Registered number
00245717

Aggregate Industries UK Limited

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

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Aggregate Industries UK Limited
Company Information

Directors
J F Bowater
D Maksimovic
P Norah

Secretary
P Norah

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Registered number
00245717

Aggregate Industries UK Limited
Strategic Report
for the year ended 31 December 2021

The Directors present their Strategic Report for the year ended 31 December 2021.

Business review

The principal activity of Aggregate Industries UK Ltd ("the Company") is the production and supply of heavy building materials for construction activities. The Company is intent on grounding sustainability in the UK construction industry through being progressive, reliable and collaborative.

The Company's Statement of Profit and Loss and Other Comprehensive Income and Balance Sheet appear on pages 15 and 16 respectively. The Company's key financial and other performance indicators during the year were as follows:

	2021 **£'000**	2020 £'000	Change %
Turnover	**1,301,826**	1,148,336	13
Operating EBITDA*	**188,380**	122,502	54
Net Assets	**438,967**	375,669	17
LTIFR**	**0.5**	0.4	25

*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 2021 are as follows:

Turnover of £1,302m was higher in 2021, mainly due to recovery from the Covid 19 pandemic, along with increases in prices towards the end of 2021 as result of increasing costs.

Operating EBITDA of £188m was higher in comparison to 2020, again largely due to the recovery from Covid 19 pandemic. The Company has reaped the benefits of a number of cost reduction initiatives implemented in 2020 across the business in areas such as operational excellence, procurement, logistics, sales and general administration functions. 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 facilities from both third parties and subsidiaries of Holcim Ltd.

Net assets have increased year on year, primarily due to the profits generated in the year of £83,878k and Cash flow hedge £31,711k (net of deferred tax) and net actuarial gain from the pension scheme of £22,322k (net of deferred tax). This was offset by dividends paid of £23,732k, waiver of £44,000k debt receivable from a parent company and net actuarial losses from the pension scheme of £16,741k (net of deferred tax).

Whilst the Company's LTIFR performance was relatively in line with 2020, it still continues to invest in and focus on safety.

Dividends

The Company paid a dividend of £23,732k, £236.61 per share (2020: £5,750k, £57.33 per share) during the year.

Outlook

It is anticipated that the UK construction output will significantly increase in 2022. As a result, it is envisaged that demand levels for our products and services will be higher than 2021. The outlook for the sector is encouraging for the medium to long term with the Government accelerating major infrastructure to boost the economy.

The Company is expecting to maintain the benefit of the initiatives that were implemented in the previous year, delivering both operational and financial efficiencies through 2022 and beyond. These initiatives, coupled with a strong economic recovery will help the business to deliver pre-Covid profitability

The Company will continue to focus on effectively managing Net Working Capital and expects to have access to funding from both third parties and subsidiaries of Holcim Ltd.

Fundamental to all of the actions is the health and wellbeing of our employees. The Business Resilience Team (BRT) continued the swift 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.

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.

Principal risks and uncertainties (continued)

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

The Company 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 trade and financial receivables from related companies. The Company follows an expected credit loss model in line with IFRS 09 and 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 subsidiaries of Holcim Ltd.

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 the loans from the subsidiaries of Holcim Ltd at a fixed rate of interest. As such the timing and amount of repayments are known.

Covid-19 (Coronavirus)

In 2021, despite strong economic recovery in key markets where we operate, Covid-19 continues to be an economic threat to the market. Government is pushing for infrastructure projects, using the construction industry to boost the economy.

The successful implementation of mitigating measures during the crisis and limited impacts on the operations demonstrated the strong resilience of our company even in exceptional circumstances, resulting in limited impact on profitability. Lessons learned from the pandemic help us continue to improve our response capabilities in case of new restrictions impacting the global economy.

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.

Section 172(1) Statement (continued)

1. PEOPLE

The health and safety of our employees and achieving the goal of 'zero harm' continues to be the Company's overarching value. The Company's "Boots on Ground" online tool continues to drive consistent attendance of management and supervisors on-site, engaging with the frontline employees. The Company also invested in a safety leadership training programme to embed desired behaviours and build a culture which resulted in lower injury rates from previous periods.

The Company continues to invest heavily in diversity and inclusion, with a focus on its Equality, Diversity & Inclusion Strategy consisting of five key pillars, each with a dedicated ExCo sponsor. These pillars include well attended Affinity Groups, external 360 assessments, a zero tolerance approach to inappropriate behaviour, and a continued push for balance and representation across the business.

The Company's employees are critical to its success, and their health and wellbeing is supported comprehensively through the award-winning Healthy You strategy. Regular surveys are conducted to gauge the mood amongst employees and address issues that arise, while 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.

In 2022, the Company will take part in Holcim's Engagement Survey to further gauge how colleagues feel about the Company as an employer.

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.

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 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.

Due to the Covid-19 pandemic and in response to the Government's call for construction support on critical project work, the Company worked hard to serve and support customers whilst implementing social distancing measures to help keep everyone safe. This included donations of materials and services for key projects.

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

4. ENVIRONMENT AND SUSTAINABILITY

The Company is committed to living up to the responsibilities that come with being a global leader in building materials and is committed to building progress for a sustainable future. In 2021 the Company appointed a director of sustainability to the Exco who has subsequently expanded the sustainability team to drive the Company's ambitions forwards. 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. The Company is focused on expanding the sustainable product portfolio in 2022 including additions to the ECOPact Prime range and the launch of Aggneo, a 100% natural secondary aggregate.

The Company has also developed a new sustainability strategy throughout 2021 which launched in early 2022. The strategy clearly sets out the Company's goals under five different pillars and supports our ultimate parent company Holcim Ltd's market leading sustainability ambitions.

An overview of the work that the Company has done to achieve its sustainability ambitions in 2021 and how the 2022 strategy will build on this can be seen in the next page:

Section 172(1) Statement (continued)

4. ENVIRONMENT AND SUSTAINABILITY (continued)

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.

The 2022 Sustainability Strategy outlines the Company's commitment to improving energy efficiency and focus on new technology and renewable energy generation.

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, we are continuing to scale up the use of aggregates and bitumen from worn out roads which will be taken to produce new roads, reducing the embodied carbon of the new road. We have also invested significantly in the construction of a new Alternative Fuels facility at our Cauldon Cement Plant which will create energy from materials that would have otherwise gone to landfill. This facility is due to be commissioned in 2022.

The 2022 Strategy further emphasises the Company's commitment to reusing and recycling wherever possible.

c. Environment
The Company aims to minimise the impact on water resources by reducing freshwater 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 2022 Sustainability Strategy developed towards the end of the year outlines detailed sustainable development goals, including how the Company progresses to becoming nature-positive.

The Directors monitor environmental performance through regular reporting from management.

5. ULTIMATE PARENT COMPANY

The ultimate parent of the Company is Holcim 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. Depending upon the risk profile of an employee's role, the Group provides additional compliance training covering Fair Competition and Anti-Bribery & Corruption Competition Law. The Directors and members of the Company's senior management team are intent on executing the Group's Strategy 2025 - "Accelerating Green Growth"; whereby it aims to become the global leader in innovative and sustainable building solutions. This follows the Group's overachievement of Strategy 2022 - "Building For Growth".

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 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.

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 2021 are outlined below.
a. Appointment of CEO
As of June 2021, a new CEO of the Company was appointed.

b. Dividends paid
More information on issued dividends for the year 2021 can be found on page 8 in the Directors' Report.

Streamlined Energy And Carbon Reporting (SECR) Disclosure

The SECR disclosure presents our carbon footprint within the United Kingdom across Scope 1 and 2 emissions, an appropriate intensity metric, the total energy use of electricity, gas and transport fuel and an energy efficiency actions summary taken during the relevant financial year.

