financial statements.

In the process of applying the Company's accounting policies, management has made the following estimates and assumptions which have the most significant effect on the amounts recognised in the financial statements:

Critical estimates and assumptions*Impairment of non-financial assets*

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next three years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount are further explained in note 9.

Pension benefits

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

Aggregate Industries UK Limited**Notes to the Financial Statements****for the year ended 31 December 2019 (continued)****2.3 Significant accounting judgements, estimates and assumptions****Critical estimates and assumptions**

The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country.

Further details about the assumptions are given in note 24.

Provision for restoration

Restoration costs are provided at the present value of expected costs to settle the obligations using estimated cash flows. The estimated future costs of restoration and the discount rate are reviewed annually. Further details are given in note 20(b) and in 2.2 (o).

3 Turnover

Turnover comprises the invoice value of goods and services supplied by the company within Europe, exclusive of VAT. Turnover in the year includes contracting turnover of £247.9m (2018: £241.0m).

4 Operating profit for the year is stated after charging/(crediting):	2019	2018
	£'000	£'000
<i>Included within cost of sales</i>		
Cost of stocks recognised as an expense	397,432	388,810
Depreciation of tangible fixed assets		
Owned	63,519	58,148
Leased	-	851
Depreciation of Right of Use Assets (ROUA)	15,185	-
Amortisation of intangible fixed assets	2,052	4,795
Impairment of tangible fixed assets	565	-
Impairment of ROUA assets	3,893	-
Research and development expenditure	560	844
<i>Included within administrative expenses</i>		
Auditor's remuneration		
Audit of the financial statements	201	218
Non audit services	-	-
Auditing the accounts of subsidiaries of the Company	120	120
<i>Short term rentals:</i>		
Plant and machinery	25,479	20,419
Land and buildings	5,211	16,071
Exchange losses	48	980
<i>Included within other operating income</i>		
Gain on disposal of fixed assets	(5,251)	(7,510)
Loss on reassessment and modification of Leases	118	-
	2019	2018
	£'000	£'000
<i>Exceptional costs</i>		
Write off of receivable from subsidiary undertakings	-	874
Past service cost - GMP equalisation	-	9,000
Restructuring costs	4,384	6,000
	4,384	15,874

5 Staff numbers and costs

The average monthly number of persons employed by the company (including directors) during the year was as follows:

	2019	2018
	Number	Number
United Kingdom	3,433	3,577
The aggregate payroll costs of these persons were as follows:	2019	2018
	£'000	£'000
Wages and salaries	147,282	139,960
Social security costs	15,651	15,437
Other pension costs	8,317	11,362
Gains on curtailments and settlements and past service cost benefit (Note 24)	(15,900)	-
	155,350	166,759
The aggregate emoluments of the directors of the company were:	2019	2018
	£'000	£'000
Directors' emoluments	2,356	2,279
Company contributions to money purchase pension schemes	14	115
	2,370	2,394

No director was a member of a defined benefit pension scheme (2018: None).

Two directors were members of a money purchase pension scheme (2018: Three).

The emoluments of the highest paid director were £844,608 (2018: £878,102). Contributions paid to money purchase or defined benefit pension schemes in respect of the highest paid director was £nil (2018: £74,519).

The Company regards the statutory directors as being the key management personnel of the business.

Aggregate Industries UK Limited
Notes to the Financial Statements
for the year ended 31 December 2019 (continued)

6 Interest payable and similar cost	2019	2018
	£'000	£'000
Group interest payable	25,923	22,136
Bank loan and overdraft	1,030	1,182
Unwinding of discount on long term provision	925	955
Finance charges payable on finance leases and hire purchase contracts	4,204	162
Interest payable on defined benefit obligation	17,991	17,946
Bank charges and other interest payable	2,498	10,042
	52,571	52,423
7 Interest receivable and similar income	2019	2018
	£'000	£'000
Return on plan assets	15,438	14,150
Other Interest receivable	161	489
Inter group interest receivable	4,254	4,533
Dividends received	11,871	600
	31,724	19,772
8 Taxation	2019	2018
	£'000	£'000
UK corporation tax		
Current tax	6,999	10,000
Adjustments in respect of prior years	(3,258)	1,675
	3,741	11,675
Deferred tax note		
Origination and reversal of timing differences	7,854	2,725
Adjustments in respect of prior years	1,101	(1,841)
Impact of deferred tax rate change		-
	8,955	884
Tax charge on profit recorded in the statement of profit and loss	12,696	12,559
Deferred tax on actuarial (loss) / gains	(3,240)	5,304
Deferred tax on cash flow hedge fair value movements	116	(1,189)
Deferred tax (credit)/charge included in Other Comprehensive (Expense) / Income	(3,124)	4,115

Factors affecting the tax charge for the current year:

The tax charge for the year differs from the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

Total tax reconciliation	2019	2018
	£'000	£'000
Profit before tax	87,561	68,481
Current tax at 19% (2018 : 19%)	16,637	13,011
Effects of		
Expenses not allowable for tax purposes	348	395
Income not included for tax purposes	(2,255)	(120)
Difference between CT and DT rate	(924)	(321)
Adjustments in respect of prior periods	(2,157)	(166)
Tax effect of disposal of capital assets	1,047	(240)
Total tax charge	12,696	12,559

The Finance Bill 2020, published on 19 March 2020, has reversed the reduction in corporate tax rates to 17%, meaning that the UK rate will be maintained at 19%. As this was not substantively enacted by the balance sheet date, deferred tax balances as at 31 December 2019 are measured at 17%. The estimated impact of this rate change is £7,155k increase in the deferred tax liability. This change of rate to 19% will be effective in the financial year 2020.

Aggregate Industries UK Limited
Notes to the financial statements
for the year ended 31 December 2019 (continued)

9 Intangible assets	Intangibles £'000	Goodwill £'000	Total £'000
Cost			
At 1 January 2019	11,156	207,970	219,126
Additions	1,042	-	1,042
Hive up(*)	35,734	1,995	37,729
Transfer to tangible fixed assets	-	-	-
Transfer from tangible fixed assets	-	-	-
Disposals	(225)	-	(225)
At 31 December 2019	47,707	209,965	257,672
Amortisation			
At 1 January 2019	7,026	21,454	28,480
Charge for the year	2,052	-	2,052
Hive up	2,088	-	2,088
Disposals	(225)	-	(225)
At 31 December 2019	10,941	21,454	32,395
Net book value			
At 31 December 2019	36,766	188,511	225,277
At 31 December 2018	4,130	186,516	190,646

(*) Intangible additions from the hive up includes the assets transferred from the Investments (note 12).

Intangibles represent the cost of IT softwares and the Dredging license addition during the year. The remaining useful lives of intangible assets are between 1 and 25 years.

In the opinion of the directors the carrying value of the remaining goodwill is not more than the recoverable amount hence there is no impairment recognised. The company considers a CGU which is determined by how business resources are managed and how cash flows are monitored. The recoverable amount has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a three year period. The discount rate applied to the pre-tax cash flow projections is the Company's pre-tax cost of capital of 6.62% (2018: 7.01%) and cash flows beyond the three year period are extrapolated using a 1.59% (2018: 1.65%) growth rate which approximates to long term UK economic growth. Other key assumptions in the forecasts are internal pricing decisions and market volume projections sourced from published data from the Mineral Products Association. There is no reasonably possible change in any of the key assumptions that would cause the carrying value of the goodwill to exceed recoverable amount.

10 Tangible fixed assets	Mineral reserves £'000	Land and buildings (Freehold & Leasehold) £'000	Plant, equipment and vehicles £'000	Total £'000
Cost				
At 1 January 2019	789,161	329,914	452,567	1,571,642
Additions	39,268	16,753	23,857	79,878
Transferred in from group companies	-	24	-	24
Hive up	-	5,246	16,370	21,616
Disposals	(10,672)	(4,270)	(18,099)	(33,041)
Change in accounting policy (IFRS 16)	-	(1,241)	(12,856)	(14,097)
Reclassifications	-	(276)	276	-
At 31 December 2019	817,757	346,150	462,115	1,626,022
Depreciation				
At 1 January 2019	315,941	166,005	321,844	803,790
Charge for the year	24,906	15,298	23,315	63,519
Transferred in from group companies	-	24	-	24
Hive up	-	1,168	4,821	5,989
Impairment of tangible fixed assets	-	197	368	565
Disposals	(10,672)	(4,191)	(17,846)	(32,709)
Change in accounting policy (IFRS 16)	-	(726)	(9,214)	(9,940)
Reclassifications	-	(387)	387	-
At 31 December 2019	330,175	177,388	323,675	831,238
Net book value				
At 31 December 2019	487,582	168,762	138,440	794,784
At 31 December 2018	473,220	163,909	130,723	767,852

Disposals in the year largely relate to operational assets that have reached the end of their useful economic life and have been scrapped, replaced or sold. Most of these assets have been fully written down and were held at nil net book value. The gains on sale of fixed assets is largely from sale of land and minerals (£3,636k), furniture, vehicles and tools (£1,434k) and, other assets (£181k).

Included in land and buildings and plant, equipment and vehicles are assets held under finance lease agreements with a net book value of £nil (2018: £3,639k).

Included within fixed assets is £27,177k (2018: £23,834k) for freehold land that is not depreciated, £49,310k (2018: £51,867k) for freehold building and £151,588k (2018: £116,004k) for assets under construction.

Impairment of tangible fixed assets includes building & installations and machines relating to the Lytag business. The fixed assets were fully impaired as the business is not performing as expected to recover the cost of these assets.

Commitments for capital expenditure are as follows:

	2019 £'000	2018 £'000
Contracted for but not provided	3,261	10,548

Aggregate Industries UK Limited
Notes to the financial statements
for the year ended 31 December 2019 (continued)
11 Investment properties

Land and Buildings

	£'000
Cost	
As at 1 January 2019 and 31 December 2019	182
Provision for impairment	
As at 1 January 2019 and 31 December 2019	182
Net book value	
As at 31 December 2018 and 31 December 2019	-

12 Investments	Subsidiary undertakings £000	Joint ventures & Associates £000	Other £000	Total £000
Cost				
At 1 January 2019	394,739	20,388	153	415,280
Additions	19,223	-	-	19,223
Transfer	(27,323)	-	-	(27,323)
Other	-	-	-	-
At 31 December 2019	386,639	20,388	153	407,180
Provision for impairment				
At 1 January 2019	49,112	14,257	153	63,522
Charge for the year	-	-	-	-
Other	-	-	-	-
At 31 December 2019	49,112	14,257	153	63,522
Net book value				
At 31 December 2019	337,527	6,131	-	343,658
At 31 December 2018	345,627	6,131	-	351,758

During the year the Company has acquired 100% shareholding in Maxi Readymix Concrete Limited and the remaining 50% share in Redditch Concrete Limited.

Following a review of the carrying value of investments, a charge of £nil (2018: £509k) was made to write down the carrying values of subsidiary undertakings to the lower of their net asset values and values in use.

The transfer during the year represents investments in Kendall's, which was transferred to the goodwill due to hive up of the Kendall subsidiaries in the AIUK.

In assessing the investments for impairment, the directors have reviewed the Company's assets and the three year forecast as described in note 9 and are satisfied that there is no further impairment. With regard to the assessment of value-in-use, management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the investment to exceed recoverable amount.