	2021	2020
ENERGY CONSUMPTION AND EMISSIONS		
Energy consumption used to calculate emissions (mWh)	1,059,248	1,262,351
Emissions from combustion of gas (Scope 1) tCO2e	53,805	48,140
Emissions from combustion of fuel for transport purposes (Scope 1) tCO_2e	153,635	211,042
Emissions from purchased electricity (Scope 2, location-based) tCO2e	31,133	31,935
Emissions from purchased electricity (Scope 2, market-based) tCO2e	-	14,447
Total gross tCO2e based on above (location-based)	238,573	291,112
Total gross tCO2e based on above (market-based)	207,440	273,625
Intensity ratio (tCO2e/production tonnes) (location-based)	0.005426	0.007506
Intensity ratio (tCO2e/production tonnes) (market-based)	0.004718	0.007055

Energy efficiency action summary

The Company continues to achieve direct savings in energy and associated carbon emissions, through operational and technological improvements, including;

- An estate wide roll-out of smart metering, sub meters and supporting energy data management platform to collect and combine procurement, usage, and sustainability information from multiple data sources to improve and accelerate consumption visibility, emissions management and sustainability reporting.
- Procurement of low carbon electricity supplies with zero emissions.
- The trial of low-carbon HVO fuels within our contracting business and the installation of electric vehicle charging points at our head office.
- Implementation and maintaining ISO 50001 Energy management Accreditation to continually improve our energy efficiency and energy management plan.
- Upgrade and installation of new LED lighting system which the Company will continue to invest in and install across sites.
- Assessment and feasibility studies for onsite solar energy generation at multiple locations.

Methodology notes

Reporting Period	1st of January 2021 – 31st of December 2021
Boundary (consolidation approach)	Operational approach
Alignment with financial reporting	SECR disclosure has been prepared in line with Aggregate Industries UK Limited annual accounts made up to 31st December 2021.
Reporting method	GHG Emissions reporting are in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting
Emissions factor source	DEFRA, 2021 for all emissions factors https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021
Conversion factor source	Natural Gas and gasoline: Federal Register EPA; 40 CFR Part 98; e-CFR, June 13, 2017 EPA GHG Emission Factors Hub Diesel - U.S. Energy Information Administration – British Thermal Unit Conversion factors 2020 LPG: - Climate Leaders Greenhouse Gas Inventory Protocol Core Module Guidance Direct Emissions from Stationary Combustion Sources 2008 Gas Oil https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2020 LFO; MGO; Kerosene https://www.epa.gov/sites/production/files/2021-04/documents/emission-factors_apr2021.pdf LNG https://www.iea.org/reports/energy-statistics-manual
Calculation method	Activity Data x Emission Factor = GHG emissions Activity Data x Conversion Factor = kWh consumption
Other relevant information on calculation	Where applicable consumption was converted to kWh using conversion factors linked above, while emissions were calculated with the DEFRA emission factors. Transport data was calculated from litres to kWh and GHG emissions using the method above. In absence of the exact engine sizes of the vehicles average conversion factors were used to calculate emissions. In addition to the minimum requirements, the energy consumption and the relevant CO2 emissions of additional fuels (LFO, LPG, Gas Oil, LNG, MGO, kerosene) are included in the report. Please note when using market based approach, for Scope 2 electric usage zero associated carbon emissions has been reported as the supply came from nuclear sources (REGOs backed). The supply meets the requirement of the GHG Protocol Corporate Guidance as well as independently verified by Carbon Trust.

Streamlined Energy And Carbon Reporting (SECR) Disclosure (continued)

Reason for the intensity measurement choice	Following the recommendations of the SECR legislation and based on the nature of our business, production (tCO_2e/production tonnes) gives the best overview on our efficiency performance on a longer scale.
Rounding	Due to rounding there might be a minor difference compared to the actual GHG emissions (no more than 1%).
Amount of nuclear electricity (mWh) imported from grid	146,662
Estimation	The report contains an estimate for electricity consumption of no more than 1%. Depending on the nature of the missing data the following estimation methods were used: Average value of +/-2 surrounding months; Average value from past 3 months; Value from same month of prior year.

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

DocuSigned by:
John Bowater
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J F Bowater
Director
05 May 2022

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

Directors

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

J F Bowater	
D Maksimovic	(appointed 01 October 2021)
G C Edwards	(resigned 21 May 2021)
C M Hudson	(resigned 09 April 2021)
P Norah	(appointed 21 April 2021)

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

Dividends

The Company paid a dividend of £23,732k, £236.61 per share (2020: £5,750k, £57.33 per share) during the year.

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 the Group that a sufficient 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 the Group has 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.

During the global pandemic, the Company took a significant number of initiatives to sustain the business and build resilience to the crisis. Company initiatives include the implementation of cost savings, focus on cash collections, inventory reductions and tight management of capital investments. The Directors have considered Russia's invasion of Ukraine which began in February 2022, and have concluded that there is no material adverse impact on the business.

Future developments

The Company intends to continue to operate in the supply of heavy building materials for construction activities. The Company is intent on grounding sustainability in the UK construction industry through being progressive, reliable and collaborative.

Research and development

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

Events since the balance sheet date

Lafarge Ireland Limited, a subsidiary of the Company, was divested in January 2022 for a consideration of £55,384k.

The Directors have considered Russia's invasion of Ukraine which began in February 2022, and have concluded that there is no material adverse impact on the business.

During 2022, an interim dividend of £nil (2020: £161.87) per ordinary share was paid, totalling £nil (2021: £16,236k).

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. In particular, colleagues have been informed about the impacts and challenges posed by the pandemic and our response to it, as changed from time to time in accordance with government guidance. 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.

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 as recently updated.

Corporate Governance
Compliance with the Wates Principles
For the year ended 31 December 2021, 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 Holcim 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 sustainable 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 updated 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 refreshed 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 organisation. 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 General Counsel. 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 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.

Corporate Governance

Principle 3. Director Responsibilities
The Group's Code of Business Conduct ensures that all Directors, officers and employees share Holcim'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 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 Holcim Group Internal Audit for any Group coordinated audits that may arise.

The Company also implements the Holcim Policy Landscape as well as the Holcim 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.

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 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.

Streamlined Energy And Carbon Reporting (SECR) Disclosure (continued)
The details of SECR disclosures are provided in the Strategic report page 6 and 7.

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

Directors' Responsibilities Statement

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

The 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 the 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:
John Bowater
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J F Bowater
Director
05 May 2022

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

Opinion

We have audited the financial statements of Aggregate Industries UK Limited (the 'Company') for the year ended 31 December 2021 which comprise Statement of Profit and Loss and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our audit procedures to evaluate the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Company's ability to continue as a going concern;
- Evaluating the Directors' method to assess the Company's ability to continue as a going concern;
- Reviewing the Directors' going concern assessment, which incorporated severe but plausible scenarios;
- Evaluating the key assumptions used and judgements applied by the Directors in forming their conclusions on going concern, which include relying on the availability of cash pooling arrangements within the Group and non-repayment of long-term debt for at least 12 months from the date of signing these financial statements.
- Reviewing the appropriateness of the Directors' disclosures in the financial statements.

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' report and from the requirement to prepare a Strategic Report.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 12, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006

In addition, we evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we focused on the recognition of contracting revenue) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

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:

Louis Burns

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Louis Burns (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Two Chamberlain Square
Birmingham, B3 3AX
Date: 05 May 2022

Aggregate Industries UK Limited
Statement of Profit and Loss and Other Comprehensive Income
for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Turnover	3	**1,301,826**	1,148,336
Cost of sales		**(765,167)**	(706,685)
Gross profit		**536,659**	441,651
Selling and distribution costs		**(349,411)**	(312,347)
Administrative expenses		**(77,610)**	(78,343)
Other operating income	4	**3,848**	2,437
Exceptional costs	4	**-**	(11,605)
Impairment of carrying value of investments	11	**(32,233)**	-
Operating profit	4	**81,253**	41,793
Interest payable and similar cost	6	**(33,557)**	(34,364)
Interest receivable and income from investments	7	**34,576**	4,398
Profit before taxation		**82,272**	11,827
Tax charge for the year	8	**1,790**	(9,986)
Profit for the financial year		**84,062**	1,841
Other comprehensive income:			
Items that will be reclassified to profit or loss			
Cash flow hedges			
- Change in fair value		**33,917**	(4,649)
- Recycled through statement of profit & loss		**8,627**	9,365
- Deferred tax movement	8	**(11,768)**	(844)
		30,776	3,872
Items that will not be reclassified to profit or loss:			
Defined benefit pension plans			
- Remeasurement gains/(loss)	23	**22,322**	(23,985)
- Deferred tax liability movement	8	**(5,581)**	4,354
		16,741	(19,631)
Other comprehensive income / (loss) for the year		**47,517**	(15,759)
Total comprehensive income / (loss) for the year		**131,579**	(13,918)

The results are from continuing operations.