Aggregate Industries UK Limited
Notes to the financial statements
for the year ended 31 December 2019 (continued)

12 Investments (continued)

Investments in subsidiary undertakings

Subsidiaries are listed below:

Name of company	Ordinary Share Holding	Nature of business	Principal place of business	Registered office
Aggregate Industries (England) Limited	100%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Aggregate Industries South West Limited	100%	Active - non-trading	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Aggregate Supplies Limited	100%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Camas Building Materials Limited	100%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Camas UK Limited	100%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Charcon Holdings Limited	100%	Holding	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Charcon Limited	100%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
CNL Minerals Limited	100%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Concrete Developments Limited	100%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Construction System Solutions Limited	100%	Trading	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Cruden Bay Brick & Tile company Limited	100%	Dormant	Great Britain	Duntilland Quarry, Salsburgh, ML7 4NZ
Douglas Concrete Holdings Limited	100%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Douglas Concrete Limited	100%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
EJS Concrete Products Limited	100%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
EJS Landscape Supplies Limited	100%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Evered Bardon Quarry Products Limited	100%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Evered Concrete Products Limited	100%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Foster Yeoman (Dulcote) Limited	100%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Foster Yeoman Jetties Limited	100%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Foster Yeoman Limited	100%	Holding	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Fyfe Contractors Limited	100%	Dormant	Great Britain	Duntilland Quarry, Salsburgh, ML7 4NZ
Hartigan Trading Limited	100%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Ivonbrook Quarries Limited	100%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
John Fyfe Limited	100%	Dormant	Great Britain	Duntilland Quarry, Salsburgh, ML7 4NZ
K.R.M. Concrete Limited	100%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Kendall Bros. (Portsmouth) Limited	100%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Kendall Marine Limited	100%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Lafarge Caudon Limited	100%	Trading	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Lafarge Ireland Limited	100%	Trading	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
London Concrete Limited	100%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Lytag Holdings Limited	100%	Holding	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Lytag Limited	100%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Mid Essex (Asphalt) Limited	100%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Morvern Shipping Agency Limited	100%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Ogden Roadstone Limited	100%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Paragon Materials Limited	100%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Simply Paving Ltd	100%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Redditch Concrete Limited	100%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Maxi Readymix Concrete Limited	100%	Trading	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ

Aggregate Industries UK Limited
Notes to the financial statements
for the year ended 31 December 2019 (continued)

12 Investments (continued)

Name of company	Share	Nature of business	business	Registered office
St. Machar Development company Limited	100%	Dormant	Great Britain	Duntilland Quarry, Salsburgh, ML7 4NZ
Stoneflair Northern Limited	100%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
W J Ladd (Concrete Products) Limited	100%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Witherley Services Limited	100%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Woodhall Spa Sand & Gravel Ltd	100%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Geocycle UK Limited (formerly known as World Self Unloaders Limited)	100%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Yeoman (Morvern) Limited	100%	Dormant	Great Britain	Glensanda Quarry, Morvern, By Oban, Argyll, Scotland
Yeoman France S.A.R.L.	100%	Trading	France	23, rue du Clos d'Orleans, 94120 Fontenay Sous Bois, France

Joint ventures and associates

Joint ventures are listed below:

Name of company	Ordinary Share Holding	Nature of business	Principal place of business	Registered office
Alan C Bennett & Sons Limited-	50%	Trading	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Caird Evered Holdings Limited	50%	Holding	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Caird Evered Limited	50%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Callow Readymix Limited	50%	Trading	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Cotswold Aggregates Limited	50%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Mendip Rail Limited	50%	Trading	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
North Kent Roadstone Limited	50%	Trading	Great Britain	Albion House, Springfield Rd, RH12 2RW
RFS Works Limited (formerly known as Rail Freight Services (RFS) Limited)	50%	Trading	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Ranchaus No 16 Limited	50%	Dormant	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Tendley Quarries Limited	50%	Trading	Great Britain	Brigham, Cockermouth, CA13 0SE
The Mendip Basalt Co. Ltd	50%	Trading	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Western Bridge (Shipping) Limited	50%	Trading	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
AB Shipping BV	50%	Trading	Netherlands	Amerikahavenweg 2, 1045 AC Amsterdam, Netherlands
Yeoman Benk Ltd	50%	Trading	Great Britain	55 Baker Street, London, W1U 7UE
Yeoman Bridge Ltd	50%	Trading	Great Britain	55 Baker Street, London, W1U 7UE
Wight Building Materials Ltd	50%	Trading	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
SeaRock Ltd	50%	Trading	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Cambridgeshire Aggregates Limited	50%	Non-trading	Great Britain	Bardon Hall, Copt Oak Road, LE67 9PJ
Accumix Holdings Limited (*)	20%	Holding	Great Britain	The Yard, Oakdale Trading Estate, Ham Lane, Kingswinford, DY6 7JH

(*) Associate

Aggregate Industries UK Limited
Notes to the financial statements
for the year ended 31 December 2019 (continued)

13 Stocks	2019 £'000	2018 £'000
Raw materials	25,078	23,666
Unbilled services	1,402	2,017
Finished goods	80,192	75,530
	106,672	101,213

The replacement value of above stocks is not materially different than the carrying value.

14 Debtors	2019 £'000	2018 £'000
Amounts falling due within one year		
Trade debtors	194,139	172,291
Amounts owed by group undertakings	14,446	5,645
Amounts owed by fellow subsidiaries	32,484	5,119
Amounts owed by joint ventures and associates	3,563	4,587
Amounts owed by parent undertaking	1,371	3
Derivatives (note 19)	144	516
Other debtors	8,802	10,124
Prepayments and accrued income	13,272	10,069
Total current	268,221	208,354
Amounts falling due after more than one year		
Trade debtors	2,749	6,074
Amounts due from group undertakings	110,320	121,169
Amounts due from fellow subsidiaries	92	685
Amounts due from joint ventures and associates	3,884	645
Amounts due from parent undertaking	44,000	44,000
Total non-current	161,045	172,573
	429,266	380,927

Amounts falling due within one year are repayable within the usual trading terms.

Amounts falling due after more than one year from joint ventures and associates have various maturity dates and interest rates.

Trade debtors include contracting retentions of £6,027k at 31 December 2019 (2018: £6,946k)

Further details of derivatives are shown in note 19.

Amounts falling due after more than one year from group undertakings and from fellow subsidiaries are interest free and repayable after more than 12 months with notice from either party except interest bearing, unsecured loans listed below.

	Effective interest rate %	Maturity	2019 £'000	2018 £'000
Debtors falling due more than one year				
Holcim Participations (UK) Limited	Fixed 2.86%	2021	44,000	44,000
Lafarge Ireland Limited	Fixed 2.5%	2028	30,615	30,615
Lafarge Caudon Limited	Fixed 2.5%	2028	72,539	82,539
			147,154	157,154
Total interest-bearing loans and borrowings			147,154	157,154

15 Cash at bank and in hand	2019 £'000	2018 £'000
Cash at bank and in hand	795	30,486
	795	30,486

16 Creditors	2019 £'000	2018 £'000
Bank overdraft	1,437	-
Obligations under leases and hire purchase contracts	7,389	2,395
Trade creditors	237,362	233,132
Amounts due to parent undertakings	-	31,608
Amounts due to group undertakings	13,913	25,353
Amounts due to fellow subsidiaries	88,430	58,715
Amounts due to joint ventures and associates	6,856	5,731
Other taxes and social security	44,109	40,164
Income taxes	27,709	28,805
Short term derivative liability (note 19)	2,824	3,820
Accruals and deferred income	57,033	49,132
Other creditors	16,042	16,538
	503,104	495,393

Amounts due to group undertakings are interest free and repayable on demand except for the amounts as disclosed in note 18.

Further details on derivatives are shown in note 19.

Aggregate Industries UK Limited
Notes to the financial statements
for the year ended 31 December 2019 (continued)

17 Creditors: amounts falling due after more than one year

	2019 £'000	2018 £'000
Obligations under leases and hire purchase contracts	92,245	-
Long term derivative liability (note 19)	1,665	4,083
Amounts due to fellow subsidiaries	279,666	453,373
Amounts due to joint ventures and associates	495	154
Amounts due to parent undertakings	252,863	221,253
Amounts due to group undertakings	257,255	228,608
	884,189	907,471

The terms for the amount due from related parties worth £466,069k are as disclosed in note 18. The remaining balance due to fellow subsidiaries and group undertakings have been accounted for at fair value when the loans were granted based on an imputed interest rate of 2% and are repayable after 12 months written notice from either party.

18 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Effective interest rate %	Maturity	2019 £'000	2018 £'000
Creditors falling due within less than one year				
Bank overdraft	BoE Base + 0.8%		1,437	-
Amounts due to LafargeHolcim Albion Finance	Libor* + 0.76%		50,000	-
			51,437	-
Creditors falling due more than one year				
Included in amounts due to parent undertakings in note 17 above				
- Amounts due to Aggregate Industries Holdings Limited	Libor* + 5.11%	2021	21,222	21,222
- Amounts due to Aggregate Industries Holdings Limited	6.63% fixed	2021	200,000	200,000
Included in amounts due to group undertakings in note 17 above				
- Amounts due to Lafarge Minerals Limited	Libor** + 3.01%	2028	244,847	244,847
			466,069	466,069
Total interest-bearing loans and borrowings			517,506	466,069

(*) Libor - 3 month sterling

(**) Libor - 6 month sterling

Bank Facilities

As at 31 December 2019, the company has committed bilateral bank facilities totalling £nil (2018: £150m) of which £nil is drawn down (2018: £nil) and £75m (2018: £75m) uncommitted of which £nil (2018: £nil) is drawn down. In addition, the company has £25m (2018: £25m) of uncommitted overdraft facilities at 31 December 2019, of which £1.4m is drawn down (2018: £nil). These are used to manage the working capital fluctuations of the business.

19 Derivative financial instruments

	Financial assets		Financial liabilities	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
<i>Cash flow hedges</i>				
Commodities	274	3,991	4,489	7,903
Analysed as:				
Current	144	516	2,824	3,820
Non-Current	130	3,475	1,665	4,083
	274	3,991	4,489	7,903

Aggregate Industries UK Limited
Notes to the financial statements
for the year ended 31 December 2019 (continued)

19 Derivative financial instruments (continued)

	Fair value assets 2019 £'000	Fair value liabilities 2019 £'000	Nominal amount 2019 £'000	Fair value assets 2018 £'000	Fair value liabilities 2018 £'000	Nominal amount 2018 £'000
<i>Cash flow hedges</i>						
Commodities	274	4,489	28,263	3,991	7,903	56,824

Derivative financial instruments are in place to hedge the risk of energy prices. The derivative financial instruments constitute cash flow hedges and are therefore carried at fair value. Derivative assets with maturities exceeding one year are included in long-term financial assets and derivative assets with maturities less than one year are included in debtors (note 14). Derivative liabilities with maturities exceeding one year are included in long-term derivative liabilities (note 17) and derivative liabilities with maturities less than one year are included as short term derivative liabilities (Note 16). Details of the financial instruments accounting policies are included in note 2.

20 Provisions for liabilities

a Deferred tax

	Deferred tax £'000
At 1 January 2019	48,525
Arising during the year	7,854
Adjustment in respect of prior years	1,101
Credited to other comprehensive income	(3,124)
Deferred tax on Kendalls hive-up	6,462
At 31 December 2019	60,818

The amount of £6,462k mainly represent the transfer of deferred tax balance generated on fair value of the assets at the time of hive up acquisition of Kendall companies.

Current

At 31 December 2019	-
At 31 December 2018	-

Non-Current

At 31 December 2019	60,818
At 31 December 2018	48,525

Tax effect of timing differences because of:

	2019 £'000	2018 £'000
Differences between accumulated depreciation and capital allowances	88,147	79,794
Other timing differences	(27,329)	(31,269)
Provision as at 31 December	60,818	48,525

At 31 December 2019 there was no recognised deferred tax liability (2018: £nil) for taxes that could become payable on the unremitted earnings of certain subsidiaries, associates and joint ventures as dividend receipts from UK entities should be exempt from further UK tax, and for overseas entities, the company can control the extent and timing of any distribution such that no material tax consequences are expected to occur.