The Notes on pages 18 onward form an integral part of these financial statements.

Aggregate Industries UK Limited
Company Registration No. 00245717
Balance Sheet
as at 31 December 2021

	Note	2021 £'000	2020 £'000
Non current assets			
Intangible assets	9	**238,493**	225,429
Tangible fixed assets	10	**799,015**	808,067
Right of Use Assets	25	**107,160**	104,892
Pension Assets	23	**31,963**	-
Investments	11	**317,784**	362,694
Long term financial assets	18	**14,691**	236
		1,509,106	1,501,318
Current assets			
Stocks	12	**97,140**	82,777
Debtors (including £90,293k (2020: £120,927k) due after more than one year)	13	**369,472**	404,597
Cash and cash equivalents	14	**19,345**	29,427
		485,957	516,801
Total assets		**1,995,063**	2,018,119
Creditors: amounts falling due within one year	15	**417,124**	420,148
Provisions for liabilities	19b	**10,035**	15,988
		427,159	436,136
Net current assets		**58,798**	80,665
Total assets less current liabilities		**1,567,904**	1,581,983
Creditors: amounts falling due after more than one year	16	**953,694**	1,020,629
Provisions for liabilities			
Deferred tax liability	19a	**139,746**	70,791
Other liabilities	19b	**35,497**	34,658
Pension deficit	23	**-**	80,236
		175,243	185,685
Net assets		**438,967**	375,669
Capital and reserves			
Called up share capital	20	**100**	100
Share premium	21	**32,791**	32,791
Cash flow hedging reserve	21	**31,966**	1,190
Retained earnings	21	**368,111**	335,040
Other reserve	21	**5,999**	6,548
Shareholders' funds		**438,967**	375,669

The Notes on pages 18 onward form an integral part of these financial statements.

The financial statements were approved by the board on 05 May 2022 and were signed on its behalf by:

DocuSigned by:
John Bowater
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J F Bowater
Director
05 May 2022

Aggregate Industries UK Limited
Statement of Changes in Equity
for the year ended 31 December 2021

		Attributable to the equity shareholders					
		Called up share capital	**Share premium**	**Cash flow hedging reserve**	**Retained earnings**	**Other reserve**	**Total Equity**
	Note	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
As at 1 January 2020		100	32,791	(2,682)	356,478	6,548	393,235
Profit for the financial year 2020		-	-	-	1,841	-	1,841
Other comprehensive income/(expense) net of tax		-	-	3,872	(19,631)	-	(15,759)
Total comprehensive income/(expense) for the year		-	-	**3,872**	**(17,790)**	-	**(13,918)**
Equity dividends paid	22	-	-	-	(5,750)	-	(5,750)
Debt waiver of amounts payable to group undertakings		-	-	-	2,102		2,102
As at 31 December 2020		**100**	**32,791**	**1,190**	**335,040**	**6,548**	**375,669**
Profit for the financial year		-	-	-	84,062	-	84,062
Other comprehensive income/(expense) net of tax		-	-	30,776	16,741	-	47,517
Total comprehensive income for the year		-	-	**30,776**	**100,803**	-	**131,579**
Equity dividends paid	22	-	-	-	(23,732)	-	(23,732)
Interest imputation on the LT loans		-	-	-	-	(549)	(549)
Debt waiver of amounts receivable from the parent		-	-	-	(44,000)	-	(44,000)
As at 31 December 2021		**100**	**32,791**	**31,966**	**368,111**	**5,999**	**438,967**

The Notes on pages 18 onward form an integral part of these financial statements.

1 Corporate information

The financial statements of the Company for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Directors on 05 May 2022. 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 Company Information on page 1. 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 Holcim Ltd incorporated in Switzerland for the year ended 31 December 2021. 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 £10,498k 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.

The Group 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 I 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 the Group that a sufficient 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 the Group has 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.

During the global pandemic, the Company took a significant number of initiatives to sustain the business and build resilience to the crisis. Company initiatives include the implementation of cost savings, focus on cash collections, inventory reductions and tight management of capital investments. The Directors have considered Russia's invasion of Ukraine which began in February 2022, and have concluded that there is no material adverse impact on the business.

2.2 Summary of significant accounting policies

In 2021 the Company has considered following amendments, new accounting standards and interpretation relevant and it has been concluded that they have no material impact from Amendment on these financial statements and as such no retrospective adjustments were required.
- Amendments to IFRS 3 - Definition of a Business
- Amendments to IAS 1 and IAS 8 - Definition of Material
- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform
- Amendment to IFRS 16 - Covid-19-Related Rent Concessions

a Investments

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

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 and Other income

Per IFRS 15 – Revenue from Contracts with Customers, revenue is recognised when the performance obligation is satisfied by transferring a promised good or service to a customer. Revenue 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 recognised 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.
The Company recognises 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 recognised 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.

Contracting

The amount of revenue recognised is the amount allocated to the satisfied performance obligation, which is transfer of goods and services to the customers for the construction related activities, under the terms of the specific contract. Each contract is recognised as a single performance obligation and contracts qualify for recognition over time, based on output.

Based upon a type of contract undertaken, the methods for measuring progress towards satisfied performance include output methods based on surveys of work performed (material laid or tonnes), milestones reached etc. and input methods based on costs incurred for the contract.

Contract costs are recognised as expenses in the period in which they are incurred. 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.

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.

Timing of the payments for the performance obligation would be in line with the standard payment terms or according to the payment terms agreed in the contract.

Receivable and payables related to the contracting business are included within trade debtors and trade creditors within respective notes.

For the standard contract the transaction price is determined in line with sale of goods, a price assigned to the material depending on market, timing, quantity etc and for cost recoverable based contracts, actual costs incurred plus a fee for items allowed under the terms of the contract.

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.

2.2 Summary of significant accounting policies (continued)

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.

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 also defined benefit pension plans for some of its employees which has been closed in 2019.

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 has been recognised on closure of the scheme in 2019.

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 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.

2.2 Summary of significant accounting policies (continued)

f Financial instruments

(i) Financial assets

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss.

Derivative financial instruments and hedge accounting

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.

The Company mainly uses derivative financial instruments in order to reduce its exposure to foreign currency exchange rates and commodity prices. Derivatives are initially recognised 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 recognised asset or liability (fair value hedge) or (b) a hedge of a particular risk associated with a recognised 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.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. Since the receivables of the Company are with 100% Holcim Group companies, the credit risk is considered very low.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow

Impairment of financial assets

The Company revised its impairment methodology under IFRS 9 Financial Instruments, 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. For loans and receivables, the credit provision is determined based on the credit risk standing at each reporting date. There was no material impact relating to provisions on loan receivables on conversion to IFRS 9.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

2.2 Summary of significant accounting policies (continued)

f Financial instruments (continued)

(i) Financial assets (continued)

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument, which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity instruments

Classification as debt or equity. Debt and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

(ii) Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derivative instruments

See Note 1 section 2.2 (f)(i).

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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 scrappage 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

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 Statement of Profit & Loss in the period of derecognition.

2.2 Summary of significant accounting policies *(continued)*

j Leases

IFRS 16 Leases has been implemented from 2019, which no longer requires a distinction between finance and operating leases for lessees but requires lessees to recognise a lease liability for future lease payments and a corresponding right-of-use asset. In the Statement of Profit & Loss, 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 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 recognised in the statement of financial position immediately before the date of initial application. The Company does not capitalise 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 capitalisation 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 25.

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 recognised at the commencement date at cost, which includes the amount of the lease liability recognised, 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 recognise 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 an allowance account and IFRS 9's expected credit loss model. Impaired accounts receivable are derecognised when they are assessed as uncollectable.

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.

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 capitalised when its future recoverability can reasonably be regarded as assured. Any expenditure capitalised 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).

s Government Grants

According to IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises expenses for the related costs for which the grants are intended to compensate, which in the case of grants related to assets requires setting up the grant as deferred income or deducting it from the carrying amount of the asset.

t Hive up

All the assets and liabilites of the subsidiary company (seller) are hived up in the Company at book value with the consideration given in the form of an intercompany payable / receivable.

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:

2.3 Significant accounting judgements, estimates and assumptions
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.

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 23.

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 19(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 £195.9m (2020: £181.8m).

4 Operating profit for the year is stated after charging/(crediting):

	2021	2020
	£'000	£'000
Included within cost of sales		
Cost of stocks recognised as an expense	**390,523**	355,687
Depreciation of tangible fixed assets	**58,040**	52,495
Depreciation of Right of Use Assets (ROUA)	**11,954**	14,685
Amortisation of intangible fixed assets	**1,926**	1,924
Impairment of tangible fixed assets	**2,974**	-
Research and development expenditure	**558**	416
Included within administrative expenses		
Auditor's remuneration		
Audit of the financial statements	**230**	180
Non audit services	**-**	-
Other Audit costs and audit cost for the the subsidiaries	**41**	100
Short term rentals:		
Plant and machinery	**28,451**	21,190
Land and buildings	**3,327**	5,919
Exchange losses	**835**	1,352
Other operating income		
Gain on disposal of fixed assets	**2,599**	1,533
Gain / (loss) on reassessment and modification of Leases	**31**	(109)
Rental income	**1,218**	1,013
	3,848	2,437

4 Operating profit for the year is stated after charging/(crediting): (continued)

Exceptional costs	**2021 £'000**	2020 £'000
Investment Impairment	**32,233**	(70)
Past service cost - GMP equalisation	**-**	675
Restructuring costs	**-**	10,930
	32,233	11,535

During the year the Company has impaired the investments worth £31,312k from the wholly owned subsidiary undertakings London Concrete Limited, Kendall Bros (Portsmouth) Limited and Simply Paving Limited. The subsidiaries reserve worth £31,285k has been distributed as dividend to the parent company Aggregate Industries UK Limited (note 7) to settle the receivable from the parent company after a capital reduction in these subsidiaries. This has reduced the net assets of the subsidiaries and triggered an investment impairment in the Company.
Charge for the year in the Joint ventures and Asssociates includes impairment of the full investment worth £921k in the associates, Accumix Holdings Limited.

5 Staff numbers and costs

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

	2021 Number	2020 Number
United Kingdom	**3,195**	3,318

The aggregate payroll costs of these persons were as follows:	**2021 £'000**	2020 £'000
Wages and salaries	**134,421**	129,283
Social security costs	**15,225**	15,271
Other pension costs	**8,038**	8,063
	157,684	**152,617**

Grants related to Covid job retention scheme have been netted off with the relevant costs in 2020, none for 2021.

The aggregate emoluments of the Directors of the Company were:	**2021 £'000**	2020 £'000
Directors' emoluments	**2,965**	1,551
Company contributions to defined benefit schemes	**-**	-
Company contributions to money purchase pension schemes	**13**	-
	2,978	**1,551**

No Director was a member of a defined benefit pension scheme (2020: None).

2 Directors were members of a money purchase pension scheme (2020: None).

The emoluments of the highest paid Director were £1,012,796 (2020: £727,750). Contributions paid to money purchase schemes in respect of the highest paid Director was £nil (2020: £nil).

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

6 Interest payable and similar cost

	2021 £'000	2020 £'000
Group interest payable	**21,774**	25,131
Bank loan and overdraft	**-**	180
Unwinding of discount on long term provision	**1,187**	313
Finance charges payable on lease liabilities	**3,983**	4,646
Net interest payable on defined benefit obligation	**1,243**	1,885
Bank charges and other interest payable	**5,370**	2,209
	33,557	34,364

Interest cost on Defined Benefit obligation is disclosed net of interest income on plan assets, the 2021 balance has been updated accordingly.

7 Interest receivable and income form investments

	2021 £'000	2020 £'000
Other Interest receivable	**31**	213
Inter group interest receivable	**3,260**	3,935
Dividends received	**31,285**	250
	34,576	4,398

The Company has received the dividend of £31,285 from its wholly owned subsidiary undertakings London Concrete Limited, Kendall Bros (Portsmouth) Limited and Simply Paving Limited (Note 11).

Interest cost on Defined Benefit obligation is disclosed net of interest income on plan assets.

8 Taxation

	2021 £'000	2020 £'000
UK corporation tax		
Current tax	(3,788)	(5,000)
Adjustments in respect of prior years	(49,469)	1,495
	(53,257)	(3,505)
Deferred tax note		
Origination and reversal of timing differences	29,302	8,286
Adjustments in respect of prior years	(178)	(1,745)
Impact of deferred tax rate change	22,343	6,950
	51,467	13,491
Tax charge on profit recorded in the statement of profit and loss	(1,790)	9,986
Deferred tax on actuarial gains/(loss)	5,581	(4,354)
Deferred tax on cash flow hedge fair value movements	11,768	844
Deferred tax charge/(credit) included in Other Comprehensive Income/(Expense)	17,349	(3,510)

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% (2020: 19%). The differences are explained below:

Total tax reconciliation	2021 £'000	2020 £'000
Profit before tax	82,272	11,827
Current tax at 19% (2020 : 19%)	15,632	2,247
Effects of		
Expenses not allowable for tax purposes	6,524	225
Income not included for tax purposes	(6,281)	(426)
Difference between CT and DT rate	7,032	-
Impact of deferred tax rate change	22,343	6,950
Adjustments in respect of prior periods	(49,648)	(250)
Tax effect of disposal of capital assets	2,608	1,240
Total tax charge	(1,790)	9,986

Deferred tax assets and liabilities are measured at tax rates that are enacted or substantively enacted at the balance sheet date. The expected reduction in the standard rate from 19% to 17% from 1 April 2020 was reversed by Finance Bill 2020.
The Finance Act 2021, substantively enacted 24 May 2021, stated that the standard rate of Corporation Tax in the UK will change from 19% to 25% with effect from 1 April 2023. Accordingly, deferred tax balances as at 31 December 2021 are calculated at the rate of 25% tax rate (prior year 19%). The prior year estimated impact of the rate change to 25% was an increase in the deferred tax liability of £22,343k.

9 Intangible assets

	Dredging license £'000	Intangibles £'000	Goodwill £'000	Total £'000
Cost				
At 1 January 2021	31,728	17,738	210,025	259,491
Additions	-	2,142	-	2,142
Transfer (*)	-	-	12,745	12,745
Transfer from tangible fixed assets	50	56	-	106
Disposals	-	(1,650)	-	(1,650)
At 31 December 2021	**31,778**	**18,286**	**222,770**	**272,834**
Amortisation				
At 1 January 2021	2,538	10,070	21,454	34,062
Charge for the year	1,318	608	-	1,926
Transfer from tangible fixed assets	-	3	-	3
Disposals	-	(1,650)	-	(1,650)
At 31 December 2021	**3,856**	**9,031**	**21,454**	**34,341**
Net book value				
At 31 December 2021	**27,922**	**9,255**	**201,316**	**238,493**
At 31 December 2020	29,190	7,668	188,571	225,429

(*) Intangible additions includes the assets transferred from the Investments to Goodwill worth £12,988k due to a hive up of net assets and liabilities of Maxi Readymix Concrete Limited (note 11).