Aggregate Industries UK Limited
Notes to the financial statements
for the year ended 31 December 2019 (continued)

20 Provisions for liabilities (continued)

b Other provisions

	Restoration & site remedial £'000	Other provisions £'000	Total £'000
At 1 January 2019			
Current	9,071	520	9,591
Non-current	34,752	2,211	36,963
	43,823	2,731	46,554
Arising during the year	8,728	3,392	12,120
Utilised in the year	(4,158)	(2,604)	(6,762)
Reversal of unused amounts	(2,489)	(514)	(3,003)
Movement in discount rate	925	-	925
Transfer to IFRS 16 leases (note 26)	(1,964)	-	(1,964)
Hive up	320	200	520
At 31 December 2019	45,185	3,205	48,390
Analysed as:			
Current	10,878	200	11,078
Non-Current	34,307	3,005	37,312
	45,185	3,205	48,390

Restoration provisions have been established in respect of legal, contractual or constructive obligations. Amounts have been estimated based on the advice and opinions of suitably qualified and experienced specialists. These provisions are expected to be utilised over the life of the respective sites. Long term provisions are discounted to their present value based on long-term borrowing rates.

Other provisions include property, legal and restructuring provisions. The legal provisions are expected to be utilised within two to five years depending on the nature of the claims.

21 Share capital

	2019 £'000	2018 £'000
Authorised, issued, called up and fully paid		
100,300 Ordinary shares of £1 each	100	100
	100	100

There are no restrictions on the distribution of dividends and repayment of capital for these shares.

22 Reserves

Share capital and share premium accounts

Equity share capital comprises the net proceeds up to par value on issue of the Company's equity share capital, of 100,300 ordinary shares of £1 each. The excess proceeds above the par value are recognised within the share premium account.

Cash flow hedging reserve

The hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss.

Other share reserve

Interest free non-current intercompany loans are historically been held at cost. These have been corrected to reflect the correct fair value and as a result, the reserve has been credited to the other equity reserve.

Retained earnings records retained earnings and accumulated losses.

23 Dividends

A dividend of £478.09 (2018: £461.96) per ordinary share, totalling £47,953k (2018: £46,335k) was paid in the year.

During 2020, an interim dividend of £57.33 (2019: £239.48) per ordinary share was paid, totalling £5,750k (2019: £24,020k) was declared.

Aggregate Industries UK Limited
Notes to the financial statements
for the year ended 31 December 2019 (continued)

24 Pension schemes

The Company operates three Defined Benefit Plans, which are the Foster Yeoman Pension Plan (FYPP), the Ronez (2000) Pension Plan (Ronez) and the Aggregate Industries Pension Plan (AIPP), and also has a variety of Defined Contribution Schemes. The Defined Benefit Scheme arrangements are detailed below. The contributions by the Company to the Defined Contribution Schemes in the year were £7,192,854 (2018: £5,833,429). At the end of the year these pension contributions were paid in full.

Foster Yeoman Pension Plan

On 1 July 2013 the Plan's benefits, already insured under an existing "buy-in" policy with Pension Insurance Corporation (PIC), were transferred fully from the policy in the Trustees' name to individual policies in the members' names and were therefore "bought out". As at 31 December 2019 the Defined Benefit (DB) liabilities are £nil (2018: £nil) having been bought out by the trustees and the FYPP no longer holds any assets. Arrangements to formally wind up this Plan are now being made.

Ronez (2000) Pension Plan

On 4 January 2017, the Company became the Principal Employer of the Ronez (2000) Pension Plan, following the sale of Ronez Limited by the Group. Ronez is a funded Channel Islands pension scheme providing benefits based on final pensionable pay. It is closed to new entrants and to future accrual of benefits. A full actuarial valuation was carried out at 31 December 2018 and updated to 31 December 2019 by a qualified independent actuary. Further details are set out on page 35.

Aggregate Industries Pension Plan

The Company participates in a defined benefit pension scheme, a funded UK wide pension scheme providing benefits based on final pensionable pay. A full actuarial valuation was carried out at 31 December 2018 and updated to 31 December 2019 by a qualified independent actuary. Further details are set out below.

Scheme Closure

Over the period a decision was made by the company to close the Aggregate Industries Pension Plan to future accrual, effective from 31 March 2019. As a result, from 1 April 2019 there were no active members left in the Plan and future accrual reduced to zero. The closure event has been reflected in our year end disclosures as a curtailment gain.

During the year, the company has offered the option of pension increase exchange to certain pensioner members of the Aggregate Industries Pension Plan. This has resulted in a gain of £3,200k during the year.

Aggregate Industries Pension Plan

The principal assumptions used by the actuary were (in absolute terms):

		2019	2018
		(%p.a.)	(%p.a.)
Future salary increases		N/A	3.20%
General Annual Salary Increase (GASI)		N/A	3.20%
Future LPI pension increases		2.90%	3.10%
Discount rate		2.00%	3.00%
Inflation assumption		2.00%	2.10%
Revaluation in deferment		2.00%	2.10%
Assumed life expectancies on retirement at age 65 are:			
Retiring today	Males	21	21
	Females	23	24
Retiring in 20 years time	Males	22	22
	Females	25	25

The assumptions used by the actuary are best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

In 2018, following the High Court ruling in the Lloyds Banking case, an adjustment of £9.0m was made to increase scheme liabilities for GMP equalisation in 2018 financial statement.