Intangible additions includes the assets transferred from the Tangible fixed assets (note 10).

Intangibles mainly represent the cost of IT softwares. The remaining useful lives of intangible assets are between 1 and 12 years.

Dredging license is depreciated over use life of 25 years and the remaining useful life is 22 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. Management considers the CGU to be the legal entity as this is the basis on which 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 five year period. The discount rate applied to the post-tax cash flow projections is the Company's post-tax cost of capital of 6.69% (2020: 6.84%) and cash flows beyond the three year period are extrapolated using a 2% (2020: 1.63%) 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 £'000	Plant, equipment and vehicles £'000	Total £'000
Cost				
At 1 January 2021	795,070	397,015	491,473	1,683,558
Additions	9,739	18,952	23,287	51,978
Transferred in from /(to) Intangible assets	(50)	-	(56)	(106)
Hive up	-	1,230	3,018	4,248
Disposals	(5,495)	(3,256)	(15,898)	(24,649)
Reclassifications	-	1,022	(1,022)	-
At 31 December 2021	**799,264**	**414,963**	**500,802**	**1,715,029**
Depreciation				
At 1 January 2021	345,227	203,795	326,469	875,491
Charge for the year	24,070	13,953	20,017	58,040
Impairment of tangible fixed assets	107	540	2,327	2,974
Transferred in from /(to) Intangible assets	-	-	(3)	(3)
Hive up	-	266	2,113	2,379
Disposals	(5,495)	(3,221)	(14,151)	(22,867)
Reclassifications	28	(24)	(4)	-
At 31 December 2021	**363,937**	**215,309**	**336,768**	**916,014**
Net book value				
At 31 December 2021	**435,327**	**199,654**	**164,034**	**799,015**
At 31 December 2020	449,843	193,220	165,004	808,067

The gains on sale of fixed assets is from sale of land and minerals £400k (2020: £33k), furniture, vehicles and tools £549k (2020: £1,456k) and building and installations £1,467k (2020: £568k) and machines £183k.

10 Tangible fixed assets (continued)

Included within fixed assets is £35,104k (2020: £34,488k) for freehold land that is not depreciated and £52,303k (2020: £53,154k) for assets under construction.

Commitments for capital expenditure are as follows:	**2021**	2020
	£'000	£'000
Contracted for but not provided	**6,990**	2,393
	6,990	2,393

11 Investments

	Subsidiary undertakings	**Joint ventures & Associates**	**Other**	**Total**
	£000	**£000**	**£000**	**£000**
Cost				
At 1 January 2021	406,522	20,388	153	427,063
Additions	68	-	-	68
Transfer	(12,745)	-	-	(12,745)
Disposals	(1,757)	-	-	(1,757)
Other	3,499	(13,569)	-	(10,070)
At 31 December 2021	**395,587**	**6,819**	**153**	**402,559**
Provision for impairment				
At 1 January 2021	49,609	14,607	153	64,369
Charge for the year	31,312	921	-	32,233
Disposal	(1,757)	-	-	(1,757)
Other	3,499	(13,569)	-	(10,070)
At 31 December 2021	**82,663**	**1,959**	**153**	**84,775**
Net book value				
At 31 December 2021	**312,924**	**4,860**	-	**317,784**
At 31 December 2020	356,913	5,781	-	362,694

Charge for the year includes impairment of investments worth £31,312k from the wholly owned subsidiary undertakings London Concrete Limited, Kendall Bros (Portsmouth) Limited and Simply Paving Limited. The subsidiaries reserve worth £31,285k has been distributed as dividend to the parent company Aggregate Industries UK Limited (note 7) to settle the receivable from the parent company after a capital reduction in these subsidiaries. This has reduced the net assets of the subsidiaries and triggered an investment impairment in the Company.
Charge for the year in the Joint ventures and Associates includes impairment of the full investment worth £921k in the associates, Accumix Holdings Limited. The associate is not expected to generate expected profits in the near future.

Other - A review of the historic records identified certain instances relating to the fully provided investments where in the cost and provision were not properly reflected / reduced in the notes at the time of strike off / disposal of the entity. This has been adjusted in current years note, the net effect of the adjustment is £nil.

Transfer - Assets and liabilities of Maxi Readymix Concrete Limited have been hived up in the Company during the year which has resulted in the transfer of £12,745k from investment to goodwill (note 9).

The Company continues to simplify / reorganised its group structure resulting in the Striking Off of some subsidiaries , these are noted as "Disposals".

In assessing the investments for impairment, the Directors have reviewed the net assets of the non-operating subsidiary companies and the value-in-use, considering three year forecast, of operating subsidiaries 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.

11 Investments (continued)

Investments in subsidiary undertakings

Name of company	Ordinary Share Holding	Nature of business	Principal place of business	Registered office
Aggregate Industries (England) Limited	100%	Non-trading	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
Aggregate Industries South West Limited	100%	Dormant	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
Camas UK Limited	100%	Dormant	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
Charcon Holdings Limited	100%	Holding	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
Charcon Limited	100%	Dormant	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
CNL Minerals Limited	100%	Dormant	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
Cruden Bay Brick & Tile company Limited	100%	Dormant	U.K.	Duntilland Quarry, Salsburgh,ML7 4NZ
Douglas Concrete Holdings Limited	100%	Dormant	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
Douglas Concrete Limited	100%	Dormant	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
EJS Concrete Products Limited	100%	In liquidation	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
EJS Landscape Supplies Limited	100%	Dormant	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
Evered Bardon Quarry Products Limited	100%	Dormant	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
Evered Concrete Products Limited	100%	In liquidation	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
Foster Yeoman (Dulcote) Limited	100%	Dormant	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
Foster Yeoman Jetties Limited	100%	Dormant	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
Foster Yeoman Limited	100%	Holding	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
Fyfe Contractors Limited	100%	Dormant	U.K.	Duntilland Quarry, Salsburgh,ML7 4NZ
Hartigan Trading Limited	100%	Dormant	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
Ivonbrook Quarries Limited	100%	Dormant	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
John Fyfe Limited	100%	Dormant	U.K.	Duntilland Quarry, Salsburgh, ML7 4NZ
K.R.M. Concrete Limited	100%	Dormant	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
Kendall Bros. (Portsmouth) Limited	100%	Non-trading	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
Kendall Marine Limited	100%	In liquidation	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
Lafarge Cauldon Limited	100%	Trading	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
Lafarge Ireland Limited	100%	Trading	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
London Concrete Limited	100%	Non-trading	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
Lytag Holdings Limited	100%	Holding	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
Lytag Limited	100%	Dormant	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
Mid Essex (Asphalt) Limited	100%	Dormant	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
Morvern Shipping Agency Limited	100%	Dormant	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
Ogden Roadstone Limited	100%	Dormant	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ

11 Investments (continued)

Investments in subsidiary undertakings (continued)

Name of company	Ordinary Share Holding	Nature of business	Principal place of business	Registered office
Paragon Materials Limited	100%	Dormant	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
Simply Paving Ltd	100%	In liquidation	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
Redditch Concrete Limited	100%	Dormant	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
Maxi Readymix Concrete Limited	100%	Trading	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
Northumbrian Roads Limited	100%	Trading	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
St. Machar Development Company Limited	100%	Dormant	U.K.	Duntilland Quarry, Salsburgh, ML7 4NZ
Stalybridge Readymix Holdings Limited	100%	Holding	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
Stalybridge Readymix Limited	100%	Trading	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
Witherley Services Limited	100%	Dormant	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
Woodhall Spa Sand & Gravel Limited	100%	Dormant	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
Geocycle UK Limited	100%	Dormant	U.K.	Bardon Hall, Copt Oak Road, LE67 9PJ
Yeoman (Morvern) Limited	100%	Dormant	U.K.	Glensanda Quarry, Morvern, By Oban, Argyll, Scotland
Yeoman France S.A.R.L.	100%	In liquidation	France	23, rue du Clos d'Orleans, 94120 Fontenay Sous Bois, France
Investments in Joint ventures and Associates				
Alan C Bennett & Sons Limited*	50%	Trading	U.K..	Bardon Hall, Copt Oak Road, LE67 9PJ
Caird Evered Holdings Limited*	50%	Holding	U.K..	Bardon Hall, Copt Oak Road, LE67 9PJ
Caird Evered Limited*	50%	Dormant	U.K..	Bardon Hall, Copt Oak Road, LE67 9PJ
Callow Readymix Limited*	50%	Trading	U.K..	Bardon Hall, Copt Oak Road, LE67 9PJ
Cotswold Aggregates Limited*	50%	Dormant	U.K..	Bardon Hall, Copt Oak Road, LE67 9PJ
Mendip Rail Limited*	50%	Trading	U.K..	Bardon Hall, Copt Oak Road, LE67 9PJ
North Kent Roadstone Limited*	50%	Trading	U.K..	Albion House, Springfield Rd, RH12 2RW
RFS Works Limited*	50%	Trading	U.K..	Bardon Hall, Copt Oak Road, LE67 9PJ
Tendley Quarries Limited*	50%	Trading	U.K..	Brigham, Cockermouth, CA13 0SE
The Mendip Basalt Co. Ltd*	50%	Trading	U.K..	Bardon Hall, Copt Oak Road, LE67 9PJ
Western Bridge (Shipping) Limited*	50%	Trading	U.K..	Bardon Hall, Copt Oak Road, LE67 9PJ
AB Shipping BV*	50%	Trading	Netherlands	Amerikahavenweg 2, 1045 AC Amsterdam, Netherlands
Yeoman Benk Ltd**	50%	Trading	U.K..	55 Baker Street, London, W1U 7UE
Yeoman Bridge Ltd**	50%	Trading	U.K..	55 Baker Street, London, W1U 7UE
Wight Building Materials Ltd*	50%	Trading	U.K..	Bardon Hall, Copt Oak Road, LE67 9PJ
SeaRock Ltd*	50%	Trading	U.K..	Bardon Hall, Copt Oak Road, LE67 9PJ
Cambridgeshire Aggregates Limited*	50%	Dormant	U.K..	Bardon Hall, Copt Oak Road, LE67 9PJ
Accumix Holdings Limited	20%	Holding	U.K..	The Yard, Oakdale Trading Estate, Ham Lane, Kingswinford, DY6 7JH

* *Joint Ventures Companies*

** Wholly owned subsidiary of JV company

12 Stocks

	2021 £'000	2020 £'000
Raw materials	**23,844**	22,373
Unbilled services	**1,128**	944
Finished goods	**72,168**	59,460
	97,140	82,777

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

13 Debtors

	2021 £'000	2020 £'000
Amounts falling due within one year		
Trade debtors	**152,369**	153,025
Amounts owed by group undertakings	**30,321**	8,393
Amounts owed by fellow subsidiaries	**3,073**	5,757
Amounts owed by joint ventures and associates	**2,668**	2,645
Amounts owed by parent undertaking	**3,507**	83,653
Income taxes	**33,231**	-
Derivatives (note 18)	**29,964**	1,733
Other debtors	**9,034**	11,681
Prepayments	**15,012**	16,783
Total current	**279,179**	283,670
Amounts falling due after more than one year		
Trade debtors	**4,558**	3,212
Amounts due from group undertakings	**80,008**	112,178
Amounts due from fellow subsidiaries	**90**	92
Amounts due from joint ventures and associates	**5,637**	5,445
Amounts due from parent undertaking	**-**	-
Total non-current	**90,293**	120,927
	369,472	404,597

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 £9,100k at 31 December 2021 (2020: £7,214k)

Further details of derivatives are shown in note 18.

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	2021 £'000	2020 £'000
Debtors falling due within less than one year				
Lafarge Ireland Limited	Fixed 2.50%	(*)	**30,615**	-
			30,615	-
Debtors falling due more than one year				
Holcim Participations (UK) Limited	Fixed 2.86%	(**)	**-**	44,000
Lafarge Ireland Limited	Fixed 2.50%	2028	**-**	30,615
Lafarge Cauldon Limited	Fixed 2.50%	2028	**72,539**	72,539
			72,539	147,154
Total interest-bearing loans and borrowings			**103,154**	147,154

(*) The financial receivable has been settled in Jan 2022.
(**) The financial receivable has been settled in 2021.

14 Cash at bank and in hand

	2021 £'000	2020 £'000
Cash at bank and in hand	**19,345**	29,427
	19,345	29,427

15 Creditors

	2021 £'000	2020 £'000
Obligations under leases	11,148	10,394
Trade creditors	223,810	182,447
Amounts due to parent undertakings	-	493
Amounts due to group undertakings	27,624	24,371
Amounts due to fellow subsidiaries	45,535	47,385
Amounts due to joint ventures and associates	4,768	6,879
Other taxes and social security	31,474	40,419
Income taxes	-	25,295
Short term derivative liability (note 18)	103	-
Accruals	53,403	63,600
Other creditors	19,259	18,865
	417,124	420,148

Amounts due to group undertakings are interest free and repayable on demand except for the amounts as disclosed in note 17.
Further details on derivatives are shown in note 18.

16 Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
Obligations under leases	101,001	97,399
Long term derivative liability (note 18)	-	758
Amounts due to fellow subsidiaries	34,790	30,166
Amounts due to joint ventures and associates	511	271
Amounts due to parent undertakings	589,760	632,953
Amounts due to group undertakings	227,632	259,082
	953,694	1,020,629

The terms for the amount due from related parties worth £466,069k (2020: £466,069k) are as disclose: in note 17. 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 2.0% (2020: 2.0%) and are repayable after 12 months written notice from either party.

17 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	2021 £'000	2020 £'000
			-	-
Creditors falling due after more than one year				
Included in amounts due to parent undertakings in note 16 above				
- Amounts due to Aggregate Industries Holdings Limited	Libor* + 5.11%	2028	21,222	21,222
- Amounts due to Aggregate Industries Holdings Limited	6.63% fixed	2028	200,000	200,000
- Amounts due to Holcim Participations (UK) Limited	Libor** + 3.01%	2028	244,847	244,847
			466,069	466,069
Total interest-bearing loans and borrowings			466,069	466,069

(*) Libor - 3 month sterling
(**) Libor - 6 month sterling

Bank Facilities

As at 31 December 2020 and 2021, the Company has no committed / uncommitted bilateral bank facilities, the Company has £25m (2020: £25m) of uncommitted overdraft facilities at 31 December 2021, of which £nil is drawn down (2020: £nil). These are intended to be used to manage the working capital fluctuations of the business.

18 Derivative financial instruments

Derivative financial instruments are in place to hedge the risk of energy prices. The Company is subject to commodity risk with respect to price changes mainly in the oil refined products and natural gas. Under the Companies's risk management policy, the Company uses derivative instruments to hedge part of its exposure to these risks.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 13). Derivative liabilities with maturities exceeding one year are included in long-term derivative liabilities (note 16) and derivative liabilities with maturities less than one year are included as short term derivative liabilities (Note 15). Details of the financial instruments accounting policies are included in note 2.

Fair value measurements are those derived from valuation techniques using inputs for the asset or liability that are observable market data, either directly or indirectly. Such valuation techniques include the discounted cash flow method and option pricing models. For example, the fair value of forward foreign exchange contracts is determined using the forward exchange market at the end of the reporting period.
The change in fair value of hedging instruments is £42,544k (2020: £4,716) and realized through statement of income £8,627k (2020: £9,365k).
The maturity profile of the hedges are 2022-2024.