The assumptions used in determining the overall expected return of the assets of the Plan have been set having regard to yields available on government bonds, corporate bonds, bank base rates and incorporating appropriate risk margins where appropriate. The fair value of the Plan's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the Plan's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

Aggregate Industries UK Limited
Notes to the financial statements
for the year ended 31 December 2019 (continued)

24 Pension schemes (continued)

	Fair value at 31 Dec 2019 £'000	Fair value at 31 Dec 2018 £'000
Equities and Property	34,418	27,674
Investment funds & Corporate bonds	150,097	182,229
Liability-driven Investments	53,193	-
Insured Annuities	285,838	261,598
Cash and Other	21,573	2,760
Total fair value	545,119	474,261

None of the assets of the Plan are invested in the Company's own financial instruments and none of the assets are properties or other assets used by the Company.

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on scheme liabilities £'000
Discount Rate	0.5% increase	(52,905)
	0.5% decrease	61,039
Rate of salary increases	1% increase	n/a
	1% decrease	n/a
Post retirement mortality	Increase by 1 year	19,612
	Decrease by 1 year	(19,041)

The amounts recognised in the Balance Sheet are as follows:

	2019 £'000	2018 £'000
Fair value of Plan assets	545,119	474,261
Present value of funded obligations	(653,733)	(602,575)
Plan deficit of funded obligations	(108,614)	(128,314)

Reflected in the Balance Sheet

	2019 £'000	2018 £'000
Defined benefit deficit	(108,614)	(128,314)
Deferred tax asset	18,464	21,813
Net liability	(90,150)	(106,501)

The amounts recognised in the Statement of Profit and Loss

	2019 £'000	2018 £'000
Administration expenses	852	825
Interest income	(14,535)	(13,289)
Current service cost	1,124	5,628
Contribution by the employees	-	-
Interest costs	17,196	17,173
Pension Increase Exchange	(3,200)	-
Gains on curtailments and settlements	(12,700)	-
Past service costs (GMP equalisation)	-	9,000
Total	(11,263)	19,337

Amounts recognised in Other Comprehensive Income

	2019 £'000	2018 £'000
Actuarial (gains) arising from changes in demographic assumptions	(6,416)	(18,395)
Actuarial losses / (gains) arising from changes in financial assumptions	24,753	(12,919)
Deferred tax	(3,201)	5,329
Total recognised in Other Comprehensive Income	15,136	(25,985)

Actual return on Plan assets

	2019 £'000	2018 £'000
	74,628	(14,582)

Cumulative actuarial losses recognised in Other Comprehensive Income

	2019 £'000	2018 £'000
	(74,996)	(81,412)

Aggregate Industries UK Limited
Notes to the financial statements
for the year ended 31 December 2019 (continued)

24 Pension schemes (continued)

Changes in the present value of the defined benefit obligation are as follows:

	£'000
Defined benefit obligation as at 31 December 2017	657,705
Current service costs	5,628
Past service costs (GMP equalisation)	9,000
Interest cost	17,173
Actuarial gains	(59,185)
Benefits paid	(27,746)
Defined benefit obligation as at 31 December 2018	602,575
Current service cost	1,124
Interest cost	17,196
Actuarial losses	78,416
Plan amendments	(3,200)
Curtailments	(12,700)
Benefits paid	(29,705)
Others	27
Defined benefit obligation as at 31 December 2019	653,733

Changes in the fair value of plan assets are as follows:

	£'000
Fair value of plan assets as at 31 December 2017	504,365
Expected return on plan assets	13,289
Actuarial loss	(27,872)
Contributions by employer	13,050
Contributions by employees	114
Benefits paid	(27,860)
Other - administration expenses	(825)
Fair value of plan assets as at 31 December 2018	474,261
Expected return on plan assets	14,534
Actuarial gains	60,094
Contributions by employer	26,760
Contributions by employees	27
Benefits paid	(29,705)
Other - administration expenses	(852)
Fair value of plan assets as at 31 December 2019	545,119

The Company expects to contribute approximately £20,500k to its defined benefit pension plan in 2020.

Ronez Pension Plan

The principal assumptions used by the actuary were (in absolute terms):

	2019 (%p.a.)	2018 (%p.a.)
Future salary increases	N/A	N/A
General Annual Salary Increase (GASI)	N/A	N/A
Future LPI pension increases	2.90%	3.10%
Discount rate	2.00%	2.60%
Inflation assumption	3.00%	3.20%
Revaluation in deferment	N/A	N/A
Assumed life expectancies on retirement at age 65 are:		
Retiring today		
Males	21	21
Females	23	24
Retiring in 20 years time		
Males	22	22
Females	25	25

The assumptions used by the actuary are best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The assumptions used in determining the overall expected return of the assets of the Plan have been set having regard to yields available on government bonds, corporate bonds, bank base rates and incorporating appropriate risk margins where appropriate. The fair value of the Plan's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the Plan's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Fair value at 31 Dec 2019 £'000	Ronez assets at 31 December 2018 £000s
Equities and Property	12,044	4,303
Investment funds & Corporate bonds	20,443	25,553
Cash and Other	1,333	955
Total fair value	33,820	30,811

None of the assets of the Plan are invested in the Company's own financial instruments and none of the assets are properties or other assets used by the Company.