	Financial assets		**Financial liabilities**	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Cash flow hedges				
Commodities	**44,655**	1,969	**103**	758
Analysed as:				
Current	**29,964**	1,733	**103**	-
Non-Current	**14,691**	236	**-**	758
	44,655	1,969	**103**	758

	Fair value assets	**Fair value liabilities**	**Nominal amount**	Fair value assets	Fair value liabilities	Nominal amount
	2021	**2021**	**2021**	2020	2020	2020
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Cash flow hedges						
Commodities	**44,655**	**103**	**95,116**	1,969	758	19,027

19 Provisions for liabilities

a Deferred tax

	2021	2020
	£'000	£'000
At 1 January	70,792	60,818
Arising during the year	29,302	8,286
Adjustment in respect of prior years	(178)	(1,745)
Debited / credited to other comprehensive income	17,349	(3,510)
Transfer in	138	(7)
Impact of deferred tax rate change	22,343	6,949
At 31 December	**139,746**	70,791
Current	**-**	-
Non-Current	139,746	70,791
	139,746	70,791

Tax effect of timing differences because of:

	2021	2020
	£'000	£'000
Differences between accumulated depreciation and capital allowances	**133,587**	99,488
Defined benefit pension Schemes	**7,991**	(15,245)
Other timing differences	**(1,832)**	(13,452)
Provision as at 31 December	**139,746**	70,791

At 31 December 2021 there was no recognised deferred tax liability (2020: £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.

19 Provisions for liabilities *(continued)*

b Other provisions

	Restoration & site remedial £'000	Other provisions £'000	Total £'000
At 1 January			
Current	9,610	6,378	15,988
Non-current	33,539	1,119	34,658
	43,149	**7,497**	**50,646**
Arising during the year	3,510	1,639	5,149
Utilised in the year	(1,843)	(7,312)	(9,155)
Reversal of unused amounts	(1,110)	(101)	(1,211)
Movement in discount rate	103	-	103
At 31 December	**43,809**	**1,723**	**45,532**
Analysed as:			
Current	9,356	679	10,035
Non-Current	34,453	1,044	35,497
	43,809	1,723	45,532

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.

20 Share capital

	2021 £'000	2020 £'000
Authorised, issued, allotted, 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.

21 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.

Retained earnings

Retained earning records retained earnings and accumulated losses.

Other reserve

Other reserve represents the discounting of interest free non-current intercompany loans to reflect the loans at a fair value.

22 Dividends

A dividend of £236.61 (2020: £57.33) per ordinary share, totalling £23,732k (2020: £5,750k) was paid in the year.

During 2022, an interim dividend of £nil (2020: £161.87) per ordinary share was paid, totalling £nil (2021: £16,236k).

23 Pension schemes

The Company operates two Defined Benefit Plans, which are 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 £7,789k (2019: £7,783k).

The plans are managed by board of Trustees. The Aggregate Industries Pension Plan is registered under UK tax law while the Ronez 2000 Pension Plan is located in the Channel Islands. Any funding deficits within these plans are funded by employer contributions, which are negotiated every three years based on plan valuations carried out by independent actuaries.

The Trustee Boards aim to ensure that they can meet their obligations to the beneficiaries of the plans, both in the short and long-terms. Subject to this primary objective, the Boards target to maximise the long-term investment return whilst appropriately minimizing risk and volatility.

In relation to risk management and asset allocation, where possible, defined benefit pension schemes have been closed and frozen and scheme liabilities are insured. Actions continue to take place to further reduce and eliminate those schemes and related risks. Specifically, actions focusing on deploying scheme appropriate asset allocation in order to mitigate volatility and optimise investment returns, simplify plans' liabilities and exposure.

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 2020 and updated to 31 December 2021 by a qualified independent actuary. Further details are set out on page 38.

Based on the 31 December 2018 funding valuation, no deficit repayment contributions were required, as the plan had a funding surplus at this date. The next funding valuation is due to be carried out during 2022.

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 2020 and updated to 31 December 2021 by a qualified independent actuary. Further details are set out below.

Aggregate Industries Pension Plan was closed for the 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 the prior year as a curtailment gain.

For the Aggregate Industries Pension Plan, based on the 5 April 2018 funding valuation, a revised schedule of contributions was put in place with the aim of eliminating the funding deficit by 5 April 2027. The Company has accelerated the payment of scheuled contributions and the plan is in net asset position as at 31 December 2021.

Aggregate Industries Pension Plan

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

		2021 (%p.a.)	2020 (%p.a.)
Future salary increases		**N/A**	N/A
General Annual Salary Increase (GASI)		**N/A**	N/A
Future LPI pension increases		**3.30%**	2.80%
Discount rate		**2.00%**	1.40%
Inflation assumption		**2.80%**	2.30%
Revaluation in deferment		**2.80%**	2.30%
Assumed life expectancies on retirement at age 65 are:			
Retiring today	Males	**22**	21
	Females	**24**	24
Retiring in the future lifetime	Males	**23**	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:

23 Pension schemes (continued)

	Fair value at 31 Dec 2021 £'000	Fair value at 31 Dec 2020 £'000
Equities and Property	**142,200**	40,100
Investment funds & Corporate bonds	**-**	155,600
Structured Debt	**189,400**	115,900
Insured Annuities	**251,000**	283,171
Cash and Other	**122,400**	34,732
Total fair value	**705,000**	629,503

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. Plan assets based on non-quoted prices represent 34% of the total plan assets and mainly consist of insurance policies. The Plan consists of growth assets, liability hedging assets and insurance contracts held as part of a partial buy-in. The Liability Driven Investment portfolio holds a combination of UK Government Bonds, Repurchase Agreements and Swaps within pooled funds to match the impact of changing in interest rates or inflation yields on the liabilities. The value of insurance contracts is determined based on the membership and benefit payable under the contract using the IAS 19 assumptions. The growth assets are a diversified set of exposures across equity, credit, private markets and diversifying strategies.

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

Assumption	Change in assumption	Impact on scheme liabilities / Asset £'000
Discount rate	0.5% increase	(49,986)
	0.5% decrease	55,642
Inflation rate	0.5% increase	41,092
	0.5% decrease	(43,822)
Post retirement mortality	Increase by 1 year	35,536
	Decrease by 1 year	(35,065)

The amounts recognised in the Balance Sheet are as follows:

	2021 £'000	2020 £'000
Fair value of Plan assets	**705,000**	629,503
Present value of funded obligations	**(673,037)**	(709,739)
Plan asset / (deficit) of funded obligations	**31,963**	(80,236)

Reflected in the Balance Sheet	2021 £'000	2020 £'000
Defined benefit deficit	**31,963**	(80,236)
Deferred tax asset	**7,991**	13,640
Net asset / (liability)	**39,954**	(66,596)

The amounts recognised in the Statement of Profit and Loss	2021 £'000	2020 £'000
Administration expenses	**120**	1,200
Interest income	**(8,624)**	(10,807)
Current service cost	**-**	-
Interest costs	**9,747**	12,774
Pension Increase Exchange	**-**	-
Gains on curtailments and settlements	**-**	-
Past service costs (GMP equalisation)	**-**	675
Total	**1,243**	3,842

Amounts recognised in Other Comprehensive Income		
Liability (gains) losses due to changes in demographic assumptions	**7,752**	2,503
Liability (gains) losses due to changes in financial assumptions	**(18,924)**	68,119
Liability experience (gains) losses arising during the period	**(9,796)**	(1,703)
Asset (gains) losses arising during the period	**(1,354)**	21,399
Deferred tax	**5,591**	(4,338)
Total recognised in Other Comprehensive Income	**(16,731)**	85,980
Actual return on Plan assets	**9,978**	55,824
Actuarial losses recognised in Other Comprehensive Income	**6,398**	23,902

23 Pension schemes (continued)

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

	2021 £'000	2020 £'000
Defined benefit obligation as at 1 January	709,739	653,733
Current service cost		-
Interest cost	9,747	12,774
Actuarial (gains) / losses	(20,968)	68,919
Plan amendments		675
Curtailments		-
Benefits paid	(25,481)	(26,362)
Others		-
Defined benefit obligation as at 31 December	673,037	709,739

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

	2021 £'000	2020 £'000
Fair value of plan assets as at 1 January	629,503	545,119
Expected return on plan assets	8,624	10,807
Actuarial gains	1,354	45,017
Contributions by employer	91,000	56,122
Benefits paid	(25,481)	(26,362)
Other - administration expenses	-	(1,200)
Fair value of plan assets as at 31 December	705,000	629,503

Ronez Pension Plan

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

	2021 (%p.a.)	2020 (%p.a.)
Future salary increases	N/A	N/A
General Annual Salary Increase (GASI)	N/A	N/A
Future LPI pension increases	3.30%	2.80%
Discount rate	2.00%	1.40%
Inflation assumption	3.40%	2.90%
Revaluation in deferment	N/A	N/A

Assumed life expectancies on retirement at age 65 are:

		2021	2020
Retiring today	Males	22	21
	Females	24	24
Retiring in 20 years time	Males	23	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.