Aggregate Industries UK Limited
Notes to the financial statements
for the year ended 31 December 2019 (continued)

24 Pension schemes (continued)

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on scheme liabilities £'000
Discount Rate	0.5% increase 0.5% decrease	(1,837) 2,096
Rate of salary increases	1% increase 1% decrease	n/a n/a
Post retirement mortality	Increase by 1 year Decrease by 1 year	892 (865)

The amounts recognised in the Balance Sheet are as follows:

	Ronez assets at	
	2019 £'000	2018 £'000
Fair value of Plan assets	33,820	30,811
Present value of funded obligations	(29,722)	(27,188)
IFRIC 14 adjustment due to asset ceiling	(4,098)	(3,623)
Plan deficit of funded obligations	-	-

Reflected in the Balance Sheet

	2019 £'000	2018 £'000
Defined benefit deficit	-	-
Deferred tax asset	-	-
Net liability	-	-

The amounts recognised in the Statement of Profit and Loss

	2019 £'000	2018 £'000
Expected return on plan assets	(904)	(861)
Interest costs	795	773
Total	(109)	(88)

Amounts recognised in Other Comprehensive Income

Actuarial losses arising from changes in demographic assumptions	3,107	(2,041)
Actuarial gains arising from changes in financial assumptions	(3,353)	1,949
IFRIC 14 adjustment due to asset ceiling	475	240
Deferred tax	(39)	(25)
Total recognised in Other Comprehensive Income	190	123

Actual return on Plan assets

4,257	(1,088)
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Cumulative actuarial losses recognised in Other Comprehensive Income

229	148
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Changes in the present value of the defined benefit obligation are as follows:

	2019 £'000	2018 £'000
Defined benefit obligation as at 1 Jan / date of transfer	27,188	30,412
Current service cost	-	-
Interest cost	795	773
Actuarial losses / (gains)	3,107	(2,041)
Benefits paid	(1,368)	(1,956)
Reduction relating to past service cost release on closure of scheme	-	-
Defined benefit obligation as at year end	29,722	27,188

Changes in the fair value of plan assets are as follows:

	2019 £'000	2018 £'000
Plan assets as at 1 Jan / date of transfer	30,811	33,795
Expected return on plan assets	904	861
Actuarial gains / (losses)	3,353	(1,949)
Contributions by employer	120	60
Contributions by employees	-	-
Benefits paid	(1,368)	(1,956)
Plan assets as at year end	33,820	30,811

Aggregate Industries UK Limited
Notes to the financial statements
for the year ended 31 December 2019 (continued)

25 Contingent liabilities

The Company has contingent liabilities in respect of bonds, guarantees and agreements entered into in the normal course of business from which it is anticipated that no material liabilities will arise.

26 Leases

Since January 1, 2019, the Company assesses at inception of a contract whether it contains a lease under IFRS 16 and accordingly recognizes a right-of use asset and a lease liability if it meets the definition of a lease, with the exception of short-term leases and leases of low value assets. The weighted average lease period is 7 to 8 years and the IBR rate is 3.79%.

Note 2.2 (j) explains the accounting policy changes and the initial application of IFRS 16 as of January 1, 2019.

The above change would result in to creating Right of use assets and lease liabilities of £109m as on 1st of January 2019 with £15.1m depreciation on lease assets and £4.2m of interest expenses on lease liability in 2019.

	Mineral reserves	Land and buildings (Freehold & Leasehold)	Plants, equipments and vehicles	Total
	£'000	£'000	£'000	£'000
Right-of-Use assets				
Opening Leases	-	99,319	9,886	109,205
Transfer from Tangible Fixed Assets	-	1,241	12,856	14,097
Cost at 1 January 2019	-	100,560	22,742	123,302
New lease additions	-	3,361	1,332	4,693
Transferred in	-	-	1,243	1,243
Changes to leases	-	970	100	1,070
Lease disposals	-	(1,241)	(19)	(1,260)
Cost as at 31 December 2019	-	103,650	25,398	129,048
Opening Onerous Lease Provision	-	1,964	-	1,964
Transfer from Tangible Fixed Assets	-	726	9,214	9,940
Depreciation at 1 January 2019	-	2,690	9,214	11,904
Depreciation expense	-	9,121	6,064	15,185
Impairment expenses	-	1,070	2,823	3,893
Transferred in	-	-	370	370
Disposals	-	(72)	-	(72)
Depreciation as at 31 December 2019	-	12,809	18,471	31,280
Net book value 31 December 2019	-	90,841	6,927	97,768
Net book value 1 January 2019	-	97,870	13,528	111,398

The opening Onerous lease provision is transferred from property provision note 20b.

During the year, the Company impaired Right of Use Assets related to the Lytag business which includes building & installations, machines and furniture, vehicles & tools. The right of use assets were fully impaired as the business is not performing as expected to recover the cost of these assets.

	Mineral reserves	Land and buildings (Freehold & Leasehold)	Plant, equipment and vehicles	Total
	£'000	£'000	£'000	£'000
Lease liabilities				
At 1 January 2019	-	99,319	9,886	109,205
Opening adjustment	-	969	-	969
Old HP and Finance Lease liabilities	-	373	2,022	2,395
Opening Position	-	100,661	11,908	112,569
Additions	-	3,361	2,029	5,390
Interest expense	-	3,795	409	4,204
Effect of modification to lease terms	-	1,171	21	1,192
Disposals	-	(1,148)	(19)	(1,167)
Lease payments (Principal and Interest)	-	(14,300)	(8,255)	(22,555)
At 31 December 2019	-	93,540	6,093	99,633

The impact of change in incremental borrowing rate by 0.5% would have an impact worth £4.1m in right of use asset and lease liabilities.

The IFRS 16 has been applied retrospectively for four leases, which has resulted in the opening adjustment of £969k.

Aggregate Industries UK Limited
Notes to the financial statements
for the year ended 31 December 2019 (continued)

26 Leases (Continued)

Split Between:	2019 Current £'000	2019 Long term £'000
Lease liabilities	7,389	92,245
Leasing commitments outside the scope of IFRS 16		
Minimum payments under non cancellable leases are as follows	2019 £'000	2018 £'000
Within one year	3,369	3,620
Between two and five years	13,224	13,343
After five years	19,978	23,228
	36,571	40,191

The Company has leases with one of the group company Holmin Limited which were planned to be surrendered in 2020 and hence considered to be ST and excluded from IFRS 16.

27 Related party disclosures

During the year the company had the following transactions with certain of its joint ventures and related parties.