23 Pension schemes *(continued)*

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 December 2021 £'000	Ronez assets at 31 December 2020 £'000
Equities and Property	7,499	12,797
Investment funds & Corporate bonds	17,707	21,721
Cash and Other	9,636	1,416
Total fair value	34,842	35,934

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 full value of the plan assets are based on quoted assets.

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	(1,780)
	0.5% decrease	1,994
Inflation rate	0.5% increase	555
	0.5% decrease	(644)
Post retirement mortality	Increase by 1 year	1,969
	Decrease by 1 year	(1,916)

The amounts recognised in the Balance Sheet are as follows:

	2021 £'000	2020 £'000
Fair value of Plan assets	34,842	35,935
Present value of funded obligations	(29,572)	(32,027)
Adjustment due to asset ceiling	(5,270)	(3,908)
Plan deficit of funded obligations	-	-

Reflected in the Balance Sheet	2021 £'000	2020 £'000
Defined benefit deficit	-	-
Deferred tax asset	-	-
Net liability	-	-

The amounts recognised in the Statement of Profit and Loss	2021 £'000	2020 £'000
Expected return on plan assets	(493)	(662)
Interest costs	437	580
Total	(56)	(82)

Amounts recognised in Other Comprehensive Income		
Liability (gains) losses due to changes in demographic assumptions	313	121
Liability (gains) losses due to changes in financial assumptions	(1,669)	2,233
Liability experience (gains) losses arising during the period	(122)	769
Asset (gains) losses arising during the period	171	(2,851)
Adjustment due to asset ceiling	1,362	(190)
Deferred tax	(10)	(16)
Total recognised in Other Comprehensive Income	45	66
Actual return on Plan assets	322	3,513
Cumulative actuarial losses recognised in Other Comprehensive Income	1,846	(2,920)

23 Pension schemes (continued)

Changes in the present value of the defined benefit obligation are as follows:	**2021**	2020
	£'000	£'000
Defined benefit obligation as at 1 January	**32,027**	29,722
Interest cost	**437**	580
Actuarial (gains) / losses	**(1,477)**	3,123
Benefits paid	**(1,415)**	(1,398)
Defined benefit obligation at 31 December	**29,572**	32,027

Changes in the fair value of plan assets are as follows:	**2021**	2020
	£'000	£'000
Plan assets as at 1 January	**35,935**	33,820
Expected return on plan assets	**493**	662
Actuarial (losses) / gains	**(171)**	2,851
Contributions by employer	**120**	120
Contributions by employees	**-**	-
Benefits paid	**(1,415)**	(1,398)
Other - administration expenses	**(120)**	(120)
Plan assets as at 31 December	**34,842**	35,935

24 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.

25 Leases

The Company assesses at the inception of a contract whether it contains a lease under IFRS 16 and accordingly recognises 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 18 years.

The position "Property, plant and equipment" includes owned property, plant and equipment and right-of-use assets for lease contracts, as described below:
• Land: Land is leased for production sites and distribution facilities;
• Buildings and installations: Buildings and installations mainly covers buildings and installations for purposes of office rent;
• Machinery, equipment and vehicles: Mainly cover trucks, vehicles and heavy mobile equipment leased for production and transportation purposes. Certain vehicle leases have a lease extension option.

Included within right of use assets is £71,058k (2020: £70,757k) for lease hold land.

Right-of-Use assets	**Land and buildings**	**Plant, equipment and vehicles**	**Total**
Cost	**£'000**	**£'000**	**£'000**
At 1 January 2021	**120,435**	**27,297**	**147,732**
Additions	9,346	6,926	16,272
Effect of modification to lease terms	88	-	88
Grossing up costs	1,455	3,622	5,077
Lease disposals	(4,668)	(2,673)	(7,341)
At 31 December 2021	**126,656**	**35,172**	**161,828**
Depreciation			
At 1 January 2021	**19,876**	**22,964**	**42,840**
Depreciation expense	8,415	3,539	11,954
Grossing up accumulated depreciaiton	1,455	3,622	5,077
Disposals	(2,594)	(2,609)	(5,203)
At 31 December 2021	**27,152**	**27,516**	**54,668**
Net book value			
At 31 December 2021	**99,504**	**7,656**	**107,160**
At 31 December 2020	100,559	4,333	104,892

Lease liabilities	**Land and buildings**	**Plant, equipment and vehicles**	**Total**
	£'000	**£'000**	**£'000**
At 1 January 2021	**104,338**	**3,455**	**107,793**
Additions	9,346	6,926	16,272
Effect of modification to lease terms	88	-	88
Interest expense	3,855	128	3,983
Transferred in / (out)	-	-	-
Disposals	(2,100)	(69)	(2,169)
Lease payments (Principal and Interest)	(10,172)	(3,646)	(13,818)
At 31 December 2021	**105,355**	**6,794**	**112,149**

A change in the incremental borrowing rate of 0.5% would impact £4.5m in the worth of right-of-use assets and lease liabilities.

	2021	2020
Split Between:	**£'000**	£'000
Current	**11,148**	10,394
Long term	**101,001**	97,399
Lease liabilities	**112,149**	107,793

26 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
2021		
Joint ventures and associates	3,487	34,170
2020		
Joint ventures and associates	3,085	31,100

Amounts owed by related parties	**2021 £'000**	2020 £'000
Amounts owed by joint ventures and associates	8,305	8,089
	8,305	8,089

parties	**2021 £'000**	2020 £'000
Amounts owed to joint ventures and associates	5,279	7,150
	5,279	7,150

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.

27 Hive-up of subsidiary undertaking

In 2021, the assets and liabilities of Maxi Readymix Concrete Limited were hived up in the Company, which has resulted in a transfer of £12,745k from investments to goodwill.
The total value of hive up of trade and assets in the year is analysed below:

	£'000
Tangible fixed assets	1,869
Stocks	188
Debtors	2,522
Cash	1,651
Creditors	(1,474)
Net assets acquired excluding intercompany	**4,756**
Intercompany loan at 8 February 2021	1,663
Net assets acquired	**6,419**
Consideration paid via intercompany	(6,419)
Goodwill on acquisition	12,745

28 Post balance sheet events

Lafarge Ireland Limited, a subsidiary of the Company, was divested in January 2022 for a consideration of £55,384k.

The Directors have considered Russia's invasion of Ukraine which began in February 2022, and have concluded that there is no material adverse impact on the business.

During 2022, an interim dividend of £nil (2020: £161.87) per ordinary share was paid, totalling £nil (2021: £16,236k).

29 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 Holcim Ltd which is incorporated in Switzerland. This is the smallest and largest group in which results are consolidated.

Copies of the accounts of Holcim Ltd, the ultimate parent entity at the balance sheet date, are available on www.holcim.com or from Holcim Ltd Corporate Communications, Grafenauweg 10, CH-6300 Zug, Switzerland.