	Sales £'000	Purchases £'000
2019		
Joint ventures and associates	4,647	32,885
2018		
Joint ventures and associates	5,705	30,386
Amounts owed by related parties	2019 £'000	2018 £'000
Amounts owed by joint ventures and associates	7,447	5,233
	7,447	5,308
Amounts owed to related parties	2019 £'000	2018 £'000
Amounts owed to joint ventures and associates	7,351	5,885
	7,351	5,885

Terms and conditions of transactions with related parties

Sales and purchases between related parties are made at normal market prices. Outstanding balances with entities are unsecured and interest free. The Group has not provided or benefited from any guarantees for any related party receivables or payables.

There were no transactions of a material nature that were made with senior management or directors which require disclosure other than the directors' remuneration paid that is disclosed in note 5.

Aggregate Industries UK Limited
Notes to the financial statements
for the year ended 31 December 2019 (continued)

28 Hive up

The total value of hive up of trade and assets in the year is analysed below:

	Book value £'000	Adjustments £'000	£'000
Fixed and intangible assets	15,627	-	15,627
Right of use assets	-	873	873
Stock	455	-	455
Debtors	5,726	-	5,726
Cash	3,133	-	3,133
Lease liabilities	-	(873)	(873)
Creditors	(9,329)	-	(9,329)
Provisions	(520)	-	(520)
Net assets acquired	15,092	-	15,092

Consideration paid via intercompany

(15,092)

Goodwill on acquisition

1,995

In 2018, the Company acquired Kendall Bros (Portsmouth) Ltd, KRM Concrete Ltd and Kendall Marine Ltd and paid a consideration in excess of the fair value of the business. In 2018 an investment was recognised in these financial statements. In 2019, the assets and liabilities of these businesses were hived up, which has resulted in a transfer from investments to create goodwill of £1,995k and intangibles, net of deferred tax, of £27,926k.

Right of use assets and lease liabilities relates to Kendall vehicle leases hived up during the year.

The following subsidiaries trade and assets were hived up in the year:

Kendall Bros. (Portsmouth) Limited
K.R.M. Concrete Limited
Redditch Concrete Limited

29 Post balance sheet events

During 2020, an interim dividend of £57.33 (2019: £239.48) per ordinary share was paid, totalling £5,750k (2019: £24,020k) was declared.

On 14 February 2020 the company acquired 100% shares in Stalybridge Readymix Holdings Limited and Stalybridge Readymix Limited.

On 18 December 2020 the company acquired 100% shares in Northumbrian Roads Limited.

Covid-19

Since the Balance Sheet date, there has been a global outbreak of coronavirus (Covid-19). On 12 March, the World Health Organisation declared the outbreak of Covid-19 a pandemic. Many countries, including the UK, have reacted to contain and delay the spread of the virus, which included extensive social distancing, business closures and travel bans. Whilst uncertain, the directors do not believe, however, that the impact of Covid-19 would have a material adverse effect on the financial position or liquidity. The directors have concluded that the matter is a non-adjusting post balance sheet event.

Brexit

The UK left the EU on 31 January 2020 and has now entered an 11-month transition period. The risks posed by Brexit are being monitored by management. The impact of Brexit on the Company is as indicated in the Strategic Report.

30 Parent and ultimate parent company

The immediate parent company is Aggregate Industries Limited, incorporated in Great Britain and the ultimate parent and controlling undertaking is LafargeHolcim Ltd which is incorporated in Switzerland. This is the smallest and largest group in which results are consolidated.

Copies of the accounts of LafargeHolcim Ltd, the ultimate parent entity at the balance sheet date, are available on www.lafargeholcim.com or from LafargeHolcim Ltd Corporate Communications, Zurcherstrasse 156, CH-8645 Jona, Switzerland.

Aggregate Industries UK Limited
Notes to the financial statements
for the year ended 31 December 2019 (continued)

31 Effects on changes in accounting policies (Continue)

The Company adopted IFRS 16 with a transition date of 1 January 2019. The Company has chosen not to restate comparatives on adoption of both standards, and therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of initial application (i.e. 1 January 2019) and recognised in the opening equity balances. Details of the impact these two standards have had are given below. Other new and amended standards and Interpretations issued by the IASB did not impact the Company as they are either not relevant to the Company's activities or require accounting which is consistent with the Company's current accounting policies.

IFRS 16 Leases

Effective 1 January 2019, IFRS 16 has replaced IAS 17 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Company does not have significant leasing activities acting as a lessor.

Transition Method and Practical Expedients Utilised

The Company adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 January 2019), without restatement of comparative figures. The Company elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Company applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- (a) Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- (b) Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;
- (c) Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and
- (d) Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases. However, the Company has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

On adoption of IFRS 16, the Company recognised right-of-use assets and lease liabilities as follows:

Classification under IAS 17	Right-of-use assets	Lease liabilities
Operating leases	The carrying value that would have resulted from IFRS 16 being applied from the commencement date of the leases, subject to the practical expedients noted above.	Measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at 1 January 2019. The Company's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 3.79%.

	31 December 2018 As originally presented £'000	IFRS 16 £'000	1 January 2019 £'000
Assets			
Right-of-use assets	-	109,205	109,205
Liabilities			
Lease liabilities	-	(109,205)	(109,205)
Equity			
Cash flow hedging reserve	-	-	-
Retained earnings	-	(969)	(969)

Aggregate Industries UK Limited**Notes to the financial statements****for the year ended 31 December 2019 (continued)****31 Effects on changes in accounting policies (Continue)**

The following table reconciles the minimum lease commitments disclosed in the Company's 31 December 2018 annual financial statements to the amount of lease liabilities recognised on 1 January 2019.

	1 January 2019 £'000
Minimum operating lease commitment at 31 December 2018	191,131
Additional operating lease commitments identified	139
Lease liability arising post 31 December 2018	-
Effect of changes to lease terms	7
Less: leases outside scope of IFRS 16	(40,191)
Less: short-term leases not recognised under IFRS 16	-
Less: low value leases not recognised under IFRS 16	-
Undiscounted lease payments	151,086
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(41,881)
Lease liabilities as at 1 January 2019	109,